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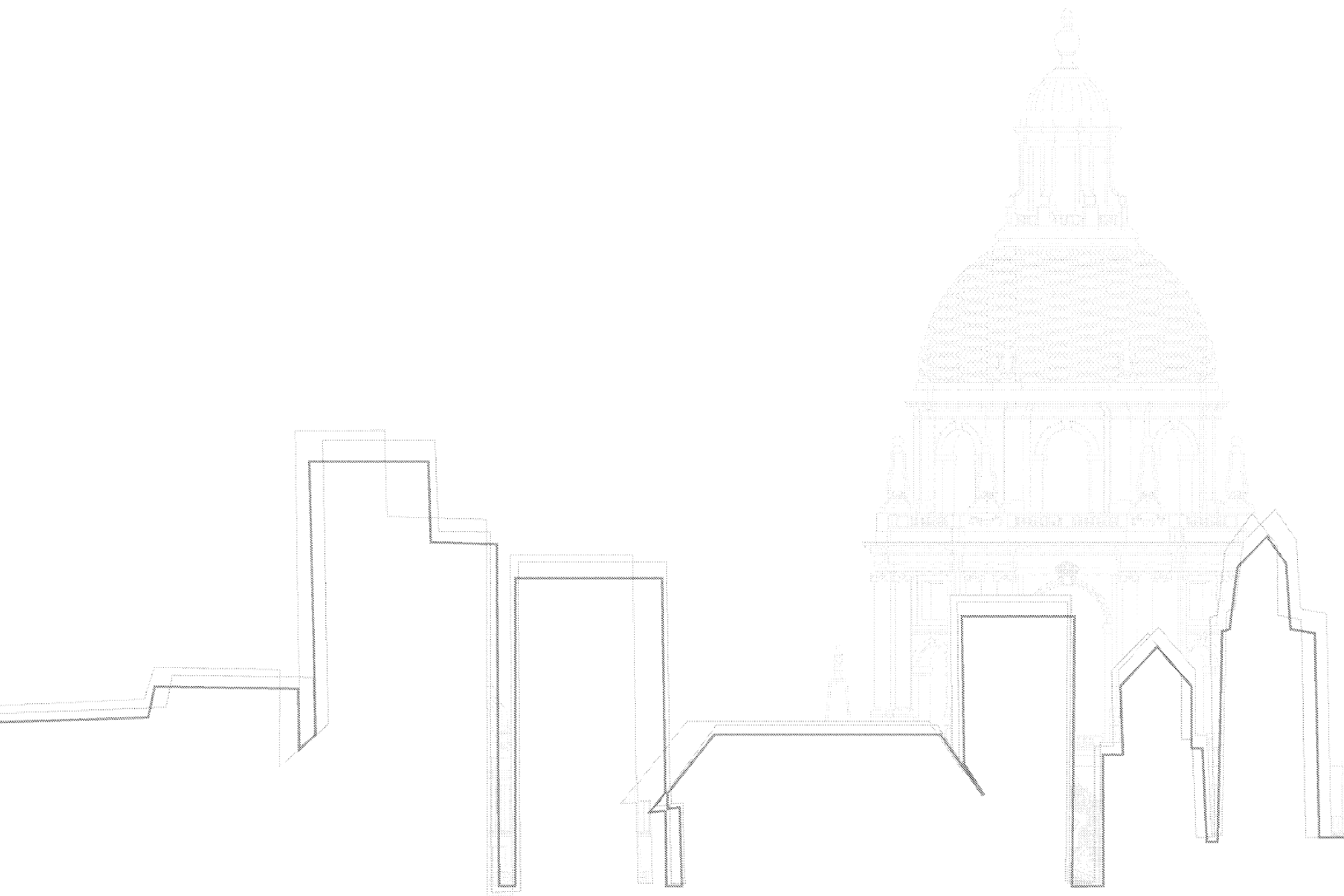


PASADENA

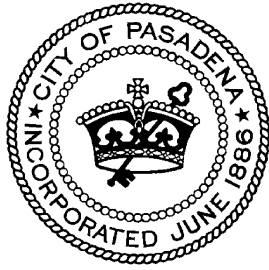
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30 2010

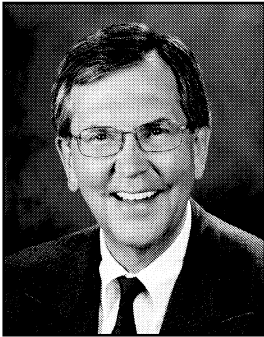


City of Pasadena, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2010



Bill Bogaard
Mayor



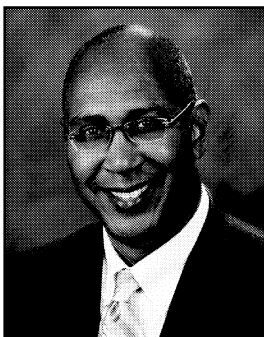
Victor Gordo
Vice Mayor
District 5



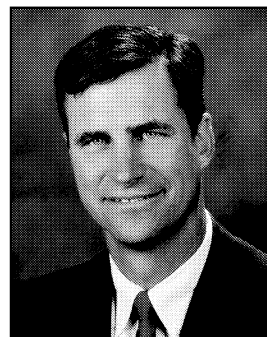
Jacque Robinson
Council Member
District 1



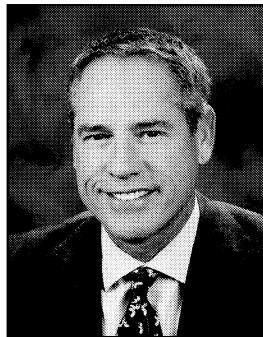
Margaret McAustin
Council Member
District 2



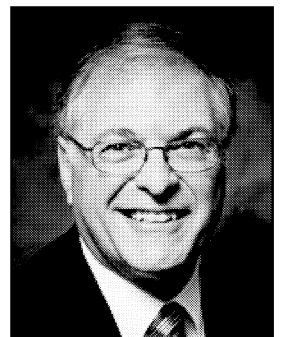
Chris Holden
Council Member
District 3



Steve Haderlein
Council Member
District 4



Steve Madison
Council Member
District 6



Terry Tornek
Council Member
District 7

MICHAEL J. BECK, CITY MANAGER
ANDREW GREEN, DIRECTOR OF FINANCE
PREPARED BY THE DEPARTMENT OF FINANCE, CITY OF PASADENA

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DEPARTMENT OF FINANCE

December 13, 2010

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, 2010. This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). GASB has the primary responsibility for determining accounting and financial reporting standards for state and local government entities.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. It is believed that the data, as presented, is accurate in all material respects, and is presented in a manner designed to fairly set forth the financial position and results of operations of the City and its component units as measured by the financial activity of the various funds and 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, 2010, 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, 2010, 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.

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

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

GOVERNMENTAL STRUCTURE

The City was incorporated in 1886 and became a charter City in 1901. The City operates under the powers granted by 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, City Attorney/City Prosecutor, and City Clerk. The City Manager is responsible for carrying out policies and ordinances of the City Council, appointing the heads of the City's departments 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 151,576, 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.

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

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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. Quarterly financial monitor reports are presented to the City Council's Finance Committee for review and discussion.

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

The late Jack Kyser, founding economist of the Los Angeles Economic Development Corp. commented in February 2010 that the local economy is "in recovery, but it's a measured recovery. There could be some bad news along the way." Pasadena's

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unemployment rate of 9.4 percent is less than 12.2 percent in Los Angeles County and 12.6 percent Statewide. The San Gabriel Valley and especially Pasadena have attractions and positive attributes such as tourism that will assist in the recovery. Pasadena hotel occupancy was 77.7 percent in August 2010 compared to 68.7 percent the year before.

As covered in the Management Discussion and Analysis, all categories of tax revenues are lower, particular sales tax revenue which is down \$4.0 million from the prior year.

Long-term Financial Planning

The City's General Fund five-year financial plan provides the primary mechanism by which the long-term financial health of the City is monitored. In mid-Fiscal Year 2009, the affects of the national economic recession started impacting City revenues; a detailed 2009-2014 Financial Plan was developed to address the fiscal challenges facing the City. The goal of the 2014 Financial Plan is to eliminate deficit spending in the General Fund within five years. If the City did not make any structural changes the City's annual General Fund deficit was projected to grow to more than \$28 million in Fiscal Year 2014. While the 2014 Financial Plan includes continuing deficits, these deficits are significantly reduced from the original projections. Through strong fiscal management, the City is on track to reduce more than \$100 million in total projected expenses between Fiscal Year 2010 and Fiscal Year 2014. The City is in the fortunate position of having built up a fund balance in the General Fund. The City is now on track to have a balanced annual General Fund budget by Fiscal Year 2014 and still maintain a fund reserve balance consistent with City policy of 10 percent of annual appropriations, approximately \$23 million.

City Council Financial Policies

The City has an important responsibility to its citizens to carefully account for public funds, manage municipal finances wisely and plan the adequate funding of services desired by the public, including the provision and maintenance of public facilities. The following are the primary policies that guide the preparation of the City's annual budget:

1. The City's budget will be balanced with estimated revenues, other financing sources and fund balances sufficient to finance recommended spending.
2. Maintain a designated General Fund working capital reserve equivalent to 10 percent of the General Funds operating budget.
3. Maintain a diversified and stable revenue base to protect the City from short-term fluctuations in any one revenue source.
4. Maintain a long-range fiscal perspective through the use of five and/or ten-year financial projections of revenues and expenditures for the City's major funds.

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5. Maintain a 75 percent cash reserve to cover projected claims and long-term payable obligations in the General Liability, Worker's Compensation, and Benefits Internal Service Funds. In addition, the Benefits Internal Service Fund shall maintain a 100 percent cash reserve to cover short-term payables.
6. Require that the Light and Power, Water, and Refuse Enterprise Funds maintain a 60-day working capital reserve for Light and Power and a 30-day working capital reserve for Water and Refuse.
7. Require that the Fleet Maintenance and Computing and Communications Internal Service Funds maintain a \$250,000 and \$650,000 cash reserve balance, respectively.
8. Require that the Building Maintenance Internal Service Fund maintain a cash working capital reserve equivalent to 10 percent of its operating budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The American economy is slowly emerging from the worst economic recession in roughly 80 years. While the recession has technically ended and the economy is once again growing, it has been tepid and many of the effects of the recession persist, including high unemployment, particularly in California which stands at 12.6% against a national average of 9.7%, home foreclosures, and reduced consumer spending—which normally accounts for about 70% of the economy. Despite massive economic stimulus at the Federal-level, projected economic growth remains low and fears of a double-dip recession or other events such as a foreclosure crisis in the commercial property market remain.

School districts, State and local governments across the nation have felt these effects in dramatic fashion. The reduction of services to the public has become common place, as have layoffs, furloughs and wage concessions on the part of public employees. An unprecedented number of agencies, including Pasadena's largest neighbor, the City of Los Angeles, appear to be teetering on bankruptcy and the recent failure of Measure CC in May 2010 will further exacerbate Pasadena Unified School District funding.

In California, additional uncertainty remains as a result of the State's continued unwillingness or inability to properly address its own budget problems. Rather than match expenditures to revenues, the State continues the practice of shifting local revenues away from their intended purpose to offset unsustainable State expenses. Recent efforts to prevent the State from taking more than \$2 billion from redevelopment agencies appear to have failed as a result of a Sacramento Superior Court ruling, although an appeal is pending. For Pasadena, this means the loss of \$10.8 million in FY 2010 and \$2.2 million in FY 2011.

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In November 2010 voters approved Proposition 22, the Local Taxpayer, Public Safety and Transportation Protection Act of 2010 that restricts the State's ability to raid local revenue once and for all. Proposition 22 prevents the State from taking, diverting or borrowing local government, transportation, and public transit funds. Proposition 26 was also approved by the voters and places restrictions on the State and local governments by expanding the definition of a tax and raising the approval requirements in some cases to two-thirds of local voters.

Unfortunately, and as reported during the numerous budget updates presented over the past year, many key revenue sources have continued to fall short of original estimates, thus widening the gap that must be closed. As an example, sales tax revenue declined \$5.4 million below original budget estimates for FY 2010.

It is against this backdrop that Pasadena continues with its 2014 Financial Plan, initiated in mid-FY 2009 and incorporated into the FY 2010 budget, to address its own financial challenges and eliminate the structural deficit in the General Fund by the close of FY 2014. As adopted, this five-year plan projected that through a combination of cost reductions, such as the elimination of vacant staff positions and the deferral of salary increases, as well as the use of virtually all General Fund reserves (approximately \$25 million) over and above the 10% reserve policy level, the General Fund operating budget would be brought into balance by the end of FY 2014.

As the municipal organization adjusts to new economic circumstances, what some have called the "new normal", the City Council's Strategic Plan Goals provide guidance as to where to focus limited resources. These Goals are:

- Maintain fiscal responsibility and stability
- Improve, maintain and enhance public facilities and infrastructure
- Increase conservation and sustainability
- Improve mobility and accessibility throughout the City
- Support and promote the local economy
- Ensure public safety

The City Council and the Executive Leadership Team review these goals every six months and establish objectives based on available resources, to further these ends. Status reports on the objectives are prepared monthly. This process will take on even greater significance as resources continue to be constrained and the City considers what programs and initiatives may have to be scaled back or discontinued for budgetary reasons. Although faced with declining revenues, it continues to further its mission to provide exemplary municipal services responsive to our entire community.

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Although the City's General Fund, which pays for most City services, is the main focus of the budget, other City operations/funds are also of significant importance to the community and are facing their own particular challenges.

Pasadena Public Health Department

Pasadena is one of only three cities in California with its own Public Health Department (PPHD). The Department provides numerous services that are vital to the health and wellbeing of the community including epidemiological investigations and outbreak control for known and suspected cases of communicable diseases; immunizations; prenatal care for at-risk populations and planning/response for bioterrorism and emergencies. The value of these services was on display in the fall of 2009 during the H1N1 epidemic.

The PPHD receives the majority of its funding from the State Department of Health Services. Over the past several years this funding has been significantly reduced. To offset the reduction, PPHD has prudently and strategically made a number of reductions including the elimination of limited term staff positions. Over the past three years the Department has gone from a budget of \$13.2 million with 109 FTEs to an adopted budget for FY 2011 of \$11.7 million and 97 FTEs. In addition, for the past two years the General Fund has provided support to the Health Fund. The FY 2011 adopted budget includes a General Fund contribution of \$400,000, down from a \$1.0 million contribution in FY 2010.

Pasadena Water and Power Department

The Water and Power Department operates as a business enterprise with the ability to generate revenue for the commodities it provides its customers. Nevertheless, the Department faces significant challenges related to the cost and availability of clean, renewable energy resources. Pasadena's groundwater and purchased water supplies are restricted due to contamination, ongoing drought conditions and judicial rulings that limit the amount of water available from Northern California. Despite very successful conservation efforts by Pasadena water customers and an aggressive program to treat perchlorate contamination in local groundwater with the construction and operation of the Monk Hill treatment facility during calendar 2010, the Department expects to remain dependent on the Metropolitan Water District (MWD) for approximately 65% of its water supply.

Recently MWD approved a 7.5% increase (effective January 2011) in the price for water supplied to Pasadena and other member agencies to be followed by another 7.5% increase in January 2012. Increases to the fixed portion of the water rates were approved by the City Council in June 2009. As a result, the Water Fund is expected to experience some improvement in financial results for FY 2011 but, unfortunately, continues to operate with cash flow issues requiring short term borrowing. Further rate adjustments were done in

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October 2010 and will be proposed in October 2011 to offset the increased cost of water purchased from MWD and other operating and capital costs. In addition, prudent spending practices will be continued to further improve the financial results of the Water Fund.

The Water and Power Department is in the process of implementing the Power Integrated Resource Plan (IRP) for energy, which calls for procurement of increased amounts of renewable energy at significantly higher costs and limited availability. The IRP includes goals for Pasadena to increase its renewable energy mix (wind, solar and geo-thermal projects) to 15% by 2010, 33% by 2015 and 40% by 2020. Although the Department has been actively pursuing a number of projects both independently and through the Southern California Public Power Authority (SCPPA), there are many significant challenges surrounding securing delivery of renewable energy from these projects, including availability and increased costs related to generation and transmission.

A Federal energy policy has not yet been developed, so the Department continues to be governed by various State legislative mandates. There is still pending Federal legislation to develop a cap-and-trade policy which would potentially increase the cost of all fossil-fueled energy resources, especially coal, by capping emissions and forcing utilities to pay for emissions above the cap. Although the Power Fund continues to be healthy today, the future will bring higher cost renewable energy mandates and other challenging State and Federal legislative initiatives. The Department is actively managing the increasing costs for energy while at the same time trying to minimize rate impacts to its customers.

Reinvestment Through Capital Projects

The current economic climate has resulted in devastating reductions in revenue but, has generated an optimal construction market with lower bids and record low interest rates. The adopted FY 2011 budget includes capital appropriations as detailed in the Capital Improvement Program (CIP), totaling \$109.9 million. This is an increase of \$45.5 million over from the FY 2010 Capital Budget of \$64.4 million.

The most significant increase in appropriations relates to the proposed Rose Bowl Stadium renovation project. The Rose Bowl Stadium is an integral part of the City's character and an important component of the economic vitality of Pasadena.

After a number of years, a realistic plan to substantially renovate the Rose Bowl Stadium has been developed in order to ensure it retains its vital role within our local economy. As proposed, the approximately \$150 million project would be completed in three phases over three years starting in January 2011. Completion of the project will require the financial cooperation of the primary partners, the Tournament of Roses and UCLA. The project would be the largest public works project in the City's history. The current project funding plan anticipates the issuance of City guaranteed bonds that were issued in November 2010.

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No direct outlays from the General Fund are anticipated. An initial appropriation of \$41.1 million in bond proceeds, to complete design work and begin initial construction, is included in the adopted CIP for FY 2011.

The CIP for FY 2011 reflects a decline of \$5.8 million of one-time funding provided in FY 2010 from the American Recovery and Reinvestment Act. These funds were used to resurface approximately 14 miles of City streets and roads and to replace existing high wattage light bulbs with energy efficient LEDs. Other decreases are the result of declining park funding from Residential Impact Fees and lower Sewer Fund revenue.

Capital appropriations for the Department of Water and Power are recommended at \$55.3 million, reflecting an increase of \$22.4 million from FY 2010. The increased appropriation is primarily attributed to additional work on the City's water distribution system master plan and construction of the distribution system for reclaimed water from the plant located in Glendale.

Conclusion

Throughout the General Plan update outreach process, time and time again community members stressed that Pasadena is a unique community; a place with a small town feel and urban amenities; a place where great neighborhoods, historic architecture, and arts and culture blend with science and technology in a beautiful natural setting.

These are, in fact, difficult times and the coming year will continue to put pressure on City staff to meet the needs of our community and maintain the service quality the staff takes such pride in providing. The adopted operating and capital budgets for FY 2011 represent a spending plan that realistically addresses the issues facing Pasadena during these difficult economic times while at the same time promoting what has made this City so great. Unlike other communities where the current economic climate is tearing apart the fabric of the organization, Pasadena will prevail as a result of the strong and harmonic leadership of its elected officials, the understanding of its citizens, and the dedication and cooperation of its employees.

ACCOMPLISHMENTS

Some of the major and noteworthy accomplishments during fiscal year 2010 are as follows:

- The City Attorney/City Prosecutor's Department successfully handled large caseloads in both civil and criminal courts, worked effectively with and advised other City departments, handled a wide range of complex business and

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transactional matters, and have extensive citywide training in law related matters.

- The City Clerk's Department has imaged more than 10,000 documents resulting in a net reduction of the Records Center holdings by 353 cartons, 700 Assessors Books, and averted 200 cubic feet of storage being sent to the Center.
- The newly formed Department of Information Technology has completed the installation of a new Integrated Voice & Web Response system to provide information and payment services over the phone and through the internet 24/7 as well as upgrading to a virtual server infrastructure to reduce support and energy costs to over 100 servers.
- The Finance Department has again received the Distinguished Budget Presentation Award from the Government Finance Officers Association.
- The City continues to hold a current General Obligation Bond Rating of AAA which is the highest rating given by Standard and Poor's.
- The Pasadena First: Local Hiring program has facilitated more than \$920,000 in local hiring on four construction projects, and over 7,000 referrals since its inception.
- The Fire Department piloted the LUCAS chest compression device and was the only agency in Los Angeles County approved to do so. These devices are credited with saving three lives since implementation. Two new fire engines were acquired and a Red Flag system was implemented in high hazard brush areas.
- The Housing Department increased housing production through ten different projects which will provide over 170 units, provided rental assistance to over 1,500 households, and provided supportive housing services to 481 families.
- The Human Services and Recreation Department provided safe, supervised play and homework time at 14 after school sites for over 1,400 children. Over 200,000 units of recreation related services were provided at parks, recreation centers, and public schools.
- Pasadena's Public Library received a 4 Star America's Star Library Award and received over 1,200,000 visits to our ten libraries.

Honorable Mayor, Members of the City Council
and the Citizens of the City of Pasadena, California
December 13, 2010

- The Planning and Development Department addressed over 49,000 customer service transactions, issued 2,500 building permits, and performed 31,000 building inspections.
- In addition to the annual Tournament of Roses Parade and Rose Bowl game, the City hosted the 2010 Bowl Championship Series Game and successful U2 Pasadena Concert.
- The Police Department's Foothill Air Support Team took delivery of a new quiet technology helicopter. The Air Operations Section's average response time to calls in progress was approximately 55 seconds.
- The City's Public Health Department continued to provide world-class model of public health practices despite significant cut backs in State funding.
- The Public Health Department conducted six mass vaccination clinics for the H1N1 influenza at various sites in the community, administering 8,710 vaccinations.
- The City incorporated 30 acres of additional park land into the Hahamonga Watershed Park.
- Rose Bowl Loop Improvements were completed to increase safety and utility of this heavily used recreational area.
- The improvements of the Villa Parke Community Center were completed.
- Pasadena Water and Power (PWP) completed numerous maintenance or upgrade projects including: replaced approximately 2,591 water meters, installed 1.86 miles of new water mains, completed the Eaton Canyon-Mount Wilson toll road landslide clearance project, upgraded the Chester Electric Substation and placed a new unit into service, replaced ten miles of cable, underground transformers and switches and overhead transformers.
- The Water and Power Yards Building renovation and new Operations Facility and Emergency Operation Center are nearing completion.
- The Pasadena Center Operating Company enjoyed the first full year of the Convention Center operations with a \$1.4 million increase in operating revenues.

Honorable Mayor, Members of the City Council
and the Citizens of the City of Pasadena, California
December 13, 2010

- The City completed approximately \$10.9 million of Street maintenance and improvements, including the Kinneloa Avenue-Walnut Street extension, federally funded asphalt preventative maintenance, streetscape and alley improvements, and numerous Public Works projects.
- The City continued 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. Construction was almost completed by fiscal year end and the Urgent Care Center opened in October 2010.
- Robinson Park's implementation of Master Plan Phase I construction was completed. Restroom construction was completed at Singer and Villa Parks.
- The Lake Avenue and Filmore Gold Line Station improvements were completed.
- Pasadena Water and Power (PWP) issued \$40,655,000 of 2009 Electric Revenue Bonds to advance refund a portion of the 1998 bonds to save the City \$3.62 million.
- In Fiscal Year 2010 the Capital Improvement Program included appropriations of \$64,397,163 to 87 projects. The 2010 to 2014 five year Capital Improvement Program included 211 active projects, 15 new projects, and 52 fully funded projects.

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, 2009. 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.

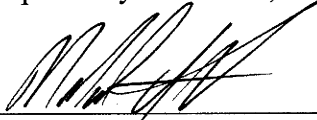
Staff believes this current report continues to conform to the program requirements and will submit it to the GFOA award program for consideration.

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.

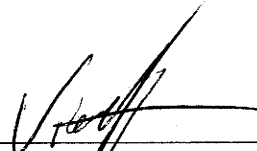
Honorable Mayor, Members of the City Council
and the Citizens of the City of Pasadena, California
December 13, 2010

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



Andrew Green
Director of Finance

CITY OF PASADENA

Principal City Officials

CITY COUNCIL

Mayor	Bill Bogaard
Vice-Mayor	Victor Gordo (District 5)
Council Member	Jacque Robinson (District 1)
Council Member	Margaret McAustin (District 2)
Council Member	Chris Holden (District 3)
Council Member	Steve Haderlein (District 4)
Council Member	Steve Madison (District 6)
Council Member	Terry Tornek (District 7)

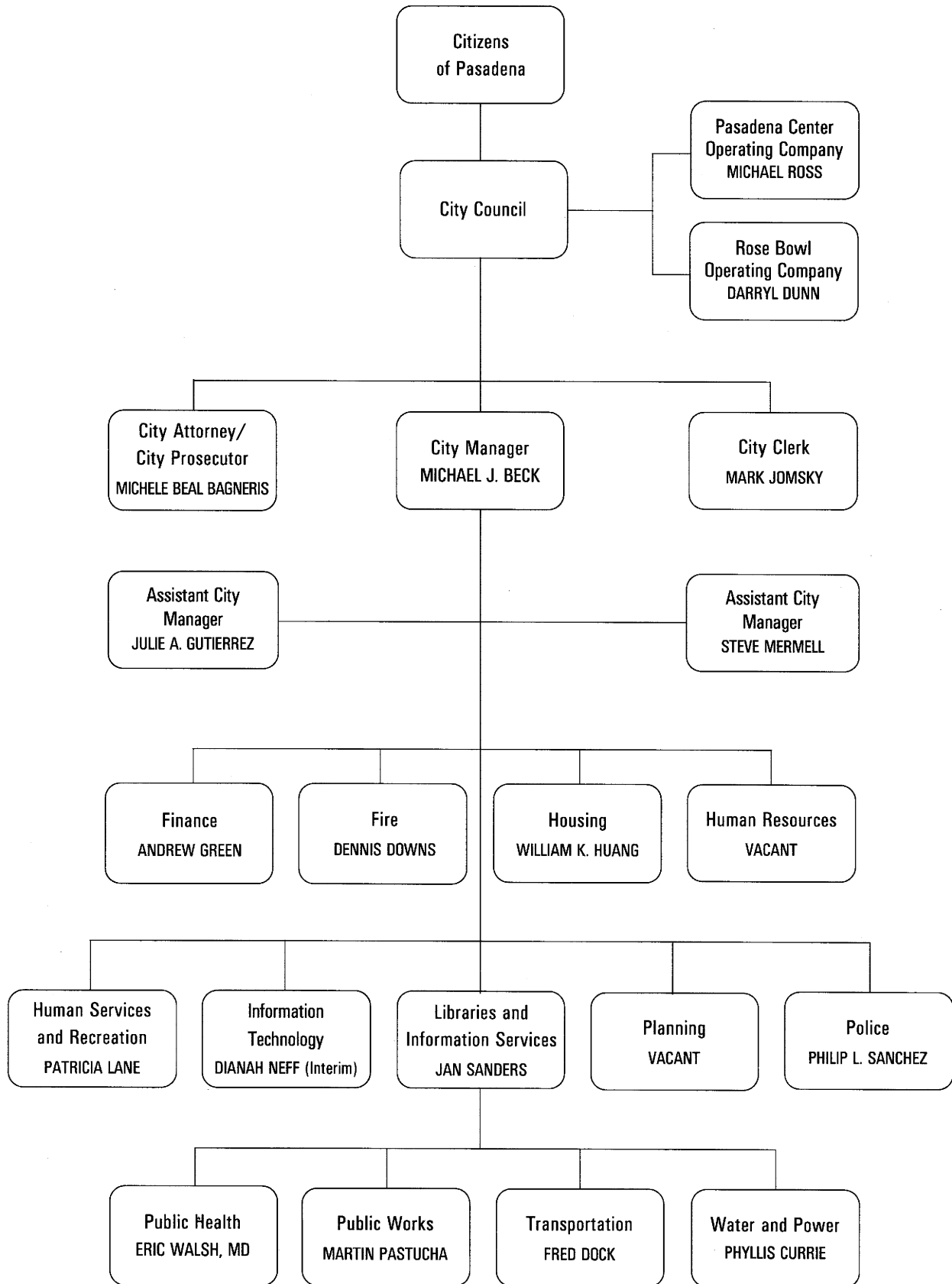
APPOINTED OFFICIALS

City Manager	Michael Beck
City Attorney	Michele Beal Bagneris
City Clerk	Mark Jomsky

EXECUTIVE STAFF

Assistant City Manager	Julie Gutierrez
Assistant City Manager	Steve Mermell
Director of Finance	Andrew Green
Fire Chief	Dennis Downs
Director of Housing	William Huang
Director of Human Resources	Vacant
Director of Human Services and Recreation	Patricia Lane
Director of Information Services	Jan Sanders
Chief Information Officer	Dianah Neff
Director of Planning	Vacant
Police Chief	Phillip Sanchez
Director of Public Health/Health Officer	Eric Walsh
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
Organization chart
June 30, 2010



CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2010

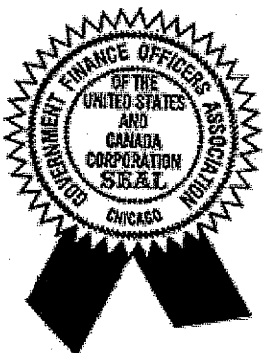
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

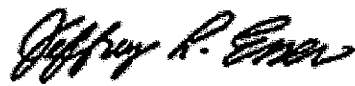
**City of Pasadena
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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.



President



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, 2009.

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.



Mayer Hoffman McCann P.C.

An Independent CPA Firm

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949-263-5520 fx

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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, 2010, 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, 2009 and, in our report dated December 17, 2009, 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, 2010, 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.

During the year ended June 30, 2010, the City changed the manner in which it accounts for derivative instruments as a result of the implementation of GASB Statement No. 53, as described in the notes to the financial statements.

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

City Council
City of Pasadena
Pasadena, California

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.

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 budgetary comparison 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 6, 2010 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.

Nayer Hoffman McCann P.C.

Irvine, California
December 6, 2010

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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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, which can be found on pages ix-xxi of this report.

FINANCIAL HIGHLIGHTS

- The primary government assets of the City of Pasadena exceeded liabilities at the close of fiscal year 2010 by \$997,468,852 (*net assets*). Of this amount, \$98,913,082 (*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 \$43,269,413. This is comprised of Governmental Activities which decreased \$131,890 and Business Type Activities which increased net assets by \$43,401,303.
- As of the close of fiscal year 2010, the City of Pasadena's governmental funds reported combined ending fund balances of \$192,494,633, a decrease of \$34,603,839 in comparison with the prior year. While approximately 38 percent of the total amount, or \$72,973,295, is labeled as Unreserved Fund Balance, \$38,626,918 of this has been designated for specific purposes by City Council.
- At the end of 2010, unreserved fund balance for the General Fund was \$45,180,687 or 19.5 percent of total general fund expenditures and transfers out.
- Of the unreserved general fund balance of \$45,180,687, \$16,967,906 is undesignated and is \$3.0 million less than was available from the prior year.
- The City of Pasadena's total debt had a net decrease of \$33,120,939 or 5.1 percent during fiscal year 2010. Business Activity debt decreased \$14,142,720 and Governmental Activity debt decreased \$18,978,219.

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 20-23 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 five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund,

Community Development Commission Debt Service Fund, and the Project Management Capital Project 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. Budgetary comparison statements have been provided for the General Fund and Special Revenue Funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24-30 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 32-39 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 40-41 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 45-179 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 185-187 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 186-187 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 \$997,468,852 at the close of the most recent fiscal year.

Approximately 65.7 percent or \$655,245,157 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

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 282,560,120	326,811,986	368,955,711	365,916,568	651,515,831	692,728,554
Capital assets	<u>490,246,958</u>	<u>468,492,221</u>	<u>537,370,233</u>	<u>501,844,671</u>	<u>1,027,617,191</u>	<u>970,336,892</u>
Total Assets	<u>772,807,078</u>	<u>795,304,207</u>	<u>906,325,944</u>	<u>867,761,239</u>	<u>1,679,133,022</u>	<u>1,663,065,446</u>
Long-term debt outstanding	345,144,148	364,122,367	266,765,839	280,908,559	611,909,987	645,030,926
Other liabilities	<u>36,108,186</u>	<u>39,495,206</u>	<u>33,645,997</u>	<u>24,339,875</u>	<u>69,754,183</u>	<u>63,835,081</u>
Total Liabilities	<u>381,252,334</u>	<u>403,617,573</u>	<u>300,411,836</u>	<u>305,248,434</u>	<u>681,664,170</u>	<u>708,866,007</u>
Net assets:						
Invested in capital assets, net of debt	365,674,031	325,409,503	289,571,126	257,831,017	655,245,157	583,240,520
Restricted	87,852,494	94,360,444	155,458,119	158,336,985	243,310,613	252,697,429
Unrestricted	<u>(61,971,781)</u>	<u>(28,083,313)</u>	<u>160,884,863</u>	<u>146,344,803</u>	<u>98,913,082</u>	<u>118,261,490</u>
Total Net Assets	<u>\$ 391,554,744</u>	<u>391,686,634</u>	<u>605,914,108</u>	<u>562,512,805</u>	<u>997,468,852</u>	<u>954,199,439</u>

An additional portion of the City of Pasadena's net assets \$243,310,613 or 24.4 percent represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$98,913,082 or 9.9 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 \$19.3 million from the prior year.

At the end of the 2010 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 2010 fiscal year, the primary government's net assets increased by \$43.3 million. Approximately 0.3 percent of this is a decrease in the City's Governmental Activities and 100.3 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 60,023,305	65,877,495	251,429,155	260,257,875	311,452,460	326,135,370
Operating grants and contributions	33,658,516	28,807,606	-	-	33,658,516	28,807,606
Capital grants and contributions	15,289,114	18,112,591	3,962,337	4,215,749	19,251,451	22,328,340
General revenues:						
Taxes:						
Property taxes, levied for						
general purpose	68,353,989	69,062,088	-	-	68,353,989	69,062,088
Sales taxes	28,949,183	32,912,733	-	-	28,949,183	32,912,733
Utility users' tax	29,519,607	31,162,427	-	-	29,519,607	31,162,427
Transient occupancy tax	6,941,949	7,382,354	1,464,294	1,605,237	8,406,243	8,987,591
Construction tax	1,397,077	2,366,386	-	-	1,397,077	2,366,386
Business license tax	5,664,030	5,860,722	-	-	5,664,030	5,860,722
Franchise taxes	1,933,376	2,401,933	3,098,233	2,127,786	5,031,609	4,529,719
Other taxes	6,035,149	6,078,298	-	-	6,035,149	6,078,298
Other intergovernmental	14,900,751	15,094,109	-	-	14,900,751	15,094,109
Investment earnings	5,292,452	8,618,605	8,173,399	9,771,531	13,465,851	18,390,136
Net change in fair value						
of investments	737,901	1,268,197	1,159,695	1,096,797	1,897,596	2,364,994
Gain on sale of assets	249,854	664,706	-	(188,098)	249,854	476,608
Miscellaneous revenues	4,464,725	6,121,204	10,945,848	2,970,263	15,410,573	9,091,467
Total revenues	<u>283,410,978</u>	<u>301,791,454</u>	<u>280,232,961</u>	<u>281,857,140</u>	<u>563,643,939</u>	<u>583,648,594</u>
Expenses:						
General government	38,894,409	43,926,189	-	-	38,894,409	43,926,189
Public safety	104,869,947	103,179,805	-	-	104,869,947	103,179,805
Transportation	43,655,683	49,978,832	-	-	43,655,683	49,978,832
Sanitation	3,697,150	4,060,775	-	-	3,697,150	4,060,775
Health	11,457,627	13,373,270	-	-	11,457,627	13,373,270
Culture and leisure	25,995,644	26,047,551	-	-	25,995,644	26,047,551
Community development	53,844,666	42,791,218	-	-	53,844,666	42,791,218
Interest and other fiscal charges	13,249,552	18,755,177	-	-	13,249,552	18,755,177
Electric	-	-	158,769,461	170,428,008	158,769,461	170,428,008
Water	-	-	35,911,582	36,877,111	35,911,582	36,877,111
Refuse	-	-	13,131,042	11,832,652	13,131,042	11,832,652
Parking	-	-	11,158,545	12,775,056	11,158,545	12,775,056
Telecommunication	-	-	452,297	456,840	452,297	456,840
Total expenses	<u>295,664,678</u>	<u>302,112,817</u>	<u>219,422,927</u>	<u>232,369,667</u>	<u>515,087,605</u>	<u>534,482,484</u>
Increase (decrease) in net						
assets, before transfers	(12,253,700)	(321,363)	60,810,034	49,487,473	48,556,334	49,166,110
Transfers	<u>12,121,810</u>	<u>15,040,350</u>	<u>(17,408,731)</u>	<u>(15,040,350)</u>	<u>(5,286,921)</u>	<u>-</u>
Increase (decrease) in net assets	(131,890)	14,718,987	43,401,303	34,447,123	43,269,413	49,166,110
Net assets at beginning of year,						
 as restated	<u>391,686,634</u>	<u>376,967,647</u>	<u>562,512,805</u>	<u>528,065,682</u>	<u>954,199,439</u>	<u>905,033,329</u>
Net assets at end of year	<u>\$ 391,554,744</u>	<u>391,686,634</u>	<u>605,914,108</u>	<u>562,512,805</u>	<u>997,468,852</u>	<u>954,199,439</u>

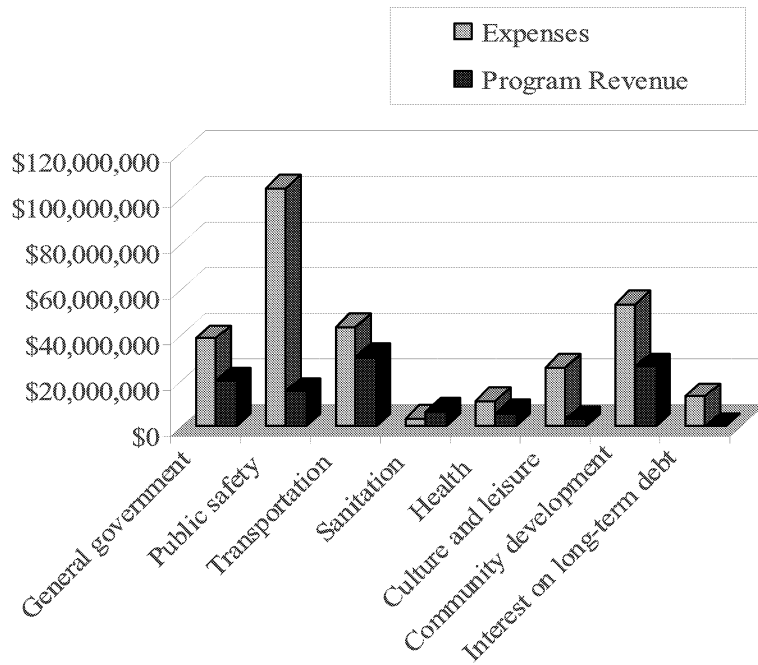
Governmental Activities

Governmental activities decreased City of Pasadena's net assets by \$131,890 a 0.0 percent decrease in the primary government's net assets. Key elements of this decrease are as follows:

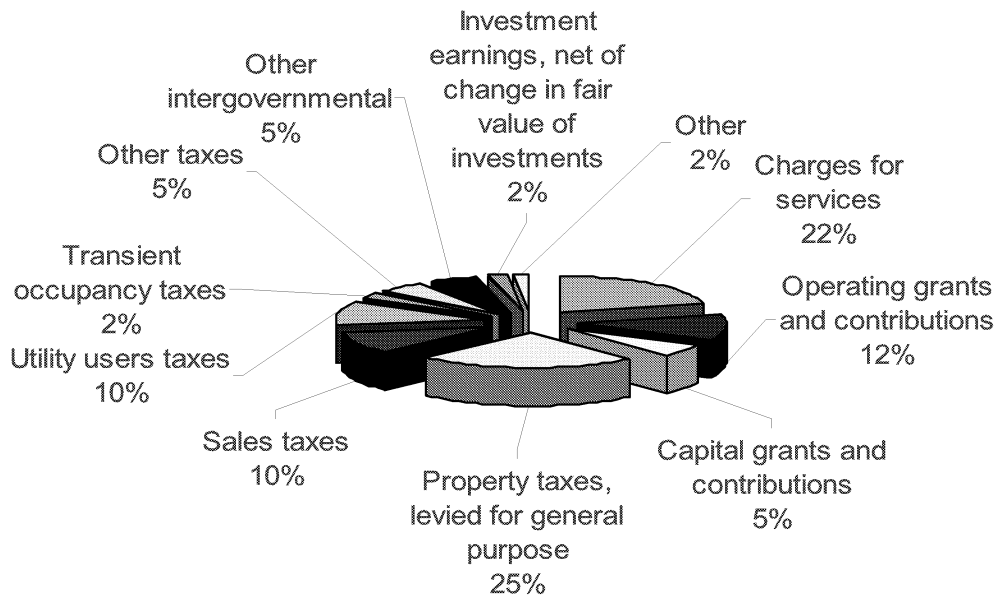
- Total Program Revenues (Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions) decreased by \$3.8 million or 3.4 percent from the prior year. Charges for services decreased \$5.9 million or 8.9 percent, Capital Grants and Contributions decreased \$2.8 million or 15.6 percent, and Operating Grants and Contributions increased \$4.9 million or 16.8 percent. These reflect the reduced use of City services and increased grant contributions.
- Tax revenue decreased by \$8.4 million or 5.4 percent decrease from fiscal year 2009. This change was due to declining economic trends leading to decreases in all categories of taxes. The largest decline was in sales tax revenue which declined \$4.0 million or 12 percent. The following categories all declined by the amounts stated: Property taxes \$0.7 million, utility users' tax \$1.6 million, transient occupancy tax \$0.4 million, construction tax \$1.0 million, business license tax \$0.2 million, and franchise taxes \$0.5 million. Property taxes came in under budget and are expected to be even less in the coming year. All categories reflect declining economic trends.
- Investment earnings decreased 38.6 percent from \$8.6 million to \$5.3 million. The decrease reflects both lower market yields and investment gains generated by the portfolio.
- Total expenses decreased from fiscal year 2009 by \$6.4 million or 2.1 percent. This is primarily driven by significant decreases in all but two categories, reflecting deliberate reductions in spending due to declining revenues and conscious cut backs to reduce deficit spending. The largest percentage reduction came from Transportation which declined 12.7 percent or \$6.3 million reflecting staff retirements, eliminating or not filling vacancies along with reduced contract services. Interest and other fiscal charges expenses declined by \$5.5 million or 29.4 percent compared to the prior fiscal year, related to lower interest rates. General Government declined by \$5.0 million or 11.5% due to deliberate savings in personnel costs and purchased services and supplies. Public Safety increased by \$1.7 million or 1.6 percent reflecting \$3.0 million decreased personnel and benefit costs, \$1.8 million increased materials and supplies, and \$2.9 million in increased internal service charges, depreciation, debt service, and capital asset purchases. Community Development expenses increased \$11.1 million or 25.8 percent primarily due to the \$10.9 million mandatory payment into the Supplemental Educational Revenue Augmentation Fund required by State Law. Culture and Leisure spending was \$0.05 million below 2009 levels and Sanitation showed a \$0.4 million or 9.0 reduction in spending.

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Expenses and Program Revenues - Governmental Activities



Revenues by Sources - Governmental Activities



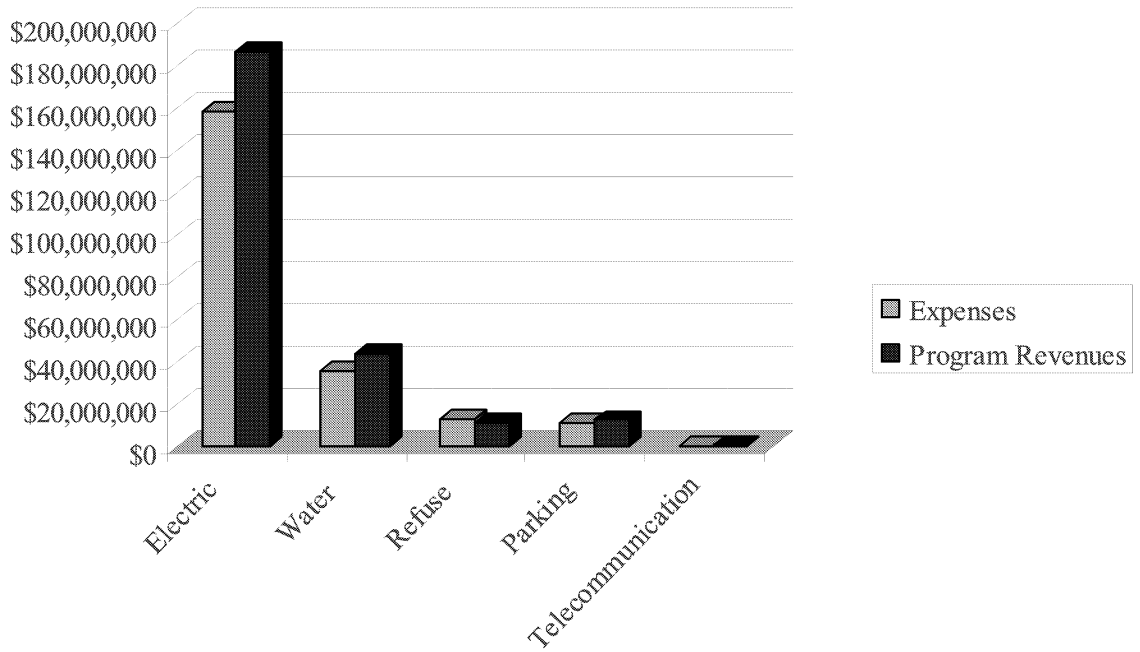
Business-Type Activities

Business-type activities increased the City of Pasadena's net assets by \$43.4 million. The net assets of business type activities increased by \$34.4 million in the prior year. Key elements of this year's increase are as follows:

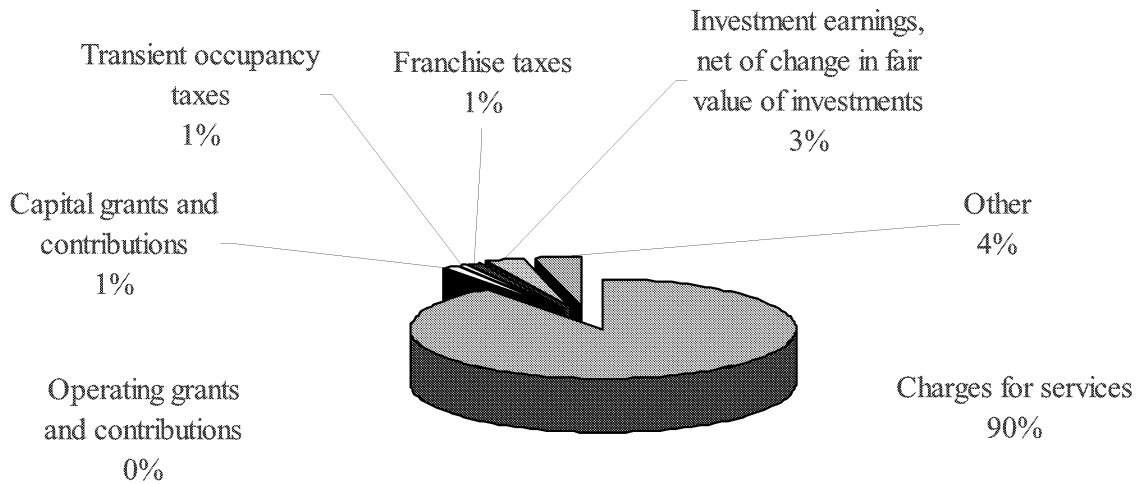
- Electric revenues decreased \$9.4 million or 4.9 percent above the prior year primarily due to energy conservation and economic environment. Revenue from wholesale transactions was approximately \$7.3 million, a decrease of \$3.5 million or 32.7 percent from the prior year.
- Water revenues were slightly increased by \$0.4 million or 0.9 percent above the prior year despite the reduced water sales. This was because of the implementation of the second of three approved rate adjustments to the Distribution and Customer Charge (D&C). Other water income was increased by \$1.8 million primarily caused by an increase in income from various water capital projects and construction.
- Investment earnings decreased \$1.6 million or 16.4 percent from the prior year due to slightly lower balances and reduced investment returns.
- Revenue from Franchise taxes increased \$1.0 million or 45.6 percent from prior year due to a rate increase on solid waste fee from 16% to 19.52%.
- Miscellaneous revenues increased \$8.0 million or 268.5 percent from last year mainly due to an advance claim settlement of \$6.3 million Power Fund received for fire damage to a power plant.
- Electric expenses decreased \$11.7 million or 6.8 percent from \$170.4 million to \$158.8 million due to lower fuel and energy costs.
- Water expenses decreased \$1.0 million or 2.6 percent from \$36.9 million to \$35.9 million. Purchased water expenses increased by \$0.6 million or 5.0 percent from prior year despite a 12.9 percent reduction in total acre-feet purchased. The increase was due to water rate increases for full service treated water implemented by the Metropolitan Water District (MWD) in September 2009 and January 2010. Other water operating expenses, including source of supply, water treatment, pumping maintenance and transmission, and distribution expenses, also decreased by \$1.2 million or 14.2 percent to \$7.1 million.
- Parking expenses decreased \$1.6 million or 12.6 percent from \$12.8 million to \$11.2 million primarily result of lower market interest rate on variable rate bonds over the past year.

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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.

At the end of the 2010 fiscal year, the City's governmental funds reported combined ending fund balances of \$192,494,633, a decrease of \$34.6 million in comparison with the prior year. About 62% of this total amount or \$119,521,338 is reserved to indicate funds are not available for new spending because it has already been committed for a variety of restricted purposes. The remainder of the fund balance, or \$72,973,295, is unreserved, meaning it is available for spending at the City's discretion. Subtracting from \$72,973,295 the unreserved fund balance of the Special Revenue Funds of \$49,566,217, Debt Service Funds of (\$30,796,681), Capital Projects Fund of \$7,790,464, and the Permanent Fund of \$1,232,608, results in the General Fund unreserved fund balance of \$45,180,687. This unreserved General Fund balance has had \$28,212,781 designated by City Council for the following: City Hall seismic retrofit (\$5,618,447), and emergency/capital improvements (\$22,594,335). This leaves a General Fund *undesignated, unreserved* fund balance of \$16,967,906, \$3,042,483 less than the prior year.

The General Fund is the chief operating fund of the City of Pasadena. At the end of the 2010 fiscal year, total fund balance equaled \$53,177,187 in comparison to \$60,383,043 in the prior year.

The fund balance of the City of Pasadena's General Fund decreased by \$7,205,856 or 11.9 percent, during 2010 fiscal year. Key factors in this decrease are as follows:

- Total expenditures decreased \$1.4 million or 0.7%. Two components that increased were \$2.1 million in General Government and \$3.2 million in Capital Outlay for one-half of the purchase price of the Pasadena YWCA. The General Government change reflected \$2.5 million reduced Departmental costs, \$4.0 million increase in Pasadena Fire and Police Retirement System supplemental contribution and \$0.5 million increase in Non-Departmental spending. Public Safety decreased \$1.3 million, Transportation decreased \$4.0 million representing retirements, vacancies, and some reorganization, Culture and Leisure decreased \$0.9 million, and Community Development decreased \$0.5 million.

- Total revenues decreased \$10.7 million, driven largely by reductions in taxes. Most revenue categories which are sensitive to the economy experienced declines or very modest increases.
- Taxes decreased by a net \$7.7 million as a number of revenues have declined and continue to decline in this economy. Sales tax revenue led the decline, down \$3.8 million, followed by decreases in utility user taxes of \$1.6 million, construction taxes of \$1.0 million, franchise fees of \$0.5 million, transient occupancy tax of \$0.4 million, property taxes of \$0.3 million, and business license tax of \$0.2 million. The only increase was in real property transfer tax revenue by \$0.2 million.
- Charges for services decreased \$1.8 million or 5.2 percent from the prior year. Services to other funds decreased by \$1.4 million, Cost recovery of apparatus decreased \$1.3 million, and street light and traffic signal charges decreased \$0.5 million. Emergency Medical Aid Response increased by \$.7 million, Police charges for services increased \$0.4 million. The balance of charges for services increased \$0.3 million.
- Fines and Forfeitures decreased \$3.7 million due to decreased parking citations, increases in State component of citations which are remitted to the State, and court fees which had been in arrears and was brought current. Investment earning also had an increase of \$2.2 million.
- General Fund Transfers out stayed at the same level of \$48.2 million and Transfers in increased \$12.0 million for a combined increase of \$12.0 million. The largest portions of these Transfers in increases were \$4.0 million for coverage of the Fire and Police Retirement System supplemental contribution, \$3.0 million from Internal Service Funds to return excess charges, \$2.7 million increased Power Fund transfer, and \$1.2 million from the close out of the 1992 Equipment Leasing fund.
- Total Governmental Funds Transfer out decreased \$46.5 million and Transfers in decreased \$46.6 million. The largest component of these variances relates to the issuance of the 2008 Series C Refunding bonds and the corresponding transfer reflecting the refunding of the 2003 COPS in the prior year.

The Community Development Commission Debt Service Fund has a total fund deficit of \$30,796,681. The deficit exists since GAAP requires the debt service funds to record advances from other funds as a liability. At June 30, 2010, the balance in advances from other funds is \$35,456,530. The net change in fund balance during the current year in the debt service fund is \$8.2 million or 36.5 percent increase from the prior year deficit balance of \$22,559,085. This increase in the deficit primarily reflects the impact of the mandatory \$10,854,119 contribution to the Supplemental Education Revenue Augmentation Fund.

The Project Management Capital Project Fund has a fund balance of \$(1,391,065), which is an increase of \$.7 million or 34.7 percent from the prior year. The key factors contributing to this increase are as follows:

- A net increase of \$1.1 million in revenues is composed of \$3.7 million increase in Intergovernmental Revenues due to \$3.0 million in grants for Annandale Canyon Park

open space and increases of over \$0.7 million in Federal Highway funds. Offsetting this is a \$2.6 million reduction of Contributions reflecting lower fees collected from construction projects and the recording of Sewer Facility fees in the Sewer Construction and Maintenance Fund.

- Total expenditures increased \$1.2 million or 3.9 percent due to increase of expenditures incurred on various municipal building and Public Works projects.
- Other financing sources increased by \$1.6 million or 9.0 percent from \$18.3 million in 2009 to \$19.9 million in 2010. Other financing sources are budgetary transfers from various funds to fund the project-to-date capital project expenditures.

Proprietary Funds

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

Unrestricted net assets of the Light and Power Fund at the end of the year amounted to \$147,672,298 and those for the Water, Old Pasadena Parking, and Paseo Colorado Parking Funds amounted to \$6,244,946, \$1,970,297, and (\$3,274,899) respectively. The total net income for each fund was \$29,644,028, \$9,432,408, \$1,457,499, and \$150,495 respectively.

Light and Power operating revenues decreased \$9.4 million from prior year due to decreased retail consumption of 60,665 MWH and reduced energy sales to other utilities. Wholesale energy sales to other utilities declined \$3.5 million and retail energy sales declined \$5.9 million. Total operating expenses decreased \$11.2 million or 6.9 percent to \$151.5 million and are largely attributable to reduced fuel and purchased power costs.

Water Fund revenues decreased \$0.4 million while operating expenses decreased \$0.9 million. Water Fund purchased water expenses increased \$0.6 million due to increased costs which more than offset a 12.9 percent reduction in water purchases and 13.8 percent reduction in water sales. Both reflect successful water conservation efforts.

Old Pasadena Parking Fund net income decreased \$105,417 to \$1,457,499 due to \$48,086 decline in revenues and modest increases in expenses.

Paseo Colorado Parking Funds net income increased \$0.7 million from a loss of \$551,458 in 2009 to a net income of \$150,495 in 2010. Net income increased primarily due to \$1.3 million lower interest expenses on variable rate bonds which offset decreased parking revenues of \$0.6 million. Both parking funds revenue declines reflect our current economic climate.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final budgeted appropriations increased by \$7.6 million or 4.2 percent from the original budget. The primary reasons for the increase from the original budget to the final budget came from Community Development of \$3.2 million to provide a portion of the purchase price of the YWCA building and \$2.1 million for the purchase of a police helicopter. The Police Department also increased appropriation by \$0.3 million for California Office of Traffic Safety

grants. The Public Works budget increased by \$0.9 million for various projects including: signage, enforcement within urban wetlands, and street tree planting. Non-Departmental increased \$1.1 million to cover a \$0.4 million contribution to Pasadena Unified School District, revenue audit services, increased Fire and Police Retirement System contribution, and various reappropriations.

The General Fund actual total expenditures did not exceed final budgeted appropriations. The favorable variance between actual total expenditures and the final appropriation was \$5.5 million or 2.9 percent. The largest negative variance occurred in the Non-departmental expenditures which exceeded the final budget by \$3.1 million. Achieving \$5.5 million savings was a deliberate and managed effort to partially offset anticipated declining revenues.

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, 2010 amounts to \$1,027,617,191, 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 5.9 percent (a 4.6 percent increase for governmental activities and a 7.1 percent increase for business-type activities).

Major capital asset related events during the 2010 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 two major projects: Urgent Care and Public Safety Training Facility and Building Preventive Maintenance of City Buildings and Facilities. Approximately \$3,399,098 was spent on these projects during fiscal year 2010.
- In the area of technology upgrade project, the City spent \$488,227 in the Implementation of Interagency Communications Interoperability System (ICIS), a digital radio system that allows intercity and interagency communications, and \$460,901 in the Information Technology Services Division Equipment
- 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: Kinneloa Ave-Walnut Street Extensions and Improvements, Preventive Maintenance-Asphalt Streets, Traffic Signal Indication Safety Improvements-Phase II, Lake Avenue Light Rail Enhancement, Robinson Park-Implement Master Plan, Replace Restroom Buildings at various parks and Acquisition of Parkland-Annandale Canyon Park. Work on these projects during the 2010 fiscal year reached \$20,281,885. Construction in Progress for the governmental activities as of June 30, 2010 is \$105,941,777.
- As of June 30, 2010, the Water and Power utility plant amounted to \$484,437,836 (net of accumulated depreciation), an increase of 8.3 percent or \$37,107,410. During the fiscal

year, the City spent \$59,094,587 on various water and power projects and capitalized \$46,840,279 for projects completed. Some of the major Power projects completed are related to utility undergrounding, electromechanical meter replacement, electric system replacement and improvement, distribution system expansion, distribution line and geographic information system. Water meter installation, valve replacement, pipe line installation, reservoir rehabilitation, and water system improvement are some of the major Water projects completed during FY 2010.

City of Pasadena's Capital Assets

(Net of Depreciation)

	Governmental Activities		Business Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$55,467,474	55,467,474	6,243,715	5,458,724	61,711,189	60,926,198
Buildings and improvements	182,538,133	185,350,425	88,964,603	89,515,025	271,502,736	274,865,450
Machinery and equipment	23,571,387	17,083,040	360,377,171	337,340,487	383,948,558	354,423,527
Infrastructure	122,728,187	109,589,870	-	-	122,728,187	109,589,870
Construction in progress	<u>105,941,777</u>	<u>101,001,412</u>	<u>81,784,744</u>	<u>69,530,435</u>	<u>187,726,521</u>	<u>170,531,847</u>
Totals	<u>\$490,246,958</u>	<u>468,492,221</u>	<u>537,370,233</u>	<u>501,844,671</u>	<u>1,027,617,191</u>	<u>970,336,892</u>

Additional information on the City of Pasadena's capital assets can be found in note 7 on pages 99-102 of this report.

Long-Term Debt

At year-end, the City has a number of debt issues outstanding. These include \$111.5 million of taxable pension bonds, \$6.4 million of tax allocation bonds applicable to PCDC, \$249.6 million of revenue bonds, \$135.2 million of certificates of participation, \$5.6 million of notes payable and \$10.6 million of capitalized lease obligations. Long-term debt decreased by a net amount of \$33,120,939 as a result of new debt issuance, normal scheduled principal maturities, decreased arbitrage rebate liability, increased compensated absences, Other Post Employment Benefits (OPEB), increased insurance claims payable, and increased 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 issue is: 2009 Electric Revenue Refunding Bonds, \$40,655,000.

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City of Pasadena's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Notes payable	\$ 4,020,056	6,258,463	1,552,910	1,677,796	5,572,966	7,936,259
Pension bonds	111,525,000	118,365,000	-	-	111,525,000	118,365,000
Tax allocation bonds	6,422,412	7,656,689	-	-	6,422,412	7,656,689
Certificates of participation	114,437,082	124,732,976	20,735,016	23,798,315	135,172,098	148,531,291
Revenue bonds	8,910,000	9,415,000	240,655,000	253,675,000	249,565,000	263,090,000
Capitalized lease obligations	9,992,672	12,499,210	653,215	448,305	10,645,887	12,947,515
Unamortized premium (discount)	(1,331,395)	(1,565,221)	3,169,698	1,309,143	1,838,303	(256,078)
Arbitrage Rebate Liability	170,785	250,132	-	-	170,785	250,132
Compensated absences	10,042,824	9,683,534	-	-	10,042,824	9,683,534
OPEB	6,970,436	4,304,912	-	-	6,970,436	4,304,912
Insurance Claims Payable	24,666,276	23,987,736	-	-	24,666,276	23,987,736
Net pension obligation	<u>49,318,000</u>	<u>48,533,936</u>	<u>-</u>	<u>-</u>	<u>49,318,000</u>	<u>48,533,936</u>
Totals	<u>\$ 345,144,148</u>	<u>364,122,367</u>	<u>266,765,839</u>	<u>280,908,559</u>	<u>611,909,987</u>	<u>645,030,926</u>

Additional information on the City of Pasadena's long-term debt can be found in notes 9 through 16 on pages 104 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 171 to 176.

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.

CITY OF PASADENA
Statement of Net Assets
June 30, 2010

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Assets			
Cash and investments (note 2)	\$ 204,717,120	115,083,399	319,800,519
Accounts receivable (note 3)	35,577,926	53,739,715	89,317,641
Less allowance for uncollectible amounts (note 3)	(3,651,363)	(8,379,922)	(12,031,285)
Notes receivable (note 4)	37,106,320	66,293,750	103,400,070
Inventories	204,279	20,753,574	20,957,853
Prepays and other assets	1,076,817	33,943,836	35,020,653
Internal advances (note 6)	5,045,681	(5,045,681)	-
Advances to (from) component units (note 6)	835,384	-	835,384
Allowance for uncollectible long-term receivables (notes 4 and 6)	(13,639,305)	-	(13,639,305)
Restricted assets - cash and investments (note 2)	16,355	81,797,264	81,813,619
Deferred outflow (note 16)	917,538	10,769,776	11,687,314
Property held for resale	14,353,368	-	14,353,368
Capital assets (note 7):			
Land	55,467,474	6,243,715	61,711,189
Construction in progress	105,941,777	81,784,744	187,726,521
Other capital assets, net	328,837,707	449,341,774	778,179,481
Total assets	<u>772,807,078</u>	<u>906,325,944</u>	<u>1,679,133,022</u>
Liabilities			
Accounts payable and accrued liabilities	23,243,512	16,439,159	39,682,671
Deposits	2,233,744	3,985,045	6,218,789
Interest payable	3,147,280	-	3,147,280
Due to other governments	83,291	-	83,291
Unearned revenue (note 8)	6,482,821	2,452,017	8,934,838
Advances from primary government (note 6)	-	-	-
Derivative instrument liability (note 16)	917,538	10,769,776	11,687,314
Noncurrent liabilities (notes 9 to 15):			
Due within one year	43,362,628	11,718,893	55,081,521
Due in more than one year	301,781,520	255,046,946	556,828,466
Total liabilities	<u>381,252,334</u>	<u>300,411,836</u>	<u>681,664,170</u>
Net Assets			
Invested in capital assets, net of related debt	365,674,031	289,571,126	655,245,157
Restricted:			
Expendable:			
Culture and leisure	3,307,621	-	3,307,621
Capital projects	-	-	-
Community development	685,375	-	685,375
Contribution	-	15,306,596	15,306,596
Debt service	39,866,067	-	39,866,067
Low Moderate Housing	34,964,897	-	34,964,897
Stranded investments (note 18 and 25)	-	138,057,658	138,057,658
Transportation	7,795,926	-	7,795,926
Other purposes	-	2,093,865	2,093,865
Nonexpendable:	1,232,608	-	1,232,608
Unrestricted	(61,971,781)	160,884,863	98,913,082
Total net assets	<u>\$ 391,554,744</u>	<u>605,914,108</u>	<u>997,468,852</u>

See accompanying notes to the basic financial statements.

Component Units			
Rose Bowl Operating Company	Pasadena Center Operating Company	Total	
		2010	2009
9,732,084	1,556,249	331,088,852	370,816,360
590,262	815,056	90,722,959	88,049,418
-	-	(12,031,285)	(9,772,307)
-	-	103,400,070	104,321,221
-	-	20,957,853	19,550,661
317,670	722,684	36,061,007	38,520,267
-	-	-	-
-	-	835,384	902,624
-	-	(13,639,305)	(13,075,837)
2,978,553	21,285,622	106,077,794	123,398,370
3,274,047	16,467,261	31,428,622	-
-	-	14,353,368	11,153,368
-	2,423,473	64,134,662	63,349,671
4,484,782	18,317	192,229,620	172,899,471
<u>46,916,772</u>	<u>159,182,819</u>	<u>984,279,072</u>	<u>949,428,921</u>
<u>68,294,170</u>	<u>202,471,481</u>	<u>1,949,898,673</u>	<u>1,919,542,208</u>
2,319,377	876,412	42,878,460	47,399,420
170,808	686,100	7,075,697	7,295,242
149,947	833,245	4,130,472	4,671,323
-	-	83,291	28,787
1,086,248	866,609	10,887,695	11,803,829
-	835,384	835,384	902,624
3,274,047	25,402,874	40,364,235	-
1,849,154	2,052,892	58,983,567	55,529,405
<u>29,991,538</u>	<u>157,601,349</u>	<u>744,421,353</u>	<u>789,407,427</u>
<u>38,841,119</u>	<u>189,154,865</u>	<u>909,660,154</u>	<u>917,038,057</u>
22,699,826	15,835,185	693,780,168	615,731,985
-	-	3,307,621	3,429,642
-	1,937,809	1,937,809	1,762,982
-	-	685,375	1,207,769
-	-	15,306,596	16,000,789
-	-	39,866,067	44,714,908
-	-	34,964,897	33,780,255
-	-	138,057,658	140,041,800
-	-	7,795,926	10,023,029
-	-	2,093,865	2,294,396
-	-	1,232,608	1,204,841
<u>6,753,225</u>	<u>(4,456,378)</u>	<u>101,209,929</u>	<u>132,311,755</u>
<u>29,453,051</u>	<u>13,316,616</u>	<u>1,040,238,519</u>	<u>1,002,504,151</u>

CITY OF PASADENA
Statement of Activities
For the Fiscal Year Ended June 30, 2010

<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	\$ 38,894,409	17,552,393	189,100	2,516,940
Public safety	104,869,947	12,097,266	3,567,383	-
Transportation	43,655,683	13,247,433	5,043,057	12,484,452
Sanitation	3,697,150	6,503,419	163,350	-
Health	11,457,627	902,323	5,108,214	-
Culture and leisure	25,995,644	2,270,105	920,339	-
Community development	53,844,666	7,450,366	18,667,073	287,722
Interest and other fiscal charges	13,249,552	-	-	-
Total governmental activities	<u>295,664,678</u>	<u>60,023,305</u>	<u>33,658,516</u>	<u>15,289,114</u>
Business-type activities:				
Electric	158,769,461	183,712,423	-	3,310,936
Water	35,911,582	43,480,019	-	651,401
Refuse	13,131,042	11,050,382	-	-
Parking	11,158,545	12,557,692	-	-
Telecommunication	452,297	628,639	-	-
Total business-type activities	<u>219,422,927</u>	<u>251,429,155</u>	<u>-</u>	<u>3,962,337</u>
Total primary government	<u>\$ 515,087,605</u>	<u>311,452,460</u>	<u>33,658,516</u>	<u>19,251,451</u>
Component units				
Rose Bowl Operating Company	\$ 16,208,090	17,160,259	-	724,471
Pasadena Center Operating Company	19,582,627	4,873,249	-	99,993
Total component units	<u>\$ 35,790,717</u>	<u>22,033,508</u>	<u>-</u>	<u>824,464</u>

General revenues:

Taxes:

Property taxes, levied for general purpose
Sales taxes
Utility users' taxes
Transient occupancy taxes
Construction taxes
Business license taxes
Franchise taxes
Other taxes
Other intergovernmental, unrestricted
Investment earnings
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, as restated (note 30)

Net assets - end of year

See accompanying notes to the basic financial statements.

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

<u>Primary Government</u>			<u>Component Units</u>		<u>Total</u>	
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Rose Bowl Operating Company</u>	<u>Pasadena Center Operating Company</u>	<u>2010</u>	<u>2009</u>
(18,635,976)	-	(18,635,976)	-	-	(18,635,976)	(22,384,651)
(89,205,298)	-	(89,205,298)	-	-	(89,205,298)	(84,503,358)
(12,880,741)	-	(12,880,741)	-	-	(12,880,741)	(21,677,418)
2,969,619	-	2,969,619	-	-	2,969,619	2,623,788
(5,447,090)	-	(5,447,090)	-	-	(5,447,090)	(12,636,522)
(22,805,200)	-	(22,805,200)	-	-	(22,805,200)	(21,914,845)
(27,439,505)	-	(27,439,505)	-	-	(27,439,505)	(10,066,942)
(13,249,552)	-	(13,249,552)	-	-	(13,249,552)	(18,755,177)
<u>(186,693,743)</u>	<u>-</u>	<u>(186,693,743)</u>	<u>-</u>	<u>-</u>	<u>(186,693,743)</u>	<u>(189,315,125)</u>
-	28,253,898	28,253,898	-	-	28,253,898	25,715,726
-	8,219,838	8,219,838	-	-	8,219,838	7,448,913
-	(2,080,660)	(2,080,660)	-	-	(2,080,660)	(1,547,549)
-	1,399,147	1,399,147	-	-	1,399,147	348,542
-	176,342	176,342	-	-	176,342	138,325
<u>-</u>	<u>35,968,565</u>	<u>35,968,565</u>	<u>-</u>	<u>-</u>	<u>35,968,565</u>	<u>32,103,957</u>
<u>(186,693,743)</u>	<u>35,968,565</u>	<u>(150,725,178)</u>	<u>-</u>	<u>-</u>	<u>(150,725,178)</u>	<u>(157,211,168)</u>
-	-	-	1,676,640	-	1,676,640	919,291
-	-	-	-	(14,609,385)	(14,609,385)	(10,963,928)
-	-	-	1,676,640	(14,609,385)	(12,932,745)	(10,044,637)
68,353,989	-	68,353,989	-	-	68,353,989	69,062,088
28,949,183	-	28,949,183	-	-	28,949,183	32,912,733
29,519,607	-	29,519,607	-	-	29,519,607	31,162,427
6,941,949	1,464,294	8,406,243	-	4,701,040	13,107,283	13,547,092
1,397,077	-	1,397,077	-	-	1,397,077	2,366,386
5,664,030	-	5,664,030	-	-	5,664,030	5,860,722
1,933,376	3,098,233	5,031,609	-	-	5,031,609	4,529,719
6,035,149	-	6,035,149	-	1,989,897	8,025,046	8,209,947
14,900,751	-	14,900,751	-	-	14,900,751	15,094,109
5,292,452	8,173,399	13,465,851	270,814	169,149	13,905,814	19,093,300
737,901	1,159,695	1,897,596	-	-	1,897,596	2,364,994
249,854	-	249,854	-	-	249,854	476,608
4,464,725	10,945,848	15,410,573	492,930	174,827	16,078,330	9,716,980
<u>12,121,810</u>	<u>(17,408,731)</u>	<u>(5,286,921)</u>	<u>-</u>	<u>-</u>	<u>(5,286,921)</u>	<u>-</u>
<u>186,561,853</u>	<u>7,432,738</u>	<u>193,994,591</u>	<u>763,744</u>	<u>7,034,913</u>	<u>201,793,248</u>	<u>214,397,105</u>
(131,890)	43,401,303	43,269,413	2,440,384	(7,574,472)	38,135,325	47,141,300
391,686,634	562,512,805	954,199,439	27,012,667	20,891,088	1,002,103,194	955,362,851
<u>\$ 391,554,744</u>	<u>605,914,108</u>	<u>997,468,852</u>	<u>29,453,051</u>	<u>13,316,616</u>	<u>1,040,238,519</u>	<u>1,002,504,151</u>

CITY OF PASADENA
Balance Sheet
Governmental Funds
June 30, 2010

		Pasadena		
		Community		
		Development	Project	Non-Major
		Commission	Management	Governmental
	<u>General</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Funds</u>
<u>Assets</u>				
Cash and investments (note 2)	\$ 36,887,035	4,723,814	1,399,550	139,150,888
Accounts receivable (note 3)	21,367,164	639,530	5,393,308	8,089,670
Less allowance for uncollectible amounts (note 3)	(3,624,251)	-	-	(27,112)
Notes receivable (note 4)	404,403	-	-	36,701,917
Due from other funds (note 5)	4,794,116	-	-	1,403,530
Prepays and other assets	723,380	-	-	-
Advances to other funds (note 6)	14,476,596	-	-	28,342,166
Advances to component units (note 6)	835,384	-	-	-
Allowance for uncollectible long-term receivables (note 4 and 6)	(8,556,376)	-	-	(34,830,356)
Property held for resale	-	-	-	10,638,977
Total assets	<u>\$ 67,307,451</u>	<u>5,363,344</u>	<u>6,792,858</u>	<u>189,469,680</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 8,609,063	214,580	4,472,093	3,858,275
Deposits	1,911,281	-	-	322,463
Due to other funds (note 5)	-	488,915	-	5,274,806
Due to other governments	83,291	-	-	-
Deferred revenue (note 8)	3,526,629	-	3,711,830	3,196,368
Advances from other funds (note 6)	-	35,456,530	-	5,312,576
Total liabilities	<u>14,130,264</u>	<u>36,160,025</u>	<u>8,183,923</u>	<u>17,964,488</u>
Fund balances:				
Reserved for:				
Encumbrances	113,113	-	-	2,527,722
Notes receivable	404,403	-	-	36,701,917
Prepays and other assets	723,380	-	-	-
Advances to other funds	6,755,604	-	-	8,107,758
Property held for resale	-	-	-	10,638,977
Debt service	-	-	-	53,548,464
Unreserved, reported in (note 17):				
General fund	45,180,687	-	-	-
Special revenue funds	-	-	-	49,566,217
Debt service funds	-	(30,796,681)	-	-
Capital projects funds	-	-	(1,391,065)	9,181,529
Permanent funds	-	-	-	1,232,608
Total fund balances	<u>53,177,187</u>	<u>(30,796,681)</u>	<u>(1,391,065)</u>	<u>171,505,192</u>
Total liabilities and fund balances	<u>\$ 67,307,451</u>	<u>5,363,344</u>	<u>6,792,858</u>	<u>189,469,680</u>

See accompanying notes to the basic financial statements.

Totals	
2010	2009
182,161,287	224,891,063
35,489,672	30,815,761
(3,651,363)	(1,376,077)
37,106,320	34,301,221
6,197,646	6,203,196
723,380	25,042
42,818,762	44,005,543
835,384	902,624
(43,386,732)	(42,077,813)
<u>10,638,977</u>	<u>7,438,977</u>
<u>268,933,333</u>	<u>305,129,537</u>
17,154,011	17,858,205
2,233,744	2,195,117
5,763,721	5,612,607
83,291	28,787
10,434,827	12,148,262
<u>40,769,106</u>	<u>40,188,087</u>
<u>76,438,700</u>	<u>78,031,065</u>
2,640,835	11,737,003
37,106,320	34,301,221
723,380	25,042
14,863,362	16,862,834
10,638,977	7,438,977
53,548,464	53,853,247
45,180,687	48,401,466
49,566,217	48,859,373
(30,796,681)	(17,547,005)
7,790,464	21,961,473
<u>1,232,608</u>	<u>1,204,841</u>
<u>192,494,633</u>	<u>227,098,472</u>
<u>268,933,333</u>	<u>305,129,537</u>

CITY OF PASADENA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010

Fund balances of governmental funds \$ 192,494,633

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. 475,864,534

Allowance for advances 30,560,436

Long term debt has not been included in governmental fund activity.

Arbitrage Rebate Liability	(170,785)	
Notes payable	(4,020,056)	
Pension bonds	(111,525,000)	
Tax allocation bonds	(6,422,412)	
Revenue bonds	(8,910,000)	
Certificates of participation	(114,437,082)	
Capitalized lease obligations	(4,920,255)	
Other post employment benefits liability	(6,970,436)	
Net pension obligation	(49,318,000)	
Unamortized premium (discount)	<u>1,331,395</u>	
Net adjustment		(305,362,631)

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. (3,147,280)

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	1,226,801	
Non-Major Governmental Funds	<u>2,725,205</u>	
Total revenues not available		3,952,006

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. (2,806,954)

Net assets of governmental activities \$ 391,554,744

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, 2010

	<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	\$ 112,030,511	23,623,860	-	13,139,989
Licenses and permits	2,640,177	-	-	4,097,095
Intergovernmental revenues	14,004,673	558,000	11,403,826	37,681,602
Charges for services	32,734,949	-	12,280	8,741,847
Fines and forfeits	5,135,244	-	-	-
Investment earnings	24,136,783	227,743	-	3,096,520
Net change in fair value of investments	278,208	(5,818)	-	354,521
Rental income	1,010,973	-	-	3,676,432
Miscellaneous revenues	2,441,828	362,593	1,076	3,845,415
Contributions	-	-	534,016	307,847
Total revenues	<u>194,413,346</u>	<u>24,766,378</u>	<u>11,951,198</u>	<u>74,941,268</u>
Expenditures:				
Current:				
General government	36,864,197	-	-	111,743
Public safety	98,167,257	-	-	2,910,849
Transportation	22,370,798	-	-	10,666,993
Sanitation	-	-	-	3,697,150
Health	-	-	-	11,049,228
Culture and leisure	13,288,417	-	-	11,866,284
Community development	9,531,323	7,370,605	-	35,697,831
Capital outlay	3,230,000	-	31,132,038	12,045
Debt service:				
Principal retirement	-	3,192,684	-	18,360,074
Interest	-	21,063,083	-	16,003,644
Total expenditures	<u>183,451,992</u>	<u>31,626,372</u>	<u>31,132,038</u>	<u>110,375,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,961,354</u>	<u>(6,859,994)</u>	<u>(19,180,840)</u>	<u>(35,434,573)</u>
Other financing sources (uses):				
Issuance of long-term debt	-	-	-	-
Other financing source-issuance of refunding bonds	-	-	-	-
Other financing source (use)-bond premium (discount)	-	-	-	-
Transfers in (note 21)	30,055,525	2,508,260	20,074,541	59,440,129
Transfers out (note 21)	<u>(48,222,735)</u>	<u>(3,885,862)</u>	<u>(155,844)</u>	<u>(43,903,800)</u>
Total other financing sources (uses)	<u>(18,167,210)</u>	<u>(1,377,602)</u>	<u>19,918,697</u>	<u>15,536,329</u>
Change in fund balances	(7,205,856)	(8,237,596)	737,857	(19,898,244)
Fund balances (deficits) at beginning of year	<u>60,383,043</u>	<u>(22,559,085)</u>	<u>(2,128,922)</u>	<u>191,403,436</u>
Fund balances (deficits) at end of year	<u>\$ 53,177,187</u>	<u>(30,796,681)</u>	<u>(1,391,065)</u>	<u>171,505,192</u>

See accompanying notes to the basic financial statements.

Totals	
2010	2009
148,794,360	157,226,941
6,737,272	7,135,919
63,648,101	61,409,899
41,489,076	42,782,999
5,135,244	8,844,377
27,461,046	27,388,734
626,911	1,034,117
4,687,405	5,277,184
6,650,912	6,569,614
841,863	8,011,812
<u>306,072,190</u>	<u>325,681,596</u>
36,975,940	35,826,338
101,078,106	102,518,303
33,037,791	36,903,921
3,697,150	4,060,775
11,049,228	11,471,282
25,154,701	26,935,862
52,599,759	42,745,297
34,374,083	29,990,976
21,552,758	85,980,916
<u>37,066,727</u>	<u>33,431,560</u>
<u>356,586,243</u>	<u>409,865,230</u>
<u>(50,514,053)</u>	<u>(84,183,634)</u>
-	7,974,545
-	71,450,000
-	607,398
112,078,455	158,701,779
<u>(96,168,241)</u>	<u>(142,634,437)</u>
<u>15,910,214</u>	<u>96,099,285</u>
(34,603,839)	11,915,651
<u>227,098,472</u>	<u>215,182,821</u>
<u>192,494,633</u>	<u>227,098,472</u>

CITY OF PASADENA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2010

Net change in fund balances - total governmental funds \$ (34,603,839)

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	34,374,083
Depreciation	(10,825,474)
Capital Projects Completed	14,140,533

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (19,596,347)

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.

Repayments:

Changes in net pension obligations	(784,064)	
To bond, certificate, and note holders	<u>27,465,637</u>	
Net adjustment		26,681,573

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (853,462)

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. (154,479)

Interest payable related to debt services or long term liabilities. This is the net change in interest payable expense for the current period. 1,351,016

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. (10,645,494)

Change in net assets of governmental activities \$ (131,890)

See accompanying notes to the basic financial statements.

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CITY OF PASADENA
Statement of Net Assets
Proprietary Funds
June 30, 2010

	<u>Light and Power</u>	<u>Water</u>	<u>Old Pasadena Parking</u>	<u>Paseo Colorado Parking</u>
Assets				
Current assets:				
Cash and investments (note 2)	\$ 100,965,014	2,254,157	3,189,565	562,531
Accounts receivable (note 3)	24,035,853	6,909,929	525,758	434,280
Less allowance for uncollectible amounts (note 3)	(589,038)	(141,915)	-	-
Notes receivable (note 4)	4,289,583	-	-	-
Due from other funds (note 5)	5,000,000	-	-	-
Inventories	9,670,766	11,082,808	-	-
Prepays and other assets	899,815	379,474	227,951	215,583
Total current assets	<u>144,271,993</u>	<u>20,484,453</u>	<u>3,943,274</u>	<u>1,212,394</u>
Noncurrent assets:				
Restricted assets - cash and investments:				
To finance stranded investments (note 18)	62,816,322	-	-	-
Other restricted cash and investments	6,583,390	4,807,651	2,773,751	2,028,396
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)	-	-	-
Notes receivable (note 4)	62,004,167	-	-	-
Property held for resale	-	-	-	-
Prepaid long term assets	29,466,821	1,293,529	1,181,398	279,265
Deferred outflow (note 16)	10,769,776	-	-	-
Capital assets (note 7)	627,167,162	201,340,347	23,711,891	30,811,369
Less accumulated depreciation	(281,561,663)	(62,508,010)	(8,480,165)	(5,311,153)
Net property, plant and equipment	<u>345,605,499</u>	<u>138,832,337</u>	<u>15,231,726</u>	<u>25,500,216</u>
Total noncurrent assets	<u>529,230,531</u>	<u>144,933,517</u>	<u>19,186,875</u>	<u>27,807,877</u>
Total assets	<u>673,502,524</u>	<u>165,417,970</u>	<u>23,130,149</u>	<u>29,020,271</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	8,276,140	6,282,432	755,723	199,360
Deposits	774,053	176,046	312,107	44,024
Insurance claims payable - current (note 22)	-	-	-	-
Due to other funds (note 5)	-	5,000,000	-	-
Unearned revenue (note 8)	941,702	1,510,315	-	-
Compensated absences	-	-	-	-
Notes payable - current (notes 9 and 10)	-	-	131,231	-
Revenue bonds - current (notes 9 and 13)	4,905,000	2,300,000	-	500,000
Certificates of participation - current (notes 9 and 14)	-	-	1,441,199	-
Capitalized lease obligations - current (notes 9 and 15)	-	-	138,877	-
Total current liabilities	<u>14,896,895</u>	<u>15,268,793</u>	<u>2,779,137</u>	<u>743,384</u>
Long-term liabilities:				
Insurance claims payable - long-term (note 22)	-	-	-	-
OPEB liability - long-term (note 9 and 28)	-	-	-	-
Advances from other funds (note 6)	-	-	2,086,545	4,523,174
Derivative instrument liability (note 16)	10,769,776	-	-	-
Notes payable - long-term (notes 9 and 10)	-	-	1,421,679	-
Revenue bonds - long-term (notes 9 and 13)	150,605,000	54,845,000	-	27,500,000
Certificates of participation - long-term (notes 9 and 14)	-	-	12,993,817	-
Capitalized lease obligations - long-term (notes 9 and 15)	-	-	-	-
Unamortized premium (discount)	3,421,806	391,279	170,979	(775,605)
Total long-term liabilities	<u>164,796,582</u>	<u>55,236,279</u>	<u>16,673,020</u>	<u>31,247,569</u>
Total liabilities	<u>179,693,477</u>	<u>70,505,072</u>	<u>19,452,157</u>	<u>31,990,953</u>
Net Assets				
Invested in capital assets, net of related debt	193,242,873	86,103,709	1,707,695	304,217
Restricted:				
Contribution	12,742,353	2,564,243	-	-
Stranded investments (note 18 and 25)	138,057,658	-	-	-
Other purposes	2,093,865	-	-	-
Unrestricted	<u>147,672,298</u>	<u>6,244,946</u>	<u>1,970,297</u>	<u>(3,274,899)</u>
Total net assets	<u>\$ 493,809,047</u>	<u>94,912,898</u>	<u>3,677,992</u>	<u>(2,970,682)</u>

See accompanying notes to the basic financial statements.

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds		
		Totals		
		2010	2009	
8,112,132	115,083,399	22,555,833	137,639,232	133,631,618
2,242,776	34,148,596	88,254	34,236,850	35,635,694
(42,406)	(773,359)	-	(773,359)	(789,667)
-	4,289,583	-	4,289,583	4,065,000
-	5,000,000	1,153,607	6,153,607	4,000,000
-	20,753,574	204,279	20,957,853	19,550,661
-	1,722,823	353,437	2,076,260	1,993,793
<u>10,312,502</u>	<u>180,224,616</u>	<u>24,355,410</u>	<u>204,580,026</u>	<u>198,087,099</u>
-	62,816,322	-	62,816,322	60,385,938
2,787,754	18,980,942	16,355	18,997,297	37,170,114
4,523,174	4,523,174	2,996,025	7,519,199	8,539,801
-	-	(813,009)	(813,009)	(731,709)
-	19,591,119	-	19,591,119	19,591,119
-	(7,606,563)	-	(7,606,563)	(7,606,563)
-	62,004,167	-	62,004,167	65,955,000
-	-	3,714,391	3,714,391	3,714,391
-	32,221,013	-	32,221,013	34,144,682
-	10,769,776	-	10,769,776	-
26,271,795	909,302,564	34,349,442	943,652,006	879,577,044
(14,071,340)	(371,932,331)	(19,967,018)	(391,899,349)	(367,011,891)
<u>12,200,455</u>	<u>537,370,233</u>	<u>14,382,424</u>	<u>551,752,657</u>	<u>512,565,153</u>
<u>19,511,383</u>	<u>740,670,183</u>	<u>20,296,186</u>	<u>760,966,369</u>	<u>733,727,926</u>
<u>29,823,885</u>	<u>920,894,799</u>	<u>44,651,596</u>	<u>965,546,395</u>	<u>931,815,025</u>
925,504	16,439,159	6,089,501	22,528,660	26,229,622
2,678,815	3,985,045	-	3,985,045	4,453,815
-	-	11,648,472	11,648,472	9,595,095
-	5,000,000	1,587,532	6,587,532	4,590,589
-	2,452,017	-	2,452,017	2,055,196
-	-	10,042,824	10,042,824	9,683,534
-	131,231	-	131,231	124,885
-	7,705,000	-	7,705,000	10,205,000
1,900,000	3,341,199	-	3,341,199	3,063,299
402,586	541,463	734,890	1,276,353	771,925
<u>5,906,905</u>	<u>39,595,114</u>	<u>30,103,219</u>	<u>69,698,333</u>	<u>70,772,960</u>
-	-	13,017,804	13,017,804	14,392,641
-	-	6,970,436	6,970,436	4,304,912
2,959,136	9,568,855	-	9,568,855	10,993,257
-	10,769,776	-	10,769,776	-
-	1,421,679	-	1,421,679	1,552,911
-	232,950,000	-	232,950,000	243,470,000
4,400,000	17,393,817	-	17,393,817	20,735,016
111,752	111,752	4,337,527	4,449,279	903,276
(38,761)	3,169,698	-	3,169,698	1,309,143
<u>7,432,127</u>	<u>275,385,577</u>	<u>24,325,767</u>	<u>299,711,344</u>	<u>297,661,156</u>
<u>13,339,032</u>	<u>314,980,691</u>	<u>54,428,986</u>	<u>369,409,677</u>	<u>368,434,116</u>
8,212,632	289,571,126	9,326,362	298,897,488	267,591,470
-	15,306,596	-	15,306,596	16,000,789
-	138,057,658	-	138,057,658	140,041,800
-	2,093,865	-	2,093,865	2,294,396
<u>8,272,221</u>	<u>160,884,863</u>	<u>(19,103,752)</u>	<u>141,781,111</u>	<u>137,452,454</u>
<u>16,484,853</u>	<u>605,914,108</u>	<u>(9,777,390)</u>	<u>596,136,718</u>	<u>563,380,909</u>

CITY OF PASADENA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	<u>Light and Power</u>	<u>Water</u>	<u>Old Pasadena Parking</u>	<u>Paseo Colorado Parking</u>
Operating revenues:				
Charges for services:				
Utilities	\$ 183,712,423	43,480,019	-	-
Plaza Las Fuentes parking	-	-	-	-
Refuse collection	-	-	-	-
Old Pasadena parking	-	-	5,528,754	-
Paseo Colorado parking	-	-	-	4,776,271
Telecommunication	-	-	-	-
Del Mar Goldline Parking Garage	-	-	-	-
Computing and communication services	-	-	-	-
Building maintenance	-	-	-	-
Fleet maintenance	-	-	-	-
Employee benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
Total operating revenues	<u>183,712,423</u>	<u>43,480,019</u>	<u>5,528,754</u>	<u>4,776,271</u>
Operating expenses:				
Utility production	97,519,770	18,089,278	-	-
Utility transmission and distribution	13,062,897	4,814,716	-	-
Utility commercial and general	23,452,655	5,763,079	-	-
Plaza Las Fuentes parking	-	-	-	-
Refuse collection	-	-	-	-
Old Pasadena parking	-	-	2,548,129	-
Paseo Colorado parking	-	-	-	3,404,608
Telecommunications	-	-	-	-
Del Mar Goldline Parking Garage	-	-	-	-
Computing and communication services	-	-	-	-
Building maintenance	-	-	-	-
Fleet maintenance	-	-	-	-
Depreciation	17,489,647	4,443,238	594,923	676,134
Benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
Total operating expenses	<u>151,524,969</u>	<u>33,110,311</u>	<u>3,143,052</u>	<u>4,080,742</u>
Operating income (loss)	<u>32,187,454</u>	<u>10,369,708</u>	<u>2,385,702</u>	<u>695,529</u>
Nonoperating revenues (expenses):				
Taxes	-	-	-	-
Intergovernmental revenues	-	956,480	-	-
Investment earnings	7,112,282	291,389	261,350	109,567
Net change in fair value of investments	1,102,701	16,260	12,014	(764)
Miscellaneous revenues	-	-	37,351	-
Interest expense	(7,205,267)	(2,751,733)	(1,017,035)	(410,768)
Gain (loss) on disposal of assets	(39,225)	(49,538)	-	-
Other nonoperating revenues (expenses)	<u>7,404,507</u>	<u>3,014,572</u>	<u>(221,883)</u>	<u>(243,069)</u>
Total nonoperating revenues (expenses)	<u>8,374,998</u>	<u>1,477,430</u>	<u>(928,203)</u>	<u>(545,034)</u>
Income (loss) before transfers and contributions	<u>40,562,452</u>	<u>11,847,138</u>	<u>1,457,499</u>	<u>150,495</u>
Capital contributions	3,310,936	651,401	-	-
Transfers in (note 21)	2,743,624	-	-	-
Transfers out (note 21)	<u>(16,972,984)</u>	<u>(3,066,131)</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>29,644,028</u>	<u>9,432,408</u>	<u>1,457,499</u>	<u>150,495</u>
Net assets (deficit) at beginning of year	<u>464,165,019</u>	<u>85,480,490</u>	<u>2,220,493</u>	<u>(3,121,177)</u>
Net assets (deficit) at end of year	<u>\$ 493,809,047</u>	<u>94,912,898</u>	<u>3,677,992</u>	<u>(2,970,682)</u>

See accompanying notes to the basic financial statements.

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities-		Totals		
		Internal Service Funds			2010	2009
-	227,192,442	-		227,192,442	236,254,009	
1,999,656	1,999,656	-		1,999,656	1,848,915	
11,050,382	11,050,382	-		11,050,382	10,285,103	
-	5,528,754	-		5,528,754	5,576,840	
-	4,776,271	-		4,776,271	5,346,698	
628,639	628,639	-		628,639	595,165	
253,011	253,011	-		253,011	351,145	
-	-	8,179,505		8,179,505	8,400,526	
-	-	8,693,507		8,693,507	8,490,638	
-	-	9,185,994		9,185,994	9,458,819	
-	-	27,406,806		27,406,806	30,545,078	
-	-	10,975,639		10,975,639	13,738,192	
-	-	1,004,331		1,004,331	1,122,800	
-	-	430,665		430,665	421,816	
<u>13,931,688</u>	<u>251,429,155</u>	<u>65,876,447</u>		<u>317,305,602</u>	<u>332,435,744</u>	
-	115,609,048	-		115,609,048	127,305,667	
-	17,877,613	-		17,877,613	17,926,010	
-	29,215,734	-		29,215,734	30,909,483	
1,725,766	1,725,766	-		1,725,766	1,685,731	
12,524,324	12,524,324	-		12,524,324	11,191,618	
-	2,548,129	-		2,548,129	2,495,802	
-	3,404,608	-		3,404,608	3,397,459	
452,297	452,297	-		452,297	456,840	
258,954	258,954	-		258,954	485,248	
-	-	8,329,692		8,329,692	8,437,894	
-	-	8,352,527		8,352,527	9,474,708	
-	-	7,465,888		7,465,888	7,494,851	
1,024,331	24,228,273	1,989,011		26,217,284	24,940,795	
-	-	34,567,851		34,567,851	34,806,225	
-	-	11,206,646		11,206,646	8,717,577	
-	-	1,088,380		1,088,380	1,106,241	
-	-	428,995		428,995	471,275	
<u>15,985,672</u>	<u>207,844,746</u>	<u>73,428,990</u>		<u>281,273,736</u>	<u>291,303,424</u>	
<u>(2,053,984)</u>	<u>43,584,409</u>	<u>(7,552,543)</u>		<u>36,031,866</u>	<u>41,132,320</u>	
4,562,527	4,562,527	-		4,562,527	3,733,023	
60,719	1,017,199	-		1,017,199	181,354	
398,811	8,173,399	528,220		8,701,619	10,694,735	
29,484	1,159,695	110,990		1,270,685	1,330,877	
29,330	66,681	-		66,681	59,713	
(104,615)	(11,489,418)	(230,655)		(11,720,073)	(13,681,593)	
-	(88,763)	16,868		(71,895)	(254,308)	
<u>(92,159)</u>	<u>9,861,968</u>	<u>270,030</u>		<u>10,131,998</u>	<u>2,944,015</u>	
<u>4,884,097</u>	<u>13,263,288</u>	<u>695,453</u>		<u>13,958,741</u>	<u>5,007,816</u>	
<u>2,830,113</u>	<u>56,847,697</u>	<u>(6,857,090)</u>		<u>49,990,607</u>	<u>46,140,136</u>	
-	3,962,337	-		3,962,337	4,215,749	
85,000	2,828,624	622,355		3,450,979	2,106,622	
<u>(198,240)</u>	<u>(20,237,355)</u>	<u>(4,410,759)</u>		<u>(24,648,114)</u>	<u>(18,173,964)</u>	
<u>2,716,873</u>	<u>43,401,303</u>	<u>(10,645,494)</u>		<u>32,755,809</u>	<u>34,288,543</u>	
<u>13,767,980</u>	<u>562,512,805</u>	<u>868,104</u>		<u>563,380,909</u>	<u>529,092,366</u>	
<u>16,484,853</u>	<u>605,914,108</u>	<u>(9,777,390)</u>		<u>596,136,718</u>	<u>563,380,909</u>	

CITY OF PASADENA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2010

	Light and Power	Water	Old Pasadena Parking
Cash flows from operating activities:			
Cash received from customers	\$ 178,319,681	44,126,801	5,773,891
Cash payments to suppliers for goods and services	(98,079,285)	(17,471,737)	(2,262,741)
Cash payments to employees for services	(33,043,491)	(11,882,408)	(89,645)
Cash payments to other funds for services	(2,078,712)	(1,179,724)	(18,127)
Cash payments from other funds for services	187,029	89,664	-
Other nonoperating revenues (expenses)	7,217,478	2,924,908	(184,532)
Net cash provided by (used for) operating activities	<u>52,522,700</u>	<u>16,607,504</u>	<u>3,218,846</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	2,743,624	-	-
Transfers to other funds	(16,972,984)	(3,066,131)	-
Cash received (paid) on loans from other funds	-	1,000,000	-
Cash received (paid) on loans to other funds	(1,000,000)	-	(350,000)
Taxes received	-	-	-
Intergovernmental revenues	-	956,480	-
Net cash provided by (used for) noncapital financing activities	<u>(15,229,360)</u>	<u>(1,109,651)</u>	<u>(350,000)</u>
Cash flows from capital and related financing activities:			
Proceeds from long-term debt	40,655,000	-	-
Acquisition and construction of capital assets	(46,361,192)	(12,734,830)	(391,861)
Proceeds from sale of capital assets	-	-	-
Cash received from developers	3,310,936	651,401	-
Principal paid on debt	(50,980,000)	(2,195,000)	(1,623,710)
Interest paid on debt	(5,560,987)	(2,779,586)	(1,017,035)
Net cash used for capital and related financing activities	<u>(58,936,243)</u>	<u>(17,058,015)</u>	<u>(3,032,606)</u>
Cash flows from investing activities:			
Purchase of investments	(53,313,397)	(33,038)	-
Proceeds from sale of investments	66,587,916	-	-
Investment earnings	8,214,983	307,649	284,825
Loans made to suppliers	-	-	-
Payments received from loans made to suppliers	3,726,250	-	-
Net cash provided by investing activities	<u>25,215,752</u>	<u>274,611</u>	<u>284,825</u>
Net increase (decrease) in cash and cash equivalents	3,572,849	(1,285,551)	121,065
Cash and cash equivalents at beginning of year	<u>118,919,706</u>	<u>3,667,676</u>	<u>5,842,251</u>
Cash and cash equivalents at end of year	<u>\$ 122,492,555</u>	<u>2,382,125</u>	<u>5,963,316</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Assets:			
Cash and investments	\$ 100,965,014	2,254,157	3,189,565
Stranded investments	62,816,322	-	-
Other restricted cash and investments	6,583,390	4,807,651	2,773,751
Less non-cash equivalents	(47,872,171)	(4,679,683)	-
Cash and cash equivalents at end of year	<u>\$ 122,492,555</u>	<u>2,382,125</u>	<u>5,963,316</u>

Paseo Colorado Parking	Non-Major Enterprise Funds	Total Enterprise Funds	Governmental	Totals	
			Activities-	2010	2009
			Internal Service Funds		
5,048,532	13,722,963	246,991,868	-	246,991,868	264,793,681
(3,195,756)	(7,048,646)	(128,058,165)	(20,828,062)	(148,886,227)	(173,229,301)
(130,801)	(5,443,144)	(50,589,489)	(47,544,607)	(98,134,096)	(100,023,894)
(87,489)	(2,649,766)	(6,013,818)	(1,452,531)	(7,466,349)	(7,435,684)
-	-	276,693	70,981,224	71,257,917	72,299,297
(243,069)	(53,274)	9,661,511	222,396	9,883,907	3,003,728
<u>1,391,417</u>	<u>(1,471,867)</u>	<u>72,268,600</u>	<u>1,378,420</u>	<u>73,647,020</u>	<u>59,407,827</u>
-	85,000	2,828,624	622,355	3,450,979	2,106,622
-	(198,240)	(20,237,355)	(4,410,759)	(24,648,114)	(18,173,964)
173,969	-	1,173,969	-	1,173,969	7,114,654
(143,062)	(1,394,840)	(2,887,902)	2,047,422	(840,480)	(10,681,882)
-	4,562,527	4,562,527	-	4,562,527	3,733,023
-	60,719	1,017,199	-	1,017,199	181,354
<u>30,907</u>	<u>3,115,166</u>	<u>(13,542,938)</u>	<u>(1,740,982)</u>	<u>(15,283,920)</u>	<u>(15,720,193)</u>
28,800,000	732,826	70,187,826	32,203	70,220,029	28,832,203
-	(331,233)	(59,819,116)	(5,603,319)	(65,422,435)	(55,996,994)
-	-	-	16,868	16,868	31,952
-	-	3,962,337	-	3,962,337	4,215,749
(29,300,000)	(2,092,391)	(86,191,101)	3,813,318	(82,377,783)	(41,533,231)
(410,768)	(104,615)	(9,872,991)	(230,655)	(10,103,646)	(13,897,445)
<u>(910,768)</u>	<u>(1,795,413)</u>	<u>(81,733,045)</u>	<u>(1,971,585)</u>	<u>(83,704,630)</u>	<u>(78,347,766)</u>
-	-	(53,346,435)	-	(53,346,435)	(64,666,040)
-	-	66,587,916	-	66,587,916	79,680,481
100,891	467,534	9,375,882	537,615	9,913,497	12,176,991
-	-	-	-	-	(70,020,000)
-	-	3,726,250	-	3,726,250	-
<u>100,891</u>	<u>467,534</u>	<u>26,343,613</u>	<u>537,615</u>	<u>26,881,228</u>	<u>(42,828,568)</u>
612,447	315,420	3,336,230	(1,796,532)	1,539,698	(77,488,700)
<u>1,978,480</u>	<u>10,584,466</u>	<u>140,992,579</u>	<u>24,368,720</u>	<u>165,361,299</u>	<u>242,849,999</u>
<u>2,590,927</u>	<u>10,899,886</u>	<u>144,328,809</u>	<u>22,572,188</u>	<u>166,900,997</u>	<u>165,361,299</u>
562,531	8,112,132	115,083,399	22,555,833	137,639,232	133,631,618
-	-	62,816,322	-	62,816,322	60,385,938
2,028,396	2,787,754	18,980,942	16,355	18,997,297	37,170,114
-	-	(52,551,854)	-	(52,551,854)	(65,826,371)
<u>2,590,927</u>	<u>10,899,886</u>	<u>144,328,809</u>	<u>22,572,188</u>	<u>166,900,997</u>	<u>165,361,299</u>

(continued)

CITY OF PASADENA
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2010

	<u>Light and Power</u>	<u>Water</u>	<u>Old Pasadena Parking</u>	<u>Paseo Colorado Parking</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 32,187,454	10,369,708	2,385,702	695,529
Adjustments to reconcile operating income (loss) to net				
Depreciation	17,489,647	4,443,238	594,923	676,134
Amortization of prepaid long term assets	1,598,480	-	-	-
Amortization of premium and discount	-	-	(31,905)	27,782
Other non-operating revenues (expenses)	7,404,507	3,014,572	(184,532)	(243,069)
(Increase) decrease in accounts receivable	(4,292,119)	(849,645)	277,042	272,261
Increase (decrease) in allowance for uncollectible accounts	(1,967)	(13,888)	-	-
(Increase) decrease in due to other funds	-	-	-	-
(Increase) decrease in inventories	(38,538)	(1,378,358)	-	-
(Increase) decrease in prepaids and other assets	14,838	14,503	(5)	18,173
(Increase) decrease in prepaid long term assets	-	92,175	222,639	10,375
Increase (decrease) in accounts payable and accrued liabilities	(736,887)	(586,456)	(45,793)	(59,820)
Increase (decrease) in insurance claims payable	-	-	-	-
Increase (decrease) in deferred charges	(1,113,494)	1,510,315	-	-
Increase (decrease) in compensated absences	-	-	-	-
Increase (decrease) in deposits payable	10,779	(8,660)	775	(5,948)
	<u>20,335,246</u>	<u>6,237,796</u>	<u>833,144</u>	<u>695,888</u>
Net cash provided by (used for) operating activities	<u>\$ 52,522,700</u>	<u>16,607,504</u>	<u>3,218,846</u>	<u>1,391,417</u>
Non-cash investing, capital and financing related activity				
Non-cash changes in fair value of investments	<u>\$ 1,321,947</u>	<u>15,918</u>	<u>15,423</u>	<u>154</u>

See accompanying notes to the basic financial statements

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds	Totals	
			2010	2009
<u>(2,053,984)</u>	<u>43,584,409</u>	<u>(7,552,543)</u>	<u>36,031,866</u>	<u>41,132,320</u>
1,024,331	24,228,273	1,989,011	26,217,284	24,940,795
-	1,598,480	-	1,598,480	-
38,763	34,640	-	34,640	(797,374)
(53,274)	9,938,204	222,396	10,160,600	3,003,728
(208,272)	(4,800,733)	6,258,384	1,457,651	5,151,143
(453)	(16,308)	-	(16,308)	(34,335)
-	-	(812,653)	(812,653)	(232,296)
-	(1,416,896)	9,704	(1,407,192)	802,641
-	47,509	(129,976)	(82,467)	1,573,417
-	325,189	-	325,189	(11,532,669)
246,738	(1,182,218)	(2,309,257)	(3,491,475)	(4,935,868)
-	-	678,540	678,540	(3,120,284)
-	396,821	2,665,524	3,062,345	2,588,407
-	-	359,290	359,290	962,262
<u>(465,716)</u>	<u>(468,770)</u>	<u>-</u>	<u>(468,770)</u>	<u>(94,060)</u>
<u>582,117</u>	<u>28,684,191</u>	<u>8,930,963</u>	<u>37,615,154</u>	<u>18,275,507</u>
<u>(1,471,867)</u>	<u>72,268,600</u>	<u>1,378,420</u>	<u>73,647,020</u>	<u>59,407,827</u>
<u>39,947</u>	<u>1,393,389</u>	<u>1,084,906</u>	<u>2,478,295</u>	<u>2,197,631</u>

CITY OF PASADENA
Statement of Net Assets
Fiduciary Funds
June 30, 2010

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents (note 2)	\$ 169,812,274	3,063,551
Receivables:		
Accounts receivable	-	820,307
Interest	183,072	-
Total receivables	183,072	820,307
Other assets	-	1,042,862
Investments, at fair value (note 2):		
Government and agencies	14,252,981	-
Corporate obligations	18,201,882	-
Real estate investment trust (REIT)	6,134,669	-
Corporate stocks	46,523,009	-
Total investments	85,112,541	-
Total assets	255,107,887	4,926,720
Liabilities		
Accounts payable and accrued liabilities	66,975	973,699
Due to other governments	-	2,776,286
Due to bondholders	-	1,176,735
Total liabilities	66,975	4,926,720
Net assets reserved in trust for employees' pension benefits	\$ 255,040,912	-

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, 2010

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 4,981,704
Plan members	<u>14,313,653</u>
Total contributions	<u>19,295,357</u>
Net investment income:	
Net change in fair value of investments	24,775,099
Interest	1,517,524
Dividends	<u>774,255</u>
Gross investment income (loss)	27,066,878
Less investment expenses	<u>(331,763)</u>
Net investment income (loss)	<u>26,735,115</u>
Total additions	<u>46,030,472</u>
Deductions:	
Benefits paid to participants	22,641,884
Administrative expenses	<u>246,316</u>
Total deductions	<u>22,888,200</u>
Net increase (decrease)	23,142,272
Net assets reserved in trust for employees' pension benefits:	
Beginning of year	<u>231,898,640</u>
End of year	<u>\$ 255,040,912</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Discretely Presented Component Units
Statement of Net Assets
June 30, 2010

	Rose Bowl	Pasadena Center	Totals	
	Operating Company	Operating Company	2010	2009
Assets				
Current assets:				
Cash and investments (note 2)	\$ 9,732,084	1,556,249	11,288,333	12,293,679
Accounts receivable, net	590,262	815,056	1,405,318	2,006,844
Prepays and other assets	41,520	157,165	198,685	52,119
Other receivable	55,397	-	55,397	55,397
Total current assets	<u>10,419,263</u>	<u>2,528,470</u>	<u>12,947,733</u>	<u>14,408,039</u>
Noncurrent assets:				
Restricted assets - cash and investments (note 2)	2,978,553	21,285,622	24,264,175	25,842,318
Other receivable	9,233	-	9,233	64,631
Unamortized bond issuance costs	211,520	565,519	777,039	816,603
Deposits	-	-	-	4,000
Deferred outflow (note 16)	3,274,047	16,467,261	19,741,308	-
Capital assets (note 7):				
Land	-	2,423,473	2,423,473	2,423,473
Construction in progress	4,484,782	18,317	4,503,099	2,367,624
Other capital assets, net	46,916,772	159,182,819	206,099,591	210,550,074
Total noncurrent assets	<u>57,874,907</u>	<u>199,943,011</u>	<u>257,817,918</u>	<u>242,068,723</u>
Total assets	<u>68,294,170</u>	<u>202,471,481</u>	<u>270,765,651</u>	<u>256,476,762</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	2,319,377	876,412	3,195,789	3,311,593
Deposits	170,808	686,100	856,908	646,310
Interest payable	149,947	833,245	983,192	999,778
Unearned revenue (note 8)	1,086,248	866,609	1,952,857	2,405,839
Advances from primary government - current (note 6)	-	70,644	70,644	67,240
Compensated absences - current	1,251	-	1,251	22,154
Certificates of participation - current (notes 9 and 14)	52,903	2,052,892	2,105,795	465,808
Revenue bonds-current (notes 9 and 13)	1,795,000	-	1,795,000	1,795,000
Total current liabilities	<u>5,575,534</u>	<u>5,385,902</u>	<u>10,961,436</u>	<u>9,713,722</u>
Noncurrent liabilities:				
Compensated absences	159,160	-	159,160	125,540
Derivative instrument liability (note 16)	3,274,047	25,402,874	28,676,921	-
Advances from primary government - long-term (note 6)	-	764,740	764,740	835,384
Certificates of participation - long-term (notes 9 and 14)	-	157,981,191	157,981,191	166,341,310
Revenue bonds-long-term (notes 9 and 13)	29,995,000	-	29,995,000	31,790,000
Unamortized premium (discount)	(162,622)	(379,842)	(542,464)	(633,906)
Total noncurrent liabilities	<u>33,265,585</u>	<u>183,768,963</u>	<u>217,034,548</u>	<u>198,458,328</u>
Total liabilities	<u>38,841,119</u>	<u>189,154,865</u>	<u>227,995,984</u>	<u>208,172,050</u>
Net Assets				
Invested in capital assets, net of related debt	22,699,826	15,835,185	38,535,011	32,491,465
Restricted for construction	-	1,937,809	1,937,809	1,762,982
Unrestricted	6,753,225	(4,456,378)	2,296,847	14,050,265
Total net assets	<u>\$ 29,453,051</u>	<u>13,316,616</u>	<u>42,769,667</u>	<u>48,304,712</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, 2010

	<u>Rose Bowl Operating Company</u>	<u>Pasadena Center Operating Company</u>	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
Operating revenues:				
Charges for services:				
Golf course	\$ 14,855,801	-	14,855,801	9,065,547
Rose Bowl	2,304,458	-	2,304,458	2,708,624
Pasadena Center Operating Company	<u>-</u>	<u>4,873,249</u>	<u>4,873,249</u>	<u>3,433,010</u>
Total operating revenues	<u>17,160,259</u>	<u>4,873,249</u>	<u>22,033,508</u>	<u>15,207,181</u>
Operating expenses:				
Golf course	10,816,040	-	10,816,040	7,431,021
Rose Bowl	821,327	-	821,327	887,558
Pasadena Center Operating Company	-	7,489,262	7,489,262	8,081,624
Depreciation	<u>3,129,895</u>	<u>4,421,360</u>	<u>7,551,255</u>	<u>5,395,123</u>
Total operating expenses	<u>14,767,262</u>	<u>11,910,622</u>	<u>26,677,884</u>	<u>21,795,326</u>
Operating income	<u>2,392,997</u>	<u>(7,037,373)</u>	<u>(4,644,376)</u>	<u>(6,588,145)</u>
Nonoperating revenues (expenses):				
Transient occupancy taxes, net	-	4,701,040	4,701,040	4,559,501
Tourism business improvement district tax	-	1,989,897	1,989,897	2,131,649
Investment earnings	270,814	169,149	439,963	703,164
Interest expense	(1,440,828)	(7,229,092)	(8,669,920)	(4,063,563)
Other nonoperating revenues (expenses)	<u>492,930</u>	<u>174,827</u>	<u>667,757</u>	<u>625,513</u>
Total nonoperating revenues (expenses)	<u>(677,084)</u>	<u>(194,179)</u>	<u>(871,263)</u>	<u>3,956,264</u>
Income (loss) before operating transfers	<u>1,715,913</u>	<u>(7,231,552)</u>	<u>(5,515,639)</u>	<u>(2,631,881)</u>
Contribution to City	-	(442,913)	(442,913)	(2,990,260)
Capital contributions	<u>724,471</u>	<u>99,993</u>	<u>824,464</u>	<u>3,597,331</u>
Change in net assets	2,440,384	(7,574,472)	(5,134,088)	(2,024,810)
Net assets at beginning of year, as restated (note 30)	<u>27,012,667</u>	<u>20,891,088</u>	<u>47,903,755</u>	<u>50,329,522</u>
Net assets at end of year	<u>\$ 29,453,051</u>	<u>13,316,616</u>	<u>42,769,667</u>	<u>48,304,712</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, 2010

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CITY OF PASADENA

Notes to the Basic Financial Statements

Year Ended June 30, 2010

(1) Summary of Significant Accounting Policies

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

(a) Reporting Entity

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

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

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

Blended component units, although legally separate entities, are in substance, part of the 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, 2010

(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, 2010

(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, 2010

(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, 2010

(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, 2010

(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, 2010

(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, 2010

(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, 2010

(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.

Permanent Funds

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

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

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

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

The City reports the following major proprietary funds:

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

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

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

(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.

(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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

(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, 2010.

(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 including the Stranded Investment Reserve (SIR) Utilization Plan which is discussed under Note 18 – Restricted Net Assets, 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, 2010

(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.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

(l) Capital Assets, (Continued)

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

(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 to three (depends on MOU) 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.

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 are accrued at fiscal year end and included under "Compensated Absences" in the Benefits Internal Service Fund as current liability. See Note 9. The total actual payments each year is above 95% of prior year accruals.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

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

(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. Net Pension Obligation is reported in accordance with the requirements of GASB Statement No. 50, Pension Disclosures an amendment of GASB Statements No. 25 and No. 27. 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.

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. 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.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

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

(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 45 days are accrued as revenue. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

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

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

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

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

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

(t) Use of Estimates

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

(2) Cash and Investments

Primary Government (excluding FPRS Cash and Investments)

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$319,800,519
Restricted cash and investments	81,813,619
Fiduciary funds:	
Cash and cash equivalents	<u>166,188,129</u>
Total cash and investments	<u>\$567,802,267</u>

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	\$ 93,052
Deposits with financial institutions	3,296,419
Investments	<u>564,412,796</u>
Total cash and investments	<u>\$567,802,267</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

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

The table below 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, 2010

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the 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

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(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>Total</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	\$36,245,885	2,644,969	687,626	32,913,290	-
Federal agency securities	171,352,527	128,013,072	12,820,515	30,518,940	-
Municipal Bonds	16,589,470	1,782,448	13,851,798	-	955,224
Money market funds	87,700,108	87,700,108	-	-	-
Mortgage-backed securities	327	-	-	327	-
State investment pool	54,906,521	54,906,521	-	-	-
Held by bond trustee:					
Corporate Bonds	2,858,100	2,858,100	-	-	-
Federal agency securities	8,094,105	-	-	8,094,105	-
Money market funds	15,307,113	15,307,113	-	-	-
Investment contracts	8,234,062	-	-	-	8,234,062
Deferred compensation Plan:					
Mutual funds (Money market funds)	<u>163,124,578</u>	<u>163,124,578</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$564,412,796</u>	<u>456,336,909</u>	<u>27,359,939</u>	<u>71,526,662</u>	<u>9,189,286</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Disclosures Relating to Credit Risk, (Continued)

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>Total</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	\$36,245,885	A	-	23,240,332	13,005,553	-
Federal agency securities	171,352,527	N/A	171,352,527	-	-	-
Municipal Bonds	16,589,470	N/A	1,671,693	-	-	14,917,777
Money market funds	87,700,108	N/A	87,700,108	-	-	-
Mortgage-backed securities	327	AA	327	-	-	-
State investment pool	54,906,521	N/A	-	-	-	54,906,521
Held by bond trustee:						
Corporate Bonds	2,858,100	A	2,858,100	-	-	-
Federal agency securities	8,094,105	N/A	8,094,105	-	-	-
Money market funds	15,307,113	A	15,307,113	-	-	-
Investment contracts	8,234,062	N/A	-	-	-	8,234,062
Deferred compensation Plan:						
Mutual funds	<u>163,124,578</u>	N/A	-	<u>163,124,578</u>	-	-
Total	<u>\$564,412,796</u>		<u>286,983,973</u>	<u>186,364,910</u>	<u>13,005,553</u>	<u>78,058,360</u>

N/A Not applicable

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(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	\$ 80,672,335
Federal Farm Credit Bank	Federal agency securities	43,108,056
Federal Home Loan Mortgage Corp	Federal agency securities	41,995,862
Merrill Lynch	Repurchase agreements	85,963,353

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	526,708

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Concentration of Credit Risk (Continued)

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Light and Power Fund		
Federal Farm Credit Bank	Federal agency securities	14,446,500
Federal Home Loan Bank	Federal agency securities	18,891,328
Federal Home Loan Mortgage Corp	Federal agency securities	10,563,627
Water Fund		
FSA Investment	Investment contracts	1,289,551
Bank of America Investment	Investment contracts	3,390,132
Old Pasadena Parking Fund		
Transamerica General Investment Agreement	Investment contracts	2,225,313
Paseo Colorado Parking Fund		
Federal Home Loan Bank	Federal agency securities	2,018,040
Non-Major Governmental Fund		
Debit Service Fund		
Federal Home Loan Mortgage Corp	Federal agency securities	1,228,986
Federal Farm Credit Bank	Federal agency securities	3,503,281
MetLife Short Term	Corporate Bonds	2,858,100

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Concentration of Credit Risk (Continued)

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Pasadena Community Development Commission Fund		
Federal Home Loan Mortgage Corp	Federal agency securities	4,522,583
Federal Farm Credit Bank	Federal agency securities	601,313
Federal Home Loan Bank	Federal agency securities	1,009,375
Charter Capital Projects Fund		
Merrill Lynch	Money market fund	3,516,116
Federal Home Loan Bank	Federal agency securities	3,011,875

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

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Custodial Credit Risk (Continued)

California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2010, \$521,190 of the Entity's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts.

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

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.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

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

Authorized Investments

The City of Pasadena Charter confers the authority and fiduciary responsibility for investing the System's funds on the Retirement Board. In addition, as set forth below, Board members are subject to carry out their duties in the manner of a prudent person familiar with such retirement and investment matters acting under similar circumstances. 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. This prudent expert rule permits the Board to make investment allocation decisions and diversify investment holdings, to reduce overall risk and increase returns. The prudent expert rule also permits the Board to establish an investment policy based on professional advice and counsel, and allows for the delegation of investment authority to professional investment managers. The System's investment policy outlines the responsibility for the investment of the funds and the degree of risk deemed appropriate for the system's investments. Investment managers are contractually bound to carry out their responsibilities in accordance with the Board of Retirement's investment policy and to follow specific contractual guidelines.

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.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

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

Authorized Investments, (Continued)

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)

Deposit and Investment Risks

The System adopted Governmental Accounting Standards Board (GASB) Statement No. 40 Deposit and Investment Risk Disclosures – an amendment to GASB Statement No. 3 effective July 1, 2004. GASB 40 is designed to inform financial statement users about deposit and investment risks that could affect the ability to provide services and meet obligations as they become due. The disclosures required by this Statement provide information to assess common risks inherent in deposit and investment transactions. Deposit and investment resources represent considerable assets of the System, and these resources are necessary to carry out fiduciary responsibilities. GASB 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

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

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

Deposit and Investment Risks, (Continued)

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 and custodial risks that are required to be disclosed.

Statement of Investment Policy

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 Statement of Investment Policy, specifically tailored to that individual manager, rather than adopting across-the-board investment policies with respect to these investment risks. The Board adopted its revised Statement of Investment Policy on May 21, 2009, with a revision on September 17, 2009. A revision was adopted on May 20, 2010, which extended the strategic allocation ranges for equities. At the end of June 30, 2010, the System had six external investment managers.

The fixed income policy stipulates the strategy and investments, investment process, quality constraints, duration constraints, diversification, cash reserves, derivatives, and rate of return expectation.

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 Statement of Investment Policy effective May 21, 2009, with revisions on September 17, 2009, and May 20, 2010, in accordance with applicable local, State, and Federal laws. The Board members exercise authority and control over the management of the System's assets by setting policy which the Board executes through the use of external prudent experts. The Board oversees and guides the System subject to the following basic fiduciary responsibilities:

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

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

Credit Risk and Market Value of Investments, (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 System 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 Statement of Investment Policy encompasses the following asset classes and the asset allocation goals:

- Domestic Core Fixed Income – 35%
- Large Cap Domestic Equity – 30% (15% Large Cap Value, 15% Large Cap Growth – Passive)
- Small-Mid Cap Core Equity – 10%
- International Equity - 12%
- Real Estate Investment Trust (REIT) – 8%
- Cash – STIF 5%

The System requires \$1,350,000 monthly 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 cash. 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, 2010

(2) Cash and Investments, (Continued)

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

Credit Risk and Market Value of Investments, (Continued)

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, 2010 are as follows:

Credit Quality Ratings of Investments in Fixed Income Securities

<u>Quality Ratings – S & P</u>	<u>Market Value</u>	<u>Percentage</u>
AAA	\$ 7,413,164	22.84%
AA	1,366,443	4.21%
A	5,405,673	16.66%
BBB	3,144,866	9.69%
BB	863,292	2.66%
B	892,491	2.75%
CCC	816,482	2.52%
CC	106,060	0.33%
Not Rated/Quality Rating NA*	816,111	2.51%
Rating Not Determined**	<u>11,630,281</u>	<u>35.84%</u>
Total	<u>\$ 32,454,863</u>	<u>100.00%</u>

* Minus: Not rated: STIF of \$6,382,119 and commercial paper of \$434,979.

**Minus: Not rated: Short Term Bills/Notes of \$744,507.

**These ratings are implicitly or explicitly guaranteed by the US Government and currently a rating is not provided by the nationally recognized statistical rating organization. The rating agencies normally do not rate government agency and treasury debt and therefore they have an implied AAA rating.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(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, 2010, the System is not exposed to such risk on the fair value of total international investments. The System does not have a formal policy for custodial credit risk.

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 System. 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 the System's investment in a single issuer of securities. The individual investment guidelines for 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, 2010, the System's portfolio did not hold any investments in any one issuer that would represent five percent (5%) or more of Plan's net assets.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(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.

While no specific ranges are required, one of the ways the System manages its exposure to interest rate risk is by requiring the fixed income investment manager to maintain their portfolio effective duration with +/- 20% of the benchmark, the Barclays Capital US Aggregated 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.

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

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

Interest Rate Risk, (Continued)

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, 2010

<u>Investment Type</u>	<u>Market Value</u>	<u>Duration</u>
U.S. Government and Agency Instruments		
Government Bonds	\$ 6,090,920	5.50
Government Mortgage Backed Securities	7,848,687	3.83
Government Issued Commercial Mortgage Backed Securities	139,206	8.77
Municipal/Provincial Bonds	174,168	11.38
Total	<u>14,252,981</u>	
Corporate Securities		
Corporate Bonds	7,617,367	4.64
Non-Government Backed C.M.O.'s	3,779,826	1.83
Asset Backed Securities	2,720,058	1.92
Commercial Mortgage Backed Securities	2,395,239	5.53
Index Linked Government Bonds	1,363,314	7.02
Guaranteed Fixed Income	272,398	0.09
Other Fixed Income (Eff. Duration unavailable)	53,680	N/A
Total	<u>18,201,882</u>	
Total Fixed Income Securities	<u>\$ 32,454,863</u>	

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

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

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

Highly Sensitive Investments, (Continued)

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	\$ 7,848,687
Government Issued Commercial Mortgage Backed Securities	139,206
Asset Backed Securities	2,720,058
Commercial Mortgage Backed Securities	2,395,239
Non-Government Backed Commercial Mortgage Obligations	<u>3,779,826</u>
Total	<u>\$ 16,883,016</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, 2010

(2) Cash and Investments, (Continued)

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

Foreign Currency Risk, (Continued)

The System's investment holdings as of June 30, 2010 are as follows:

<u>Foreign Currency Type – Corporate Bonds</u>	<u>Market Value In USD</u>	<u>% of Total MV</u>
Australia	\$ 140,509	0.16
Bermuda	82,599	0.09
Germany	224,224	0.25
Guernsey, Channel Islands	120,836	0.13
United Kingdom	271,175	0.30
Switzerland	156,625	0.17
New Zealand	177,262	0.20
Total Foreign Currency	<u>\$ 1,173,230</u>	<u>1.30</u>

Foreign Currency Type –Equities

International Region	<u>\$ 9,914,568</u>	<u>10.98</u>
Total Foreign Currency	<u>\$ 9,914,568</u>	<u>10.98</u>

Cash and Investments

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

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
	<u>(In Thousands)</u>	
Unrestricted Pooled Cash	\$ 370	\$ 1,608
Restricted Pooled Cash	1,350	1,350
Cash with Fiscal Agent	4,967	8,742
Investments – Held by Trustee	<u>85,112</u>	<u>75,324</u>
	<u>\$ 91,799</u>	<u>\$ 87,024</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

Discretely Presented Component Units

Rose Bowl Operating Company (RBOC)

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 9,732,084
Cash and investments held by fiscal agent	<u>2,978,553</u>
 Total cash and investments	 <u>\$ 12,710,637</u>

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	\$ 1,000
Deposits with financial institutions	1,604,365
Investment in City of Pasadena investment pool	8,126,719
Investments held by fiscal agent	<u>2,978,553</u>
 Total cash and investments	 <u>\$ 12,710,637</u>

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

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.

<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.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

Investments Authorized by Debt Agreements

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

<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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

Disclosures Relating to Interest Rate Risk, (Continued)

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>Total</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	\$ 8,126,719	8,126,719	-	-
Held by fiscal agent:				
Federal agency securities	2,916,056	-	2,916,056	-
Money market funds	<u>62,497</u>	<u>62,497</u>	-	-
Total	<u>\$ 11,105,272</u>	<u>8,189,216</u>	<u>2,916,056</u>	<u>-</u>

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>Total</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	\$ 8,126,719	N/A	-	-	8,126,719
Held by fiscal agent:					
Federal agency securities	2,916,056	N/A	2,916,056	-	-
Money market funds	<u>62,497</u>	A	<u>62,497</u>	-	-
Total	<u>\$ 11,105,272</u>		<u>2,978,553</u>	<u>-</u>	<u>8,126,719</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

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	\$2,916,056

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, 2010

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC)

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 1,556,249
Investments	6,585,421
Cash and investments with fiscal agent	<u>14,700,201</u>
Total cash and investments	<u>\$ 22,841,871</u>

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	\$ 10,300
Deposits with financial institutions	1,545,949
City of Pasadena Investment Pool	6,585,421
Cash and investments with fiscal agent:	
Federal agency securities	10,864,125
Money market mutual funds	<u>3,836,076</u>
Total cash and investments	<u>\$ 22,841,871</u>

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

Investments authorized by California Government Code

The table below identifies the investment types that are authorized for the Company by the California Government Code and the City of Pasadena's Investment Policy. The table also identifies certain provisions of the California Government Code (or the City's Investment Policy, if more restrictive) that address interest rate risk and concentration of credit risk.

Investment Types Authorized by State Law	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment In One Issuer
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
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 (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, 2010

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

Investments Authorized by Debt Agreements

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

<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	360 days	Aa
Commercial Paper	270 days	Aa
Negotiable Certificates of Deposit	None	Aa
Repurchase Agreements	None	Aa
Money Market Mutual Funds	N/A	Aaa
Investment Contracts	None	Aa

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair 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.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

Disclosures Relating to Interest Rate Risk, (Continued)

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>Total</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	\$ 6,585,421	6,585,421	-	-
Federal agency securities	10,864,125	-	10,864,125	-
Money market funds	<u>3,836,076</u>	<u>3,836,076</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 21,285,622</u>	<u>10,421,497</u>	<u>10,864,125</u>	<u>-</u>

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>Total</u>	<u>Minimum Legal Rating</u>	<u>Ratings at end of year</u>	
			<u>AAA</u>	<u>Not Rated</u>
City of Pasadena Pool	\$ 6,585,421	N/A	-	6,585,421
Federal agency securities	10,864,125	N/A	10,864,125	-
Money market funds	<u>3,836,076</u>	Aaa	<u>3,836,076</u>	<u>-</u>
Total	<u>\$ 21,285,622</u>		<u>14,700,201</u>	<u>6,585,421</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

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	\$10,864,125

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 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, 2010

(3) Accounts Receivable

As of June 30, 2010, the accounts receivable are categorized as follows:

	<u>General</u>	<u>PCDC Debt Service</u>	<u>Project Management Capital Project</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service</u>
Governmental activities:					
Accounts receivable	\$ 1,971,491	-	2,905,189	1,545,226	77,189
Accrued revenue receivable	9,249,695	-	2,488,119	5,898,530	33,036
Interest receivable	1,781,498	639,530	-	130,268	(21,971)
Paramedics receivable	7,099,400	-	-	-	-
Utility receivable	<u>1,265,080</u>	-	-	<u>515,646</u>	-
	21,367,164	639,530	5,393,308	8,089,670	88,254
Less: allowance for uncollectible amounts	<u>(3,624,251)</u>	-	-	<u>(27,112)</u>	-
Total	<u>\$17,742,913</u>	<u>639,530</u>	<u>5,393,308</u>	<u>8,062,558</u>	<u>88,254</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	\$ 236,254	2,842	202,770	30,000	40,814
Accounts receivable from Independent System Operator (ISO)	19,591,119	-	-	-	-
Accrued revenue receivable	13,488,560	4,089,066	307,004	390,300	1,488,698
Interest receivable	304,876	128,687	15,984	13,980	(59,601)
Paramedics receivable	-	-	-	-	-
Utility receivable	<u>10,006,163</u>	<u>2,689,334</u>	-	-	<u>772,865</u>
	43,626,972	6,909,929	525,758	434,280	2,242,776
Less: allowance for uncollectible amounts	(589,038)	(141,915)	-	-	(42,406)
Less: allowance for uncollectible amounts from ISO	<u>(7,606,563)</u>	-	-	-	-
Total	<u>\$35,431,371</u>	<u>6,768,014</u>	<u>525,758</u>	<u>434,280</u>	<u>2,200,370</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(4) Notes Receivable – Primary Government

The notes receivable in the Governmental Funds amounted to \$37,106,320 at June 30, 2010. 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, 2010, the City has recorded an allowance for uncollectible long-term receivables of \$43,386,732 of which \$13,639,305 pertains to notes receivable and \$29,747,427 to advances.

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 \$13,639,305.

In January 2009, Light and Power utilized \$80.0 million of Reserve for Stranded Investment and in return received Subordinated Notes totaled \$70.0 million from Intermountain Power Agency (IPA) to defease some of IPA's outstanding debt service requirement for Intermountain Power Project (IPP) bonds. These notes have various maturity dates, and the proceeds, when mature, will be used to stabilize future energy costs. The balance of the notes as of June 30, 2010 is \$66,293,750.

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(5) Due From and To Other Funds

Current interfund receivable and payable balances at June 30, 2010 are as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	(a) PCDC Debt Service	\$ 460,506
	(b) Internal Service Funds	433,925
	(c) Non-Major Governmental Funds	<u>3,899,685</u>
	Subtotal	<u>4,794,116</u>
Non-Major Governmental Funds	(d) Non-Major Governmental Funds	1,375,121
	(e) PCDC Debt Service	<u>28,409</u>
	Subtotal	<u>1,403,530</u>
Internal Service Funds	(f) Building Maintenance Fund	1,153,607
Enterprise (Light & Power) Fund	(g) Water Fund	<u>5,000,000</u>
	Total	<u><u>\$12,351,253</u></u>

Generally, the above balances result from:

- (a) The \$460,506 due from PCDC Debt Service Fund to the General Fund is for incremental property tax received in July and August 2010.
- (b) The \$433,925 due from Internal Service Funds to the General Fund is due to a negative cash balance at the end of the fiscal year from Printing Services.
- (c) The \$3,899,685 due from Non-Major Government Funds to General Fund is due to negative cash balances at the end of this fiscal year, including \$531,941 from Housing and Community Development Funds, \$565 from Traffic Reduction Fund, \$722,418 from Parking Fund, \$48,128 from Transportation Fund, \$1,248,655 from Public Safety Fund, \$12,409 from Air Quality Improvement Fund and \$1,335,569 from Building Services Fund.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

- (d) The \$1,375,121 within Pasadena Community Commission Fund has \$1,350,470 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 Project Area.
- (e) The \$28,409 due from PCDC Debt Service Fund to PCDC Low and Moderate Income Housing Trust Fund is the 20% to 30% set aside incremental property tax received in July and August 2010.
- (f) The \$1,153,607 due from the Building Maintenance Fund to the Internal Service Funds is to cover a negative cash balance at the end of the fiscal year.
- (g) The \$5,000,000 is an approved short term loan from Power Fund to the Water Fund required to ensure an adequate cash balance for on-going operations.

(6) Advances To and From Other Funds

Primary Government

Long-term interfund receivable and payable balances at June 30, 2010 are as follows:

<u>Advances from other funds</u>	<u>Advances to other funds</u>	<u>Amount</u>
PCDC Debt Service	General Fund	\$ 7,077,475
	Internal Service Funds	2,996,025
	Non-Major Governmental Funds	<u>25,383,030</u>
	Subtotal	<u>35,456,530</u>
Old Pasadena Parking	General Fund	<u>2,086,545</u>
Non-Major Governmental Funds	General Fund	<u>5,312,576</u>
Non-Major Enterprise Funds	Non-Major Governmental Funds	<u>2,959,136</u>
Paseo Colorado Parking	Non-Major Enterprise Funds	<u>4,523,174</u>
	Total	<u><u>\$50,337,961</u></u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

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

Primary Government, (Continued)

	<u>Outstanding at June 30, 2010</u>
General Fund	
<p>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 \$8,556,376 at June 30, 2010.</p>	\$12,151,183
<p>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, 2010, this amount was \$350,000.</p>	2,086,545
<p>The General Fund advanced \$425,000 to Episcopal Housing Alliance to fund the Mama's Hot Tamales project. The project provides a commercial kitchen business incubator, technical and business development assistance for food orientated fledgling micro-enterprises to ensure their success. It was agreed that the General Fund would be reimbursed this advance amount over a five year period from Community Development Block Grants Funds. Four payments of \$93,066 with a final payment of \$52,736 are scheduled to be repaid to the General Fund. As of June 30, 2010 the balance due the General Fund is \$238,868.</p>	238,868
Housing and Community Development	
<p>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</p>	

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

Primary Government, (Continued)

**Outstanding at
June 30, 2010**

Housing and Community Development (Continued)

from the time of advance to the date of repayment. A related allowance for uncollectible long-term receivables has been recorded for \$17,449,050 as of June 30, 2010.

17,449,050

New Development Impact

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

355,490

1996 Multi-Purpose Capital Project Certificates of Participation

The 1996 Certificates of Participation Capital Project Fund has an agreement with PCDC providing for the advance of funds to finance redevelopment activities within the related project areas. This agreement provides a schedule of repayment from tax allocation revenues. A related allowance for uncollectible long-term receivables of \$2,785,358 has been recorded as of June 30, 2010.

6,811,332

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

The Commission's Downtown and Old Pasadena Capital Fund have an agreement with Del Mar Parking Garage Fund for the advance of funds to finance the purchase of 600 parking spaces at the Del Mar Gold Line Station. The agreement provides for reimbursement to the Commission's Funds from net receipts when funds are available.

2,959,136

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 \$813,009 as of June 30, 2010.

2,996,025

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

Primary Government, (Continued)

**Outstanding at
June 30, 2010**

Plaza Las Fuentes Parking

The Plaza Las Fuentes Parking 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.

4,523,174

Total primary government advances

\$50,337,961

Discretely Presented Component Units

Long-term interfund advance balances between the primary government and discretely presented component units as of June 30, 2010 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>\$835,384</u>

**Outstanding at
June 30, 2010**

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.

\$835,384

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(7) Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2010 is as follows:

Governmental activities	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>
Buildings and improvements	\$ 274,312,688	3,296,254	-	277,608,942
Machinery and equipment	47,062,121	9,031,799	(571,799)	55,522,121
Infrastructure	<u>214,780,755</u>	<u>16,919,340</u>	<u>(958,879)</u>	<u>230,741,216</u>
Total cost of depreciable assets	<u>536,155,564</u>	<u>29,247,393</u>	<u>(1,530,678)</u>	<u>563,872,279</u>
Less accumulated depreciation:				
Buildings and improvements	(88,962,263)	(6,108,546)	-	(95,070,809)
Machinery and equipment	(29,979,081)	(3,150,541)	1,178,888	(31,950,734)
Infrastructure	<u>(105,190,885)</u>	<u>(3,555,398)</u>	<u>733,254</u>	<u>(108,013,029)</u>
Total accumulated depreciation	<u>(224,132,229)</u>	<u>(12,814,485)</u>	<u>1,912,142</u>	<u>(235,034,572)</u>
Net depreciable assets	312,023,335	16,432,908	381,464	328,837,707
Capital assets not depreciated:				
Land	55,467,474	-	-	55,467,474
Construction in progress	<u>101,001,412</u>	<u>24,870,542</u>	<u>(19,930,177)</u>	<u>105,941,777</u>
Capital assets, net	<u>\$ 468,492,221</u>	<u>41,303,450</u>	<u>(19,548,713)</u>	<u>490,246,958</u>

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

General government	\$6,607,100
Public safety	1,057,448
Transportation	4,362,723
Health	154,612
Culture and leisure	349,467
Community development	<u>283,135</u>
	<u>\$12,814,485</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(7) Capital Assets, (Continued)

Primary Government, (Continued)

Business-type activities:	<u>Balance at</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2010</u>
Buildings and improvements	\$ 114,599,472	1,972,689	-	116,572,161
Utility Lines, machinery and equipment	<u>660,965,481</u>	<u>44,938,141</u>	<u>(1,201,678)</u>	<u>704,701,944</u>
Total cost of depreciable assets	<u>775,564,953</u>	<u>46,910,830</u>	<u>(1,201,678)</u>	<u>821,274,105</u>
Less accumulated depreciation:				
Buildings and improvements	(25,084,447)	(2,523,111)	-	(27,607,558)
Utility Lines, machinery and equipment	<u>(323,624,994)</u>	<u>(21,705,162)</u>	<u>1,005,383</u>	<u>(344,324,773)</u>
Total accumulated depreciation	<u>(348,709,441)</u>	<u>(24,228,273)</u>	<u>1,005,383</u>	<u>(371,932,331)</u>
Net depreciable assets	426,855,512	22,682,557	(196,295)	449,341,774
Capital assets not depreciated:				
Land	5,458,724	784,991	-	6,243,715
Construction in progress	<u>69,530,435</u>	<u>59,094,590</u>	<u>(46,840,281)</u>	<u>81,784,744</u>
Capital assets, net	<u>\$ 501,844,671</u>	<u>82,562,138</u>	<u>(47,036,576)</u>	<u>537,370,233</u>

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

Electric	\$17,489,647
Water	4,443,238
Refuse	577,458
Parking	<u>1,717,930</u>
	<u>\$24,228,273</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(7) Capital Assets, (Continued)

Component Units

Capital asset activity for the Rose Bowl Operating Company for the year ended June 30, 2010 is as follows:

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>
Buildings and improvements	\$ 67,823,661	1,795,451	-	69,619,112
Machinery and equipment	<u>4,827,474</u>	<u>249,322</u>	<u>-</u>	<u>5,076,796</u>
Total cost of depreciable assets	<u>72,651,135</u>	<u>2,044,773</u>	<u>-</u>	<u>74,695,908</u>
Less accumulated depreciation:				
Buildings and improvements	(21,229,567)	(2,913,754)	-	(24,143,321)
Machinery and equipment	<u>(3,419,674)</u>	<u>(216,141)</u>	<u>-</u>	<u>(3,635,815)</u>
Total accumulated depreciation	<u>(24,649,241)</u>	<u>(3,129,895)</u>	<u>-</u>	<u>(27,779,136)</u>
Net depreciable assets	48,001,894	(1,085,122)	-	46,916,772
Capital assets not depreciated:				
Construction in progress	<u>2,367,624</u>	<u>3,053,700</u>	<u>(936,542)</u>	<u>4,484,782</u>
Capital assets, net	<u>\$50,369,518</u>	<u>1,968,578</u>	<u>(936,542)</u>	<u>51,401,554</u>

Depreciation expense for the year was \$3,129,895.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(7) Capital Assets, (Continued)

Component Units, (Continued)

Capital asset activity for the Pasadena Center Operating Company for the year ended June 30, 2010 is as follows:

	<u>Balance at</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2010</u>
Buildings and improvements	\$ 172,303,244	800,651	-	173,103,895
Machinery and equipment	998,105	221,151	-	1,219,256
Furniture and fixtures	<u>232,385</u>	<u>34,197</u>	<u>-</u>	<u>266,582</u>
Total cost of depreciable assets	<u>173,533,734</u>	<u>1,055,999</u>	<u>-</u>	<u>174,589,733</u>
Less accumulated depreciation:				
Buildings and improvements	(10,456,229)	(4,362,406)	-	(14,818,635)
Machinery and equipment	(473,316)	(35,937)	-	(509,253)
Furniture and fixtures	<u>(56,009)</u>	<u>(23,017)</u>	<u>-</u>	<u>(79,026)</u>
Total accumulated depreciation	<u>(10,985,554)</u>	<u>(4,421,360)</u>	<u>-</u>	<u>(15,406,914)</u>
Net depreciable assets	162,548,180	(3,365,361)	-	159,182,819
Capital assets not depreciated:				
Land	2,423,473	-	-	2,423,473
Construction in progress	<u>-</u>	<u>18,317</u>	<u>-</u>	<u>18,317</u>
Capital assets, net	<u>\$ 164,971,653</u>	<u>(3,347,044)</u>	<u>-</u>	<u>161,624,609</u>

Depreciation expense for the year was \$4,421,360.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(8) Deferred Revenue

Deferred revenue consists of the following at June 30, 2010:

	General Fund	Project Management Capital Project	Light and Power	Non-Major Governmental	Component Unit RBOC	Component Unit PCOC
(a) Revenues not "available"	\$ -	1,226,801	-	2,725,205	-	-
(b) Rental income	529,833	-	-	-	-	-
(c) Miscellaneous revenue collected	478,611	2,485,029	2,452,017	471,163	-	-
(d) Interest Rate Swap	2,518,185	-	-	-	-	-
(e) Press box and advertising sales	-	-	-	-	1,086,248	-
(f) Capital Contribution	-	-	-	-	-	866,609
	<u>\$ 3,526,629</u>	<u>3,711,830</u>	<u>2,452,017</u>	<u>3,196,368</u>	<u>1,086,248</u>	<u>866,609</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: \$1,169,956 of Health grants, \$1,153,900 of Metropolitan Transit Authority grants, \$800,720 of Home Land Security funds, \$596,421 of Housing grants and \$231,009 of FEMA funds for Municipal Building projects.
- (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 \$529,833.
- (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 agreement. Of this amount, \$629,545 is amortized annually over a period of 11 years. The current balance is \$2,518,185.

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 2010 the Rose Bowl deferred \$1,086,248 from press box and advertisement sales.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(8) Deferred Revenue, (Continued)

Discretely Presented Component Units (Continued)

(f) In fiscal year 2009, the Pasadena Center Operating Company (Company) entered into an agreement with Boston Culinary Group (BCG) that allowed BCG exclusive right to operate the food services concession for the Company. In return, BCG agreed to contribute up to \$1,000,000 for capital asset purchases. As of June 30, 2010, the BCG has contributed \$999,933 of which \$866,609 was recorded as deferred revenue.

(9) Long-Term Debt

Primary Government

Changes in long-term debt for the year ended June 30, 2010 are as follows:

Governmental Activities:	<u>Balance at</u>			<u>Balance at</u>	<u>Due Within</u>
	<u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2010</u>	<u>One Year</u>
Notes payable	\$6,258,463	-	(2,238,407)	4,020,056	599,334
Pension bonds:					
1999 Taxable Pension Funding Bonds	83,050,000	-	(4,605,000)	78,445,000	5,265,000
2004 Taxable Pension Funding Bonds	35,315,000	-	(2,235,000)	33,080,000	1,546,169
Total Pension Bonds	<u>118,365,000</u>	<u>-</u>	<u>(6,840,000)</u>	<u>111,525,000</u>	<u>6,811,169</u>
Tax allocation bonds:					
1991 Tax Allocation Bonds, Low Moderate Housing	725,689	-	(352,277)	373,412	373,412
2000 Tax Allocation Refunding Revenue Bonds (Orange Grove Redevelopment Project)	1,249,000	-	(220,000)	1,029,000	234,000
2000 Tax Allocation Refunding Revenue Bonds (Villa-Parke Redevelopment Project)	807,000	-	(142,000)	665,000	151,000
2006 Tax Allocation Revenue Bonds (Housing Set-Aside Revenues - Townhouse Project Refunding)	1,510,000	-	(230,000)	1,280,000	235,000
2006 Tax Allocation Revenue Bonds (Fair Oaks Redevelopment Project & Public Improvement Program Refunding)	2,225,000	-	(130,000)	2,095,000	135,000
2006 Tax Allocation Revenue Bonds (Villa-Parke Redevelopment Project Refunding)	455,000	-	(95,000)	360,000	80,000
2006 Tax Allocation Revenue Bonds (Lake/Washington Redevelopment Project & Total tax allocation bonds	<u>685,000</u>	<u>-</u>	<u>(65,000)</u>	<u>620,000</u>	<u>65,000</u>
	<u>7,656,689</u>	<u>-</u>	<u>(1,234,277)</u>	<u>6,422,412</u>	<u>1,273,412</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(9) Long-Term Debt, (Continued)

Primary Government, (Continued)

Governmental Activities (Continued):	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2010</u>	<u>Due Within One Year</u>
Certificates of participation:					
1993 Certificates of Participation (Refunding and Capital Projects)	24,855,000	-	(4,455,000)	20,400,000	4,700,000
2001 Certificates of Participation (Refunding)	4,846,291	-	(2,374,193)	2,472,098	2,472,098
2008 COP Series B Refunding 2004 A&B	26,081,685	-	(2,201,701)	23,879,984	2,288,801
2008 COP Series C Refunding 2003 COP	<u>68,950,000</u>	<u>-</u>	<u>(1,265,000)</u>	<u>67,685,000</u>	<u>1,325,000</u>
Total certificates of participation	<u>124,732,976</u>	<u>-</u>	<u>(10,295,894)</u>	<u>114,437,082</u>	<u>10,785,899</u>
Revenue Bonds:					
2006 Revenue Bonds	<u>9,415,000</u>	<u>-</u>	<u>(505,000)</u>	<u>8,910,000</u>	<u>505,000</u>
Total Revenue Bonds	<u>9,415,000</u>	<u>-</u>	<u>(505,000)</u>	<u>8,910,000</u>	<u>505,000</u>
Capitalized lease obligations	<u>12,499,210</u>	<u>-</u>	<u>(2,506,538)</u>	<u>9,992,672</u>	<u>1,762,334</u>
Unamortized issuance premium (discount)	<u>(1,565,221)</u>	<u>-</u>	<u>233,826</u>	<u>(1,331,395)</u>	<u>(233,826)</u>
Arbitrage rebate liability	<u>250,132</u>	<u>-</u>	<u>(79,347)</u>	<u>170,785</u>	<u>168,010</u>
Compensated absences	<u>9,683,534</u>	<u>9,705,830</u>	<u>(9,346,540)</u>	<u>10,042,824</u>	<u>10,042,824</u>
Other Post Employment Benefits Liability (OPEB)	<u>4,304,912</u>	<u>3,004,444</u>	<u>(338,920)</u>	<u>6,970,436</u>	<u>-</u>
Insurance claims payable	<u>23,987,736</u>	<u>9,350,857</u>	<u>(8,672,317)</u>	<u>24,666,276</u>	<u>11,648,472</u>
Net pension obligation	<u>48,533,936</u>	<u>5,765,768</u>	<u>(4,981,704)</u>	<u>49,318,000</u>	<u>-</u>
Total governmental activity long-term liabilities	<u>\$364,122,367</u>	<u>27,826,899</u>	<u>(46,805,118)</u>	<u>345,144,148</u>	<u>43,362,628</u>

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(9) Long-Term Debt, (Continued)

Primary Government, (Continued)

Business-Type Activities:	<u>Balance at</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2010</u>	<u>Due Within</u> <u>One Year</u>
Notes payable	\$ 1,677,796	-	(124,886)	1,552,910	131,231
Revenue bonds:					
1998 Electric Revenue/Refunding Bonds	46,250,000	-	(46,245,000)	5,000	-
2002 Electric Revenue Bonds	54,715,000	-	(3,160,000)	51,555,000	3,285,000
2003 Electric Revenue Bonds	7,395,000	-	(455,000)	6,940,000	455,000
2003 Water Revenue Bonds	38,595,000	-	(1,770,000)	36,825,000	1,855,000
2007 Water Revenue Bonds	20,745,000	-	(425,000)	20,320,000	445,000
2008 Electric Revenue Bonds	57,475,000	-	(1,120,000)	56,355,000	1,165,000
2008 Paseo Colorado Taxable Revenue Bonds	28,500,000	-	(500,000)	28,000,000	500,000
2009 Electric Revenue Refunding Bonds	-	40,655,000	-	40,655,000	-
Total revenue bonds	<u>253,675,000</u>	<u>40,655,000</u>	<u>(53,675,000)</u>	<u>240,655,000</u>	<u>7,705,000</u>
Certificates of participation:					
1987 Certificates of Participation (Los Robles Avenue Parking Facility)	8,000,000	-	(1,700,000)	6,300,000	1,900,000
1993 Refunding Certificates of Participation (Old Pasadena Parking)	14,930,000	-	(1,290,000)	13,640,000	1,365,000
2008 COP Series B Refunding 2004A&B	868,315	-	(73,299)	795,016	76,199
Total certificates of participation	<u>23,798,315</u>	<u>-</u>	<u>(3,063,299)</u>	<u>20,735,016</u>	<u>3,341,199</u>
Capitalized lease obligations	448,305	732,827	(527,917)	653,215	541,463
Unamortized issuance premium (discount)	1,309,143	2,554,237	(693,682)	3,169,698	-
Total business-type activity long-term liabilities	<u>\$280,908,559</u>	<u>43,942,064</u>	<u>(58,084,784)</u>	<u>266,765,839</u>	<u>11,718,893</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(9) 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, \$5,072,417 of internal service funds capitalized lease obligations is 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, 2010 are as follows:

Discretely Presented Component Units	Balance at June 30, 2009	Additions Including <u>Accretion</u>	<u>Reductions</u>	Balance at June 30, 2010	Due Within <u>One Year</u>
Certificates of participation:					
2001 Certificates of Participation (Refunding and Capital Projects)	\$ 103,711	-	(50,808)	52,903	52,903
2006 Certificates of Participation (Conference Center Project)	30,191,149	1,369,878	(415,000)	31,146,027	800,000
2008 Refunding COP, Series 2008A (Conference Center Project)	<u>134,720,000</u>	<u>-</u>	<u>-</u>	<u>134,720,000</u>	<u>-</u>
Total certificates of participation	<u>165,014,860</u>	<u>1,369,878</u>	<u>(465,808)</u>	<u>165,918,930</u>	<u>852,903</u>
Revenue Bonds:					
2006 Revenue Bonds	<u>33,585,000</u>	<u>-</u>	<u>(1,795,000)</u>	<u>31,790,000</u>	<u>1,795,000</u>
Total Revenue Bonds	<u>35,385,000</u>	<u>-</u>	<u>(1,795,000)</u>	<u>31,790,000</u>	<u>1,795,000</u>
Unamortized issuance premium (discount)	<u>(633,906)</u>	<u>91,442</u>	<u>-</u>	<u>(542,464)</u>	<u>-</u>
Defer Refunding Charges	<u>(10,454,270)</u>	<u>421,238</u>	<u>-</u>	<u>(10,033,032)</u>	<u>-</u>
Arbitrage rebate liability	<u>1,206,672</u>	<u>-</u>	<u>(5,584)</u>	<u>1,201,088</u>	<u>1,201,088</u>
Energy Conservation Loan	<u>2,505,200</u>	<u>494,800</u>	<u>-</u>	<u>3,000,000</u>	<u>51,804</u>
Compensated absences	<u>147,694</u>	<u>13,869</u>	<u>(1,152)</u>	<u>160,411</u>	<u>1,251</u>
Total discretely presented component units long-term liabilities	<u>\$191,371,250</u>	<u>2,391,227</u>	<u>(2,267,544)</u>	<u>191,494,933</u>	<u>3,902,046</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2010

(10) Notes Payable

Primary Government

**Outstanding at
June 30, 2010**

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.

\$1,295,000

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.

1,552,910

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.

304,334

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.

1,420,722

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(10) Notes Payable, (Continued)

Primary Government, (Continue)

**Outstanding at
June 30, 2010**

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 of home ownership and multi-family 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 May 19, 2016.

1,000,000

Total primary government notes payable

\$5,572,966

The annual requirements to amortize notes payable as of June 30, 2010 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>
2011	599,334	60,582	131,231	76,310
2012	315,000	39,509	137,715	69,827
2013	335,000	24,711	144,899	62,643
2014	350,000	8,453	152,262	55,280
2015	1,420,722	183,565	159,999	47,542
2016-2020	<u>1,000,000</u>	<u>206,548</u>	<u>826,804</u>	<u>107,289</u>
Total Notes Payable	<u>\$ 4,020,056</u>	<u>523,368</u>	<u>1,552,910</u>	<u>418,891</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(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, 2010 was \$78,445,000.

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, 2010 was \$33,080,000.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

The annual requirements to amortize pension bonds as of June 30, 2010 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 6,811,169	6,683,385
2012	7,577,554	6,260,553
2013	8,415,331	5,777,067
2014	9,319,541	5,234,639
2015	28,196,405	4,628,488
2016-2020	33,905,000	14,146,900
2021-2022	<u>17,300,000</u>	<u>1,924,492</u>
Total Payments	<u>\$111,525,000</u>	<u>44,655,524</u>

(12) Tax Allocation Bonds - Primary Government

**Outstanding at
June 30, 2010**

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.

\$ 373,412

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

**Outstanding at
June 30, 2010**

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, 2010 was \$280,013.

1,029,000

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, 2010 was \$180,012.

665,000

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-Parke 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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

**Outstanding at
June 30, 2010**

**2006 Tax Allocation Bonds (Villa-Parke Redevelopment Project)
(Continued)**

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, 2010 the balance held in reserve account is \$113,649.

360,000

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, 2010 the balance held in reserve account is \$248,731.

2,095,000

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

**Outstanding at
June 30, 2010**

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, 2010 the balance held in reserve account is \$83,400.

620,000

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, 2010 the balance held in reserve account is \$200,396.

1,280,000

Total tax allocation bonds

\$6,422,412

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

The annual requirements to amortize outstanding tax allocation bonds as of June 30, 2010 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	1,273,412	315,383
2012	955,000	247,045
2013	1,000,000	197,443
2014	1,064,000	144,564
2015	510,000	88,020
2016-2020	1,185,000	238,215
2021-2023	<u>435,000</u>	<u>21,630</u>
Total Payments	<u>\$ 6,422,412</u>	<u>1,252,300</u>

(13) Revenue Bonds - Primary Government

**Outstanding at
June 30, 2010**

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. A portion of the bonds was advance refunded by 2009 Electric Revenue/Refund Bonds on November 24, 2009. The principal of \$5,000 is payable on 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.

\$ 5,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

**Outstanding at
June 30, 2010**

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.

51,555,000

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.

6,940,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

**Outstanding at
June 30, 2010**

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 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.

36,825,000

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, 2010 was \$3,733,251. The principal balance outstanding at June 30, 2010 was \$40,700,000 of which \$31,790,000 has been recorded on the component unit statement of net assets of the Rose Bowl Operating Company.

8,910,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

**Outstanding at
June 30, 2010**

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.

20,320,000

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.

56,355,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

**Outstanding at
June 30, 2010**

2008 Paseo Colorado Taxable Revenue Refunding Bonds

On September 17, 2008, the City issued \$28,800,000 of Taxable Variable Rate Demand Revenue Refunding Bonds to refund the 2000 Paseo Colorado Taxable Revenue Bonds and finance the costs of execution of the 2008 Paseo Colorado Taxable Revenue Refunding Bonds. 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 and may be converted to fixed rate. Principal is payable in annual installments ranging from \$300,000 to \$1,800,000, commencing June 1, 2009 and ending June 1, 2038. The legal reserve requirement is \$2,000,000. The balance held in the reserve account as of June 30, 2010 was \$2,000,000.

28,000,000

2009 Electric Revenue/Refunding Bonds

On November 24, 2009, the City issued \$40,655,000 of 2009 Electric Revenue/Refunding Bonds to advance refund a portion of the City's outstanding 1998 Electric Revenue /Refunding Bonds and pay the costs of issuance of the 2009 Electric Revenue/Refunding Bonds. The refunding has generated a net present value savings of \$3.62 million or 8.33% savings of the refunded Bonds. Interest is payable semi-annually on February 1 and August 1, commencing February 1, 2010. The rate of interest varies from 4.0% to 5.0% per annum. Principal is payable in annual installments ranging from \$2,160,000 to \$3,510,000 commencing August 1, 2011 and ending 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. This refunding was undertaken to reduce total debt service payments over the next 15 years by \$5,002,513 and resulted in an economic gain of \$3,621,076.

40,655,000

Total revenue bonds

\$249,565,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

The annual requirements to amortize outstanding revenue bonds as of June 30, 2010 are as follows:

Year ending June 30	Primary Government				Component Unit	
	Governmental Activity		Business-type Activities		Principal	Interest
	Principal	Interest	Principal	Interest		
2011	\$ 505,000	19,602	7,705,000	9,724,198	1,795,000	69,938
2012	525,000	18,491	10,655,000	9,343,091	1,875,000	65,989
2013	545,000	17,336	11,655,000	8,900,766	1,955,000	61,864
2014	570,000	16,137	11,760,000	8,420,341	2,030,000	57,563
2015	590,000	14,883	12,165,000	7,925,298	2,110,000	53,097
2016-2020	3,200,000	54,219	66,630,000	30,978,396	11,400,000	193,501
2021-2025	2,975,000	16,709	48,265,000	17,436,009	10,625,000	59,631
2026-2030	-	-	27,620,000	10,880,038	-	-
2031-2035	-	-	31,085,000	5,344,655	-	-
2036-2038	-	-	13,115,000	603,550	-	-
Total payments	<u>\$8,910,000</u>	<u>157,377</u>	<u>240,655,000</u>	<u>109,556,342</u>	<u>31,790,000</u>	<u>561,583</u>

(14) Certificates of Participation

The certificates of participation outstanding at June 30, 2010 are as follows:

	Primary Government		Discretely Presented Component Units
	Governmental Activities	Business- type Activities	
1987 Certificates of Participation (Los Robles Avenue Parking Facilities)	\$ -	6,300,000	-
1993 Refunding Certificates of Participation (Old Pasadena Parking Facilities Project)	-	13,640,000	-
1993 Certificates of Participation (Refunding and Capital Projects)	20,400,000	-	-
2001 Certificates of Participation (Refunding and Capital Projects)	2,472,098	-	52,903
2006 Certificates of Participation Series A (Conference Center Project)	-	-	31,146,027
2008 Refunding Certificates of Participation- Series A and B	23,879,984	795,016	134,720,000
2008 Refunding Certificates of Participation- Series C	<u>67,685,000</u>	<u>-</u>	<u>-</u>
Total Certificates of Participation	<u>\$114,437,082</u>	<u>20,735,016</u>	<u>165,918,930</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(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, 2010 was \$2,700,000. The balance outstanding at June 30, 2010 was \$6,300,000.

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, 2010 was \$2,302,758. The balance outstanding at June 30, 2010 was \$13,640,000.

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 of this COP is in parity with the 2006A, 2008A, 2008B and 2008C reserve requirements. As of June 30, 2010 the aggregated market value of parity reserve was \$20,732,492. The balance outstanding at June 30, 2010 was \$20,400,000.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(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, 2010 is \$2,199,282. The balance outstanding at June 30, 2010 was \$2,472,098 and \$52,903.

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.

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 of this COP is in parity with the 1993 COP (Refunding and Capital Projects), 2008A, 2008B and 2008C reserve requirements. As of June 30, 2010 the aggregated market value of parity reserve was \$20,732,492. The balance outstanding at June 30, 2010 was \$31,146,027.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(14) Certificates of Participation, (Continued)

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 of this COP is in parity with the 1993 COP (Refunding and Capital Projects), 2006A, 2008B and 2008C reserve requirements. As of June 30, 2010 the aggregated market value of parity reserve was \$20,732,492.

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. The balance outstanding at June 30, 2010 was \$134,720,000.

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(14) Certificates of Participation, (Continued)

February 1, 2019. The legal reserve of this COP is in parity with the 1993 COP (Refunding and Capital Projects), 2006A, 2008A and 2008C reserve requirements. As of June 30, 2010 the aggregated market value of parity reserve was \$20,732,492. The balance outstanding at June 30, 2010 was \$24,675,000.

2008 Refunding Certificates of Participation Series 2008C

On July 16, 2008, the City issued the 2008 Fixed Rate Refunding Certificates of Participation, Series 2008C in the amount of \$71,450,000. These certificates were issued to refund the City's 2003 Variable Rate Demand Certificates of Participation and finance the costs of execution of the 2008C (City Hall and Park Improvements Project) Refunding Certificates of Participation. The refunded certificates are considered to be defeased and the liability has been removed from the governmental column of the statement of net assets. Interest on 2008C is due semi-annually and the rate varies from 4.00% to 5.00%. 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 legal reserve of this COP is in parity with the 1993 COP (Refunding and Capital Projects), 2006A, 2008A and 2008B reserve requirements. As of June 30, 2010 the aggregated market value of parity reserve was \$20,732,492. The balance outstanding at June 30, 2010 was \$67,685,000.

The annual requirements to amortize outstanding certificates of participation as of June 30, 2010 are as follows:

Year ending June 30	Governmental Activities		Business-type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 10,785,899	5,395,836	3,341,199	924,163	852,903	6,182,733
2012	8,730,740	4,887,700	3,629,260	824,403	1,095,000	6,213,289
2013	9,147,518	4,471,511	3,927,482	708,806	1,365,000	6,235,347
2014	9,182,989	4,035,072	1,712,011	604,345	2,560,000	6,246,509
2015	4,240,913	3,582,485	1,824,087	498,605	2,850,000	6,207,148
2016-2020	20,804,023	14,991,907	6,300,977	797,029	20,615,000	29,670,640
2021-2025	11,185,000	11,387,695	-	-	30,740,000	25,086,346
2026-2030	14,050,000	8,518,800	-	-	49,805,000	18,088,054
2031-2035	13,960,000	4,865,000	-	-	70,660,000	7,545,117
2036-2038	12,350,000	1,192,700	-	-	-	-
Less unaccrued discount	-	-	-	-	(14,623,973)	-
Total payments	<u>\$114,437,082</u>	<u>63,328,706</u>	<u>20,735,016</u>	<u>4,357,351</u>	<u>165,918,930</u>	<u>111,475,183</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(15) Capitalized Lease Obligations

**Outstanding at
June 30, 2010**

Primary Government

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.

\$2,254,418

Equipment Leases

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.

1,375,184

In July 2006, the City of Pasadena entered into a lease-purchase agreement in the amount of \$5,000,000 with Bank of America Leasing & Capital for the acquisition of equipment, which is then leased to the City of Pasadena. Of this amount, only \$404,802 was used. 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.

258,503

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(15) Capitalized Lease Obligations, (Continued)

**Outstanding at
June 30, 2010**

Primary Government, (Continued)

In June 2009, the City of Pasadena entered into a Master Lease Agreement in the amount of \$5,287,922 with Suntrust Equipment Finance & Leasing Corp. for the acquisition of communication 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 of \$338,830 are due semi-annually. The rate of interest is 4.10%. Principal installments range from \$230,428 to \$332,024 commencing December 18 2009 and ending December 18, 2018.

4,822,342

In June 2009, the City of Pasadena entered into a Master Aircraft Loan and Security Agreement in the amount of \$2,122,299 with Suntrust Equipment Finance & Leasing Corporation for the acquisition of aircraft equipment, which is then leased to the City of Pasadena. Lease payments will be budgeted in the police department. Principal and interest of \$135,989 are due semi-annually. The rate of interest is 4.10%. Principal installments range from \$92,482 to \$133, 257 commencing December 18, 2009 and ending December 18, 2018.

1,935,440

Total primary government capitalized lease obligations

\$10,645,887

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>
Asset:		
Land	\$ 4,000,000	-
Machinery and Equipment	<u>11,840,625</u>	<u>727,029</u>
Total	<u>\$15,840,625</u>	<u>727,029</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(15) Capitalized Lease Obligations, (Continued)

Primary Government, (Continued)

Future minimum lease payment requirements under capitalized lease obligations as of June 30, 2010 are as follows:

Year Ending June 30	<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>
2011	\$ 192,116	127,145	1,570,218	294,667	541,463	17,087
2012	201,564	117,697	734,015	245,086	32,924	3,808
2013	212,122	107,139	764,349	214,751	34,202	2,530
2014	222,901	96,360	795,938	183,163	35,530	1,202
2015	234,229	85,033	806,523	150,481	9,096	87
2016-2020	<u>1,191,486</u>	<u>234,329</u>	<u>3,067,211</u>	<u>256,606</u>	-	-
Total payments	<u>\$2,254,418</u>	<u>767,703</u>	<u>7,738,254</u>	<u>1,344,754</u>	<u>653,215</u>	<u>24,714</u>

(16) Derivative Instruments

Primary Government

Governmental activities

Objective of the swaps: The City of Pasadena has entered into two separate floating to fixed interest rate swaps in order to lower the borrowing 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 two swaps the City has engaged in.

Rose Bowl Refinancing and Improvement Project - SWAP No.1

On February 23, 2006, the Pasadena Public Financing Authority entered into an interest rate swap agreement with Deutsche Bank related to the \$47,300,000 2006 Variable Rate Demand Lease Revenue Bonds (Rose Bowl Refinancing and Improvement project). The objective was to effectively change the City's variable interest rate to a synthetic fixed rate of 3.285%. Under the terms of 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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Primary Government, (Continued)

Governmental activities, (Continued)

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010, classified by type, and the change in fair value of such derivative instruments for the year then ending are as follows:

	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2010</u>		<u>Notional</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Cash flow hedge:					
Pay-fixed interest rate swaps	Deferred outflow	\$(279,512)	Debt	\$(917,538)	\$8,910,000

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

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the City's hedging derivative instrument outstanding at June 30, 2010, along with the credit rating of the associated counterparty.

<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2006 Bonds	\$8,910,000	2/23/2006	12/01/2023	Pay 3.285%; receives 65% LIBOR index	A+/AA-

Credit risk: The City is exposed to credit risk on hedging derivative instruments. The aggregate fair value of hedging derivative instruments in asset positions at June 30, 2010, was \$917,538. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Primary Government, (Continued)

Governmental activities, (Continued)

Interest rate risk: The City is exposed to interest rate risk on its interest rate swap. On its pay-fixed, received-variable interest rate swap, as the LIBOR swap index decreases, the City's net payment on the swap increases.

Basis risk: The City is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by the City on these hedging derivative instruments are based on a rate or index other than interest rates the City pays on its hedged variable-rate debt, which is remarketed every 7 days. As of June 30, 2010, the weighted-average interest rate on the City's hedged variable-rate debt was .28%, while 65 percent of LIBOR was .228%.

Termination risk: The City or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The derivative contract uses the International Swap Dealers Association Master Agreement which includes standard termination events such as failure to pay and bankruptcy. In addition, the City may optionally terminate the agreement on any date. If at the time of termination, a hedging derivative instrument is in a liability position, the City would be liable to the counterparty for a payment equal to the liability.

Rollover risk: The City is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the City will be re-exposed to the risks being hedged by the hedging derivative instrument.

Collateral requirements: There are no collateral requirements.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Primary Government, (Continued)

Governmental activities, (Continued)

The annual debt service requirements for the 2006 Revenue Bonds as of June 30, 2010 are as follows:

<u>June 30</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Derivative, Net</u>	<u>Total</u>
2011	\$505,000	24,948	267,746	797,694
2012	525,000	23,534	252,570	801,104
2013	545,000	22,064	236,794	803,858
2014	570,000	20,538	220,417	810,955
2015	590,000	18,942	203,288	812,230
2016	615,000	17,290	185,559	817,849
2017	615,000	15,568	167,078	797,646
2018	635,000	13,846	148,597	797,443
2019	655,000	12,068	129,516	796,584
2020	680,000	10,234	109,833	800,067
2021	700,000	8,330	89,399	797,729
2022	720,000	6,370	68,364	794,734
2023	765,000	4,354	46,728	816,082
2024	790,000	2,212	23,740	815,952
Total	<u>\$ 8,910,000</u>	<u>\$ 200,298</u>	<u>\$ 2,149,629</u>	<u>\$ 11,259,927</u>

The above table incorporates the net receipts/payments of the hedging derivative instrument associated with this debt issue. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instrument will vary.

Business-type activities

On July 1, 2009, the Department of Water and Power (PWP) adopted Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). This Statement requires the PWP to report its derivative instruments at fair value. Changes in fair value for effective hedges are to be reported as deferrals on the Statement of Net Assets. Changes in fair value of

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Primary Government, (Continued)

Business-type activities, (Continued)

derivative instruments not meeting the criteria for an effective hedge, or that are associated with investments are to be reported in the investment section of the Statement of Revenue, Expenses and Changes in Net Assets.

Various transactions permitted in the PWP's Energy and Credit Risk Management Policies may be considered derivatives, including energy transactions for options, forward arrangements and congestion revenue rights. GASB 53 allows an exception for the Statement of Net Assets deferral of effective hedges that meet the normal purchase and normal sales exception. It is PWP's policy to apply the normal purchase and normal sales exception as appropriate.

The PWP has determined that congestion revenue rights (CRRs) associated with power transmission within the California Independent System Operator (CAISO) are its only derivative instruments under GASB 53 for this reporting year that do not meet the normal purchase and normal sales exception. CRRs are financial instruments that allow holders of such instruments to manage variability in transmission congestion costs. These CRRs are determined to be hedge effective under the consistent critical terms method, and as a result the positive fair value has been recorded and deferred on the Statement of Net Assets. The Statement of Net Assets for June 30, 2009 does not need to be restated since there were no derivative instruments applicable at the time for retroactive application of GASB 53.

The PWP continually strives to optimize its resource portfolio using the selection of available energy and/or gas resources to serve the PWP's load obligations to capture the lowest economic value. The PWP makes frequent load projections at various points in time based on, among other factors, estimates of customer usage, weather, historical data, and contract terms. The PWP also frequently projects resource availability at various points in time based on variables such as availability of generating units, historic and forward market information, contract terms, and experience. The PWP uses these projections to purchase and sell quantities of wholesale electric capacity and energy at specified time(s) in the future, to match expected resources to projected load requirements.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Primary Government, (Continued)

Business-type activities, (Continued)

The PWP is exposed to various market risks associated with its resource portfolio management and uses derivative and non-derivative instruments, as appropriate, to manage these risks. To help limit the PWP's exposures and risks to a tolerable level, the PWP has an approved Energy and Credit Risk Management Policies governing the types of transactions and delegations of authority deemed appropriate. The volumes of forward transactions for the PWP's short and long positions require Energy and Credit Risk Management Committee approvals.

Commodity Price Risk

The PWP is exposed to commodity price risk due to the potential fluctuation in the market price of the commodity being traded and is influenced primarily by supply and demand. Commodity price risk may also be influenced by the number of active, creditworthy market participants, and the extent that nonperformance by market participants of their contractual obligations and commitments impacts the supply of, or demand for, the commodity.

The PWP's price exposure relates to the quantities of energy purchased and sold in the CAISO's Market Redesign and Technology Upgrade (MRTU) market as a result of differences between the PWP's load requirements versus the amount of energy delivered from its ownership or entitlement interest in generating facilities and bilateral contracts.

The PWP's hedging program reduces ratepayer exposure to variability in market prices related to its power and gas activities. The PWP's Energy and Credit Risk Management Policies govern the types of allowable hedging transactions (which include transactions considered derivatives as defined by GASB 53) and these include commodity options, swaps, forward arrangements, and congestion revenue rights (CRRs). The Energy and Credit Risk Management Committee meets regularly to review and evaluate commodity positions, and approve hedging strategies, and the types of authorized transactions.

Credit Risk

The PWP's credit risk relates to potential losses incurred due to nonperformance by counterparties of their contractual obligations to deliver energy or make financial settlements. Changes in market prices may dramatically alter the size of credit risk with counterparties, even when conservative credit limits are established. The PWP has an

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Primary Government, (Continued)

Business-type activities, (Continued)

approved Wholesale Counterparty Risk Management Policy and seeks to mitigate credit risk by entering into bilateral contracts that specify credit terms and protections against default; applying credit limits and duration criteria to existing and prospective counterparties; and actively monitoring current credit and default exposures. The PWP limits exposure through take-and-pay contracts in which the PWP only pays for the renewable energy delivered. The PWP also seeks performance assurance through collateral requirements in the form of letters of credit, parental guarantees or prepayments.

The PWP has concentrations of suppliers including: electric and gas utilities, electric generators and transmission providers, financial institutions and energy marketing and trading companies. In addition, the PWP has geographic concentrations of credit risk due to operations in the western United States. These concentrations may impact the PWP's overall exposure to credit risk, either positively or negatively, because counterparties may be singularly affected by changes in conditions.

The PWP transacts within the CAISO, which has its own credit and collateral posting requirements for entities participating in its markets. If a CAISO market participant defaults on its payment obligations, the CAISO first accesses the defaulting entity's credit enhancements with the CAISO. Under the currently effective MRTU tariff in effect as of June 30, 2010, any deficiency above those credit enhancements would be shared by all CAISO participants that are net creditors. The relevant portions of the MRTU tariff relating to credit and credit enhancements are currently under review at the FERC and may be subsequently amended or modified.

Other Operational and Event Risk

There are other operational and event risks that can affect the supply of the commodity and the PWP's operations. Other risks include regional planned and unplanned generation outages, transmission constraints or disruptions, environmental regulations that influence the availability of generation resources, seasonal periods of extreme high or low temperatures, and overall economic trends.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Primary Government, (Continued)

Business-type activities, (Continued)

CAISO Wholesale Energy Markets

California's wholesale electricity market is operated by the CAISO. In 2002, the CAISO began its development of the MRTU program to redesign and upgrade the wholesale energy markets across its controlled grid. The MRTU allows scheduling power in hourly increments with hourly prices through a day-ahead and real-time market that combines energy, ancillary services, unit commitment, and congestion management. MRTU became effective in March 2009 (for trade date April 1, 2009) and the PWP began participating in the day-ahead and real-time markets for the sale of its generation and purchases of its load requirements.

The MRTU structure uses a nodal locational pricing model, which sets wholesale electricity prices at 3,000 different system points (nodes) that reflect local generation and delivery costs, as opposed to the previous system of three broad zonal prices. Generally, the PWP schedules its electricity generation assets to serve its load.

Although to date the markets in general have been stable and prices remain relatively low, if the new market mechanisms created by MRTU result in any significant price/market flaws that are not promptly and effectively corrected by the market mechanisms, the CAISO or the FERC, or if the PWP's CRRs are not sufficient to hedge the financial risk associated with the CAISO's congestion costs under MRTU, or if either the CAISO's or the PWP's MRTU-related business systems and software do not perform as intended, the PWP's financial conditions, results of operations, and cash flows could be materially and adversely affected.

Congestion Risk: The PWP will offer to sell its generation at nodes near the source of the generation, but pays for the energy needed to serve its load at the Default Load Aggregation Point (LAP). Congestion may occur when available energy cannot be delivered to all loads due to transmission capacity constraints, which results in transmission congestion charges and differences in prices at various nodes and the Default LAP. To help mitigate the variability of congestion costs, the CAISO offers CRRs--a financial commodity that entitles the holder to receive (or pay) the value of transmission congestion between specific nodes, acting as an economic hedge against transmission congestion charges. CRRs are offered by the CAISO through its allocation and auction processes. The only PWP derivative commodity activity not meeting the

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Primary Government, (Continued)

Business-type activities, (Continued)

normal purchase and normal sales exception criteria of GASB 53 relates to the PWP's CRRs. The PWP has been allocated annual and monthly CRRs and long-term CRRs through 2019 related to its load and long-term resource entitlements, and have acquired via auction certain CRRs as of June 30, 2010. The PWP did not participate in the auction process prior to July 2009 because the PWP has sufficient resources to meet its needs. The PWP anticipates acquiring additional CRRs through the allocation and auction phases. These are considered derivative instruments and were determined to be hedge-effective under the consistent critical terms method. The following is a summary of the derivative activity as of June 30, 2010.

Derivative Instruments

Derivative Description	Notional (in thousands)	Contract Price Range	Effective Date	Termination Date	Fair Value as of June 2010	Changes in Fair Value
					Derivative Instruments (in thousands)	Deferred Credits (in thousands)
Congestion Revenue Rights	9,338 MW	\$0.01 to \$5.78	July 2009	Dec. 2019	\$10,770	\$10,770

Terms: The CAISO releases CRRs through an annual and monthly process, each of which includes: 1) an Allocation phase, in which Load-Serving Entities (LSE) are allocated CRRs at no cost based on retail customer load demand, and 2) an Auction phase, in which CRRs are purchased at closing bid price. The CAISO also allocates long-term CRRs based on a combination of an LSE's retail load and the location of its long-term resource entitlements. CRRs are allocated by time of use (on- or off-peak). Annual and long-term CRRs are allocated by season. Annual CRRs are for one calendar year, with long-term CRRs having a term of 10 years. As of June 30, 2010, the PWP has monthly, annual, and long term CRRs for the period July 2010 through December 2019.

Fair Value: As of June 30, 2010, the CRRs had a total fair value of \$10,770,000. Due to the lack of a robust market for CRRs, the fair value was based on historical results using the CAISO Locational Marginal Price (LMP)-Marginal Congestion Cost (MCC) pricing information.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Primary Government, (Continued)

Business-type activities, (Continued)

For each CRR, the PWP identified the historical MCC for the source (injection) CAISO node and the PWP's Metered Subsystem Load Aggregation Point (MLAP). This historical cost information was used to determine the average heavy-load (HL) and light-load (LL) MCC price difference for July 1, 2009 through June 30, 2010. Although the MRTU markets were launched in March 2009, a July 1st date was used to avoid unstable price effects immediately after the MRTU start-up. Historical prices were used to conservatively project the future value of the CRRs, present valued back to June 30, 2010. As more pricing data becomes available, the PWP intends to use a rolling 3-year average of monthly congestion costs to project the value of its CRRs.

Termination risk: The CAISO's CRR allocation methodology is established in the MRTU tariff. Early termination would require tariff modifications and the PWP would participate in this regulatory process to help ensure that its interests in hedging future congestions costs are protected.

Rollover risk: The PWP's long term CRRs are effective through 2019. As the first year expires, the CAISO will undertake a new allocation process in which a portion of CRRs will be freely allocated based on an entity's load and long-term contracted resources. The PWP anticipates that it will receive a similar allocation assuming it continues to maintain long-term resources in the geographic proximity to those currently existing.

Realized gains and losses on effective derivative instruments related to power supply activities are included in either transmission or production and purchased power expense on the Statement of Revenues, Expenses and Changes in Net Assets.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Discretely Presented Component Units

Rose Bowl Operating Company (RBOC)

Derivative Instrument Liability

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2010 and the changes in fair value of the derivative instrument for the year then ended are as follows:

	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2010</u>		<u>Notional</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Cash flow hedge:					
Pay-fixed interest rate swaps	Deferred outflow	\$(997,383)	Debt	\$(3,274,047)	\$31,790,000

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

Derivative Instrument Liability

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the Company's hedging derivative instrument outstanding at June 30, 2010, along with the credit rating of the associated counterparty.

<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2006 Bonds	\$31,790,000	2/23/2006	12/01/2023	Pay 3.285%; receives 65% LIBOR index	A+/AA-

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC) (Continued)

Credit risk: The Company is exposed to credit risk on hedging derivative instruments. The aggregate fair value of hedging derivative instruments in asset positions at June 30, 2010, was \$3,274.047. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. From effective date of February 23, 2006 until June 30, 2010 the Company received an average of 1.966% rate (65% of LIBOR) and paid 1.944% rate on its bonds.

Interest rate risk: The Company is exposed to interest rate risk on its interest rate swap. On its pay-fixed, receive-variable interest rate swap, as the LIBOR swap index decreases, the Company's net payment on the swap increases.

Basis risk: The Company is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by the Company on these hedging derivative instruments are based on a rate or index other than interest rates the Company pays on its hedged variable-rate debt, which is remarketed every 7 days. As of June 30, 2010, the weighted-average interest rate on the Company's hedged variable-rate debt was .28%, while 65 percent of LIBOR was .228%.

Termination risk: The Company or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The derivative contract uses the International Swap Dealers Association Master Agreement which includes standard termination events such as failure to pay and bankruptcy. In addition, the City may optionally terminate the agreement on any date. If at the time of termination, a hedging derivative instrument is in a liability position, the Company would be liable to the counterparty for a payment equal to the liability.

Rollover risk: The Company is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Company will be re-exposed to the risks being hedged by the hedging derivative instrument.

Collateral requirements: There are no collateral requirements.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

The annual debt service requirements for the 2006 Revenue Bonds as of June 30, 2010 are as follows:

<u>June 30</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Hedging Derivative, Net</u>	<u>Total</u>
2011	\$1,795,000	89,012	955,290	2,839,302
2012	1,875,000	83,986	901,350	2,860,336
2013	1,955,000	78,736	845,006	2,878,742
2014	2,030,000	73,262	786,258	2,889,520
2015	2,110,000	67,578	725,257	2,902,835
2016	2,185,000	61,670	661,851	2,908,521
2017	2,185,000	55,552	596,192	2,836,744
2018	2,265,000	49,434	530,533	2,844,967
2019	2,345,000	43,092	462,470	2,850,562
2020	2,420,000	36,526	392,002	2,848,528
2021	2,500,000	29,750	319,281	2,849,031
2022	2,580,000	22,750	244,156	2,846,906
2023	2,735,000	15,526	166,627	2,917,153
2024	<u>2,810,000</u>	<u>7,868</u>	<u>84,441</u>	<u>2,902,309</u>
Total	<u>\$ 31,790,000</u>	<u>\$ 714,742</u>	<u>\$ 7,670,714</u>	<u>\$ 40,175,456</u>

The above table incorporates the net receipts/payments of the hedging derivative instrument associated with this debt issue. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instrument will vary.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC)

Conference Center Variable Rate Demand Refunding Certificates of Participation – SWAP No. 2

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

On April 15, 2008, the City issued the 2008 Refunding Variable Rate Demand Certificates of Participation, Series 2008A in the amount of \$134,720,000. These certificates were issued to refund the City's Auction Rate Certificates of Participation (Conference Center Project), Series 2006B and finance the cost of execution of the 2008A Certificates of Participation backed by a letter of credit from Bank of America. The final maturity on the 2008A COP's was extended by one year to 2035 in order to reduce the reserve requirement and consequently, reduce the size of the issue by approximately \$800,000. Interest on 2008A certificates was issued at a variable rate with the reassignment of the synthetic fixed rate swap of 3.536%.

Derivative Instrument Liability

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2010</u>		<u>Notional</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Cash flow hedge:					
Pay-fixed interest rate swaps	Deferred outflow	\$(7,571,512)	Debt	\$(25,402,874)	\$133,000,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

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

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the Company's hedging derivative instruments outstanding at June 30, 2010, along with the credit rating of the associated counterparty

<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Bonds	\$133,000,000	9/18/2006	2/01/2034	Pay 3.536%; receives 65% LIBOR index	BBB/A-

Credit risk: The Company is exposed to credit risk on hedging derivative instruments. The aggregate fair value of hedging derivative instruments in asset positions at June 30, 2010, was \$25,402,874. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

The aggregate fair value of hedging derivative instruments in asset positions at June 30, 2010, was \$25,402,874. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

Interest rate risk: The Company is exposed to interest rate risk on its interest rate swap. On its pay-fixed, receive-variable interest rate swap, as the LIBOR swap index decreases, the Company's net payment on the swap increases.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

Basis risk: The Company is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by the Company on these hedging derivative instruments are based on a rate or index other than interest rates the Company pays on its hedged variable-rate debt, which is remarketed every 7 days. As of June 30, 2010, the weighted-average interest rate on the Company's hedged variable-rate debt was .27067%, while 64 percent of LIBOR was .2248%. From effective date of September 18, 2006 until June 30, 2010 the Company received an average of 1.745% rate (64% of LIBOR) and paid an average of 2.063% interest rate on its bonds.

Termination risk: The Company or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, the Company would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Rollover risk: The Company is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Company will be re-exposed to the risks being hedged by the hedging derivative instrument.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(16) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

The annual debt service requirements for the 2008A Conference Center Variable Rate Demand Certificates of Participation as of June 30, 2010 are as follows:

<u>June 30</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Derivative, Net</u>	<u>Total</u>
2011	\$ -	372,400	4,330,480	4,702,880
2012	-	372,400	4,330,480	4,702,880
2013	-	372,400	4,330,480	4,702,880
2014	-	372,400	4,330,480	4,702,880
2015	-	372,400	4,330,480	4,702,880
2016-2020	-	1,489,600	17,321,920	18,811,520
2021-2025	14,255,000	372,400	4,330,480	18,957,880
2026-2030	49,805,000	353,430	4,109,886	54,268,316
2031-2034	68,940,000	226,310	2,631,662	71,797,972
Total	<u>\$ 133,000,000</u>	<u>4,303,740</u>	<u>50,046,348</u>	<u>187,350,088</u>

The above table incorporates the net receipts/payments of the hedging derivative instrument associated with this debt issue. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instrument will vary.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(17) Unreserved Fund Balances – Primary Government

Unreserved fund balances for governmental funds at June 30, 2010 consisted of the following:

	<u>General</u>	<u>Project Management</u>	<u>PCDC Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Designated for:					
Capital projects	\$ -	-	-	9,181,529	9,181,529
Emergency/capital improvement programs	22,594,335	-	-	-	22,594,335
City Hall seismic retrofit	5,618,447	-	-	-	5,618,447
Permanent Fund purposes	-	-	-	<u>1,232,608</u>	<u>1,232,608</u>
Total designated	28,212,781	-	-	10,414,137	38,626,918
Undesignated:					
General purpose, debt service and special revenue purpose	<u>16,967,906</u>	<u>(1,391,065)</u>	<u>(30,796,681)</u>	<u>49,566,217</u>	<u>34,346,377</u>
Total unreserved fund balances	<u>\$45,180,687</u>	<u>(1,391,065)</u>	<u>(30,796,681)</u>	<u>59,980,354</u>	<u>72,973,295</u>

(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. The purpose of the Reserve for Stranded Investment was to create a fund to mitigate the potential impacts of open access to the energy market for Water and Power Department (PWP) customers and offset short and long term stranded energy costs associated with the Intermountain Power Project (IPP) and Palo Verde Nuclear Generating Station (PVNGS). Several sources of funding for the Reserve were identified in addition to the SIS and funding continued until June 30, 2002. At that time, it was determined that the Reserve was fully funded with no additional contributions required. Collection of the SIS was discontinued and excess funds returned to PWP customers. All funds deposited into the Reserve, including investment earnings, were recorded as income during the year collected or realized.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(18) Restricted Net Assets – Proprietary Fund, (Continued)

In November 2006, the City Council approved the Stranded Investment Reserve (SIR) Utilization Plan (Plan). In January 2009 in accordance with the Plan and a previously approved Prepayment Agreement (Agreement), PWP utilized approximately \$80.0 million of the reserve funds to complete an economic defeasance of selected bonds for IPP. As authorized in the Agreement, the Intermountain Power Agency (IPA) issued approximately \$70.0 million of subordinated notes to PWP, the payments for which will offset a portion of the debt service associated with the economically defeased bonds, thereby reducing the cost of energy purchased from IPP.

As of June 30, 2010, the Stranded Investment Reserve balance was \$138.1 million. The details of the additions and subtractions from the Reserve that occurred during fiscal year 2010 are shown below.

Restricted Cash and Investment

Beginning balance	\$ 60,385,938
Interest earnings	1,672,000
Market gain/losses	<u>758,384</u>
Restricted cash and investment ending balance	62,816,322

IPA Subordinated Notes

Beginning balance	
Notes Receivable	70,020,000
Premium/Discount	9,437,709
Cost of Issuance	198,153
Principal payments received	(3,726,250)
Amortization – Premium/Discount	(674,122)
Amortization – Cost of Issuance	<u>(14,154)</u>
IPA Subordinated Notes ending balance	\$ 75,241,336

Restricted for Stranded Investments at June 30, 2010 \$138,057,658

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(19) Accumulated Fund Deficits

The following funds reported accumulated deficits in their respective fund balances / net assets at June 30, 2010:

	<u>Accumulated Deficit</u>
Governmental Activities:	
PCDC Debt Service	\$(30,796,681)
Project Management Fund	(1,391,065)
Special Revenue Funds:	
Building Services	(1,624,898)
Capital Projects Funds:	
2006 Lease Revenue Bonds	(1,555)
Traffic Reduction Transportation Improvement	(3,268)
Internal Service Funds:	
Building Maintenance	(1,463,153)
Benefits	(16,255,968)
Workers Compensation	(7,316,004)
Printing Services	(179,832)
Business-type Activities:	
Del Mar Gold Line Parking Garage Fund	(377,436)
Paseo Colorado Parking	(2,970,682)

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 \$8.5 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, 2010

(19) Accumulated Fund Deficits, (Continued)

2006 Lease Revenue Bonds

This deficit reflects liabilities due to other governments at June 30, 2010. It will correct itself in the next fiscal year as budgeted transfers-in are realized.

Building Services

Over the last five years the volume of major development projects dropped significantly causing a commensurate drop in revenue to the Building Fund of roughly 70%. Although expenditures have been reduced, they could not be aligned quickly enough to match the drop in revenue, resulting in the negative fund balance.

Building Maintenance

The accumulated fund deficit in the Building Maintenance Fund is attributed to personnel expenses. These personnel costs should be recovered from scheduled capital projects; however, there was not enough project work during the fiscal year and as a result, personnel expenses were charged to the Building Maintenance Fund. Management will continue to identify additional funding sources and decrease personnel costs to offset the remaining deficit.

Benefits Fund

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(19) Accumulated Fund Deficits, (Continued)

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 60.27% of the claims payable liability which is generally consistent with the position of the fund last year.

Printing Services

This deficit is due to departments reducing their requests for printing services as well as the quantity of documents. Management plans to reduce purchases of supplies and materials in fiscal year 2011 and is exploring ideas for making printing services available to residents and business in the community.

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, but because the distance from these districts is sufficiently long, many users are reluctant to use the garage in spite of reduced rates. A multi-year lease on parking spaces was cancelled contributing to the current year deficit. Staff continues to explore ideas to reduce the deficit, including modifying staffing needs that provide sufficient coverage while reducing expenses, and options to bring in more monthly parkers.

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. Recent monthly parking rate increases for non-tenants combined with a reduction in expenses due to automation of the garage are expected to gradually reduce the deficit in this fund.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(20) Expenditures in Excess of Appropriations

The following funds reported an excess of expenditures over appropriations at June 30, 2010:

	<u>Budget</u>	<u>Actual</u>	<u>Variance- With Final Budget Positive (Negative)</u>
General Fund:			
General government			
City Manager	2,667,217	2,787,058	(119,841)
Non-departmental	9,835,348	12,973,374	(3,138,026)
Community Development Planning and Permitting	12,439,417	12,761,323	(321,906)
Donated Funds	-	155,904	(155,904)

The General government, City Manager departmental expenditures exceeded appropriations by \$119,841 as the result of a legal personnel settlement.

The general government, non-departmental expenditures exceeded appropriations by \$3,138,026 because expenditures for billable projects do not typically have budgets.

The Community Development, Planning and Permitting departmental expenditures, exceeded appropriations by \$321,906 primarily in the area of personnel costs. The department did not have sufficient vacancies throughout the fiscal year as was originally anticipated.

Donated Funds do not budget for spending of donated funding which was given with certain restrictions. As appropriate opportunities arise, this funding is utilized.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(21) Transfers

Primary Government

The following is a summary of transfers in and out for the year ended June 30, 2010:

Transfers From	Transfers To	Amount
General Fund	Internal Service Funds	\$ 442,532
	Nonmajor Governmental Funds	47,715,402 (1)
	Project Management Fund	(20,199)
	Nonmajor Enterprise Funds	85,000
		48,222,735
Project Management Fund	Light and Power Fund	155,844
PCDC Debt Service Funds	Nonmajor Governmental Funds	3,885,862 (2)
Light and Power Fund	General Fund	15,474,658
	Project Management Fund	1,498,326
		16,972,984 (3)
Water Fund	General Fund	3,066,131 (4)
Nonmajor Governmental Funds	General Fund	8,281,663
	Internal Service Funds	5,466,744
	PCDC	2,508,260
	Nonmajor Governmental Funds	7,823,693
	Light and Power	2,587,780
	Project Management Fund	17,235,660
		43,903,800 (5)
Nonmajor Enterprise Funds	General Fund	198,240
Internal Service Funds	General Fund	3,034,834
	Nonmajor Governmental Funds	15,171
	Project Management Fund	1,360,754
		4,410,759 (6)
Total		\$ <u>120,816,355</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(21) Transfers, (Continued)

Primary Government, (Continued)

- (1) Transfers from the General Fund to Nonmajor Governmental Funds consist in part of the following:
 - a) \$35,072,954 transferred to various debt service 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, 2006 Lease Revenue Bonds, and 2008 Series "B" and "C" Certificates of Participation..
 - b) \$9,372,824 transferred to the Library Services Fund to support the City of Pasadena Libraries.
 - c) \$1,953,775 transferred to the Health Fund to support the City's animal control services and other Health Department programs due to reductions in State revenues during fiscal year 2010.
 - d) \$1,315,849 was transferred from the General Fund to various Transportation, Parking and other Nonmajor governmental funds to support their operations.
- (2) The PCDC Debt Service Funds transferred \$3,885,862 to Nonmajor governmental funds, of which \$1,458,137 was transferred to Affordable Housing Fund as a housing set aside for affordable housing.
- (3) Light and Power contributed \$15,474,658 to the General Fund for any of the following purposes: the payment of interest and principal on City bonds, municipal improvements and other uses; \$1,498,326 was transferred to the Project Management Fund for capital improvements.
- (4) The Water Fund transferred \$3,066,131 to the General Fund. Of this amount, \$2,526,131 is based on 6% of gross income received during the preceding fiscal year as authorized by the City Charter; the remaining \$540,000 supports Hahamongna Watershed Park operations.
- (5) Nonmajor Governmental Funds transferred \$43,903,800 to various funds including:
 - a) \$5,286,921 one sided transfer from the General Debt Service Fund representing the transfer of cash used to acquire capital assets that were contributed to the Computing and Communications Fund.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(21) Transfers, (Continued)

Primary Government, (Continued)

- b) \$4,981,704 to the General Fund from the 1999 Pension Bond Debt Service Fund as an additional City contribution to the Fire and Police Retirement System.
 - c) \$17,235,660 to fund various capital improvement projects, including \$2,704,555 from 2003 Certificates of Participation, \$2,466,199 from Sewer Construction and Maintenance and \$2,189,247 from various Transportation funds.
- (6) \$4,410,759 was transferred from Internal Service Funds, of which, \$1,744,642 is a one time transfer to cover anticipated shortfall of revenues in the General Fund, \$1,360,754 funded various capital improvement projects, and \$1,168,594 represents residual cash balance at closing of 1992 Equipment Leasing Fund.

(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 workers' compensation claims are self-administered. For the period October 29, 2008 to June 30, 2010, excess liability insurance has been purchased with limits of \$20 million excess of a \$5 million self insured retention. No excess insurance for worker's compensation has been purchased.

Two worker's compensation claims from prior years, when the retention was \$500,000, have exceeded the excess level. Three worker's compensation claims from prior years, when the retention was \$250,000, have exceeded the excess level. No worker's compensation claims from prior years, when the retention was \$100,000, has exceeded the excess level. Two worker's compensation claims from prior years, when the retention was \$50,000, have exceeded the excess level. No workers' compensation injury which incurred this fiscal year is expected to exceed \$1,000,000 over the course of succeeding years.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(22) Self-Insurance, (Continued)

The Office of the City Attorney, primarily using staff counsel, controls litigated liability claims. Claims were processed for \$2.41 million (loss plus expense), within the historical disposition results on the type of incidents tracked, which tend to yield a defense verdict or settlement at a fraction of the exposure. There is 1 case pending which presents City with a high possibility of exposure to a liability loss in excess of \$1 million; no other pending liability claims appear to have adverse liability exposure and sufficient damages to develop into a “catastrophe” claim with verdict or settlement exceeding \$1 million.

Self-Insurance losses and administrative costs are reported in the General Liability and Workers’ Compensation Internal Service Funds. Losses incurred are reimbursed by departments over a period of time as part of an internal service assessment system. Legal expenses are reported in the City Attorney Department of the General Fund. A case reserve is established for each claim, monitored and adjusted by the Liability 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 \$1,182,227,520 with limits of \$1,000,000,000 per occurrence with certain sub limits, 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 19 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 \$25,000,000 of coverage. The City had a major Fire claim during the past year at the power plant, collecting an advance payment of \$6.3 million with the remainder of the loss still being evaluated.

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 sub limits, 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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(22) Self-Insurance, (Continued)

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 is one incident pending that is expected to be defended by an insurance company.

RBOC is entitled to indemnity from the City, and its losses are included in the City's general liability self-insurance program. RBOC carries statutory workers' compensation insurance with no retention. Brookside Golf Course is administered through RBOC, which has contracted with American Golf to operate the facility and the Club House. Major Rose Bowl tenants include the Pasadena Tournament of Roses, UCLA Football, and the R. G. Canning Swap Meet. Tenants provide insurance on behalf of the City to a varying extent. Some claims may be processed by American Golf or the tenants' insurance companies without beginning with a Claim for Damages against City, and are not included in the table below.

The claims liability reported in the General Liability and Workers' Compensation Internal Service Funds is based on the requirements of GASB Statement No. 10, which requires a liability for claims 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, 2010, claims payable amounted to \$24,666,276, of which \$11,648,472 is estimated to be paid within one year.

	Beginning Fiscal Year <u>Liability</u>	Current Year Claims and Prior Year Changes <u>in Estimates</u>	<u>Claim Payments</u>	Ending Fiscal Year <u>Liability</u>
2008-09	27,108,020	6,153,891	9,274,175	23,987,736
2009-10	\$23,987,736	9,350,858	8,672,317	24,666,276

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(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 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>2010</u>	<u>2009</u>
Assets, beginning of year (market value)	\$144,689,613	153,503,129
Deferrals of compensation	14,313,653	14,669,324
Earnings and adjustments to market value	11,788,556	(13,235,671)
Payments to eligible employees	<u>(7,667,244)</u>	<u>(10,247,169)</u>
Assets, end of year (market value)	<u>\$163,124,578</u>	<u>\$144,689,613</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(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 Pasadena Fire and Police Retirement System (FPRS) or California Public Employees' Retirement System (CalPERS). Both plans are defined benefit pension plans and are described individually in the following notes.

Pasadena Fire and Police Retirement System

Plan Description

FPRS is a single-employer defined benefit plan governed by a Retirement Board (Board) under provisions of the City Charter. The plan covers all fire and police personnel who were employed by the City prior to July 1, 1977, except for those who elected to transfer to CalPERS when the FPRS closed to new members in June 2004. In June 2004 active members were provided a one-time opportunity to transfer from the FPRS to CalPERS as provided by an agreement with the City. Once transferred to CalPERS, retirement benefits for all fire and police personnel employed thereafter are provided under CalPERS. The plan provides retirement, death and disability benefits. Copies of FPRS's annual financial report may be obtained from the Department of Finance, 100 North Garfield Avenue, 3rd Floor, Pasadena, California 91109. This annual financial report includes the required three-year trend information.

Funding Policy

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(24) Pension Plans, (Continued)

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 2010, the City's annual pension cost was \$5,766,000 for FPRS. The City's required and actual fiscal year contributions were \$14,039,000 and \$4,982,000 respectively. The required contribution was determined as part of the June 30, 2010 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 0.0%, 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 January 2, 2005. The payments in excess of the debenture were 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, 2010.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(24) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

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>
6/30/08	\$ 5,019	3,194	63.6%	45,860
6/30/09	3,630	956	26.3%	48,534
6/30/10	5,766	4,982	86.4%	49,318

<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	\$ 131,321	178,748	47,427	73.5%	179	26,506%
6/30/09	119,551	177,803	58,252	67.2%	0	N/A
6/30/10	109,740	166,096	56,356	66.1%	0	N/A

Changes in the Net Pension Obligation (NPO) during the fiscal year ended June 30, 2010 are as follows:

Beginning of year net pension obligation	\$48,534,000
Pension Cost:	
Annual required contribution	14,039,000
Interest on beginning of year NPO less interest on mid year City contribution	3,883,000
Amortization of beginning of year NPO	<u>(12,156,000)</u>
Total pension costs	5,766,000
Less: City contribution	<u>(4,982,000)</u>
End of year net pension obligation	<u>\$49,318,000</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(24) Pension Plans, (Continued)

California Public Employees' Retirement System

The City contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of CalPERS' 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, 2009 to June 30, 2010 has been determined by an actuarial valuation of the plan as of June 30, 2007. The contribution rate indicated for the period is 22.977% of payroll for the safety plan and 10.855% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2010, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2009 to June 30, 2010.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(24) Pension Plans, (Continued)

California Public Employees' Retirement System, (Continued)

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

	<u>Retirement Program</u>	<u>1959 Survivor Program</u>	
		<u>Misc. Plan</u>	<u>Safety Plan</u>
Valuation Date	June 30, 2007	N/A	June 30, 2007
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

Defined Benefit Pension Plan (CalPERS)

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(24) Pension Plans, (Continued)

California Public Employees' Retirement System, (Continued)

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, shown 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.

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 - Safety</i>							
06/30/07	285,822	238,041	47,781	83.3%	95.4%	40,138	119.0%
06/30/08	317,140	262,817	54,323	82.9%	83.5%	42,996	126.3%
06/30/09	352,610	283,880	68,730	80.5%	58.7%	45,516	151.0%
<i>Retirement Program - Miscellaneous</i>							
06/30/07	585,908	539,717	46,191	92.1%	106.8%	102,135	45.2%
06/30/08	638,095	579,068	59,027	90.7%	92.6%	111,186	53.1%
06/30/09	732,713	607,710	125,003	82.9%	60.6%	116,952	106.9%

*Information for the 6/30/10 disclosures was not available at the time of printing.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(24) Pension Plans, (Continued)

California Public Employees' Retirement System, (Continued)

Three-Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (Employer Contribution)</u>			<u>Net Pension Obligation</u>
	<u>Safety</u>	<u>Miscellaneous</u>	<u>Percentage of APC Contributed</u>	
6/30/08	12,228	9,283	100%	-
6/30/09	12,580	9,916	100%	-
6/30/10	12,566	10,459	100%	-

Defined Contribution Plan (PARS)

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, 2010, was \$3,083,374. Both the City and the covered employees made the total required 7.5% contributions of \$123,335 from the City and \$107,918 from the covered employees.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(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 seven "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.

A summary of the City of Pasadena "Take or Pay" contracts by project as of June 30, 2010, and its estimated contractual obligations through 2036, based on projected energy prices (in millions) are as follows:

	(in millions)						
	SCPPA Projects						
	IPA Project	Palo Verde	STS	Mead- Adelanto	Mead- Phoenix	Magnolia	Milford I
Bonds and Notes sold (outstanding)	\$ 2,642	90	901	191	61	367	237
Interest	<u>698</u>	<u>10</u>	<u>407</u>	<u>49</u>	<u>15</u>	<u>204</u>	<u>145</u>
Combined total debt service	3,340	100	1,308	240	76	571	382
City percentage	<u>6.0%</u>	<u>4.4%</u>	<u>5.9%</u>	<u>8.6%</u>	<u>13.8%</u>	<u>6.4%</u>	<u>2.5%</u>
City obligations	<u>\$ 200</u>	<u>4</u>	<u>77</u>	<u>21</u>	<u>10</u>	<u>37</u>	<u>10</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

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 Lynndyl, Utah. The City has two separate contracts with the IPA and certain Utah participants namely the Power Sales Entitlement contract and the Excess Sales contract which currently provide the City with a 108 MW (6%) entitlement in the facility. The City, through the Power Sales contract, is obligated for 79 MW or 4.409% of the generation. The Excess Sales Agreement with IPA, agent for the Utah Municipal Purchasers and the Cooperative Purchasers, entitles the City to an additional share of 29 megawatts or 1.591%. After accounting for transmission losses, the City receives approximately 103 MW of generating capacity. Approximately 750 GWh of energy are delivered to the City from IPP each year.

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, 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 ten 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 receives 9.9 MW or 4.400% of SCPPA's entitlement.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

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. The City is obligated for 75 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. SCPPA has executed an ownership agreement providing it with an 18.308% member-related ownership share in the Westwing-Mead project component, a 17.756% member-related ownership share in the Mead Substation project component and a 22.408% member-related ownership share in the Mead-Marketplace project component. The City has entered into a transmission service contract with SCPPA which obligates the City to pay the cost of its share of the transfer capability of 13.800% or 158 combined MW.

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

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 indenture cost share is 6.400% or 14.8 MW of base capacity.

Milford I Wind Project

In April 2007, the City approved participation in the Milford Wind Corridor Phase I, LLC Wind Generation Project, a new 200 MW wind generating facility to be constructed in Millard County, Utah and a power sales agreement with SCPPA for a 5 MW or 2.5% of 200 MW share of the project. The project serves the goals established by the City's Renewable Portfolio Standard for PWP and aids the City in achieving its environmental goals. The project began commercial operation in November 2009.

Natural Gas Development Project

In early 2004, Pasadena, along with eight other SCPPA members, responded to the market volatility of price and supply forecasts of natural gas. 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. 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.

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

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. In fiscal year 2010, PWP have received an average net gas flow deliveries of 222 MMBtu/day to the local power plant. Daily deliveries are expected to increase to 1,522 with 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. Pasadena's SCPPA partners in this project include the cities of Anaheim, Burbank, and Colton. The Barnett property, in its early stages of development, initially provided up to 250 MMBtu per day of gas at less than \$6 per MMBtu. However, additional capital development (drilling) of the property resulted in greater daily volumes available for participants. In fiscal year 2010, PWP received an average net gas flow deliveries of 687 MMBtu/day to the local power plant.

Prepaid Natural Gas Project

In October 2007, SCPPA and the City of Pasadena along with the Cities of Anaheim, Burbank, Colton, and Glendale 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 July 1, 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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

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 16.5% or an average daily quantity of 2,000 million British thermal units (MMBtu).

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, 2010, the City's Reserve for Stranded Investment fund balance was approximately \$138.1 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.

Additional financial information on the SCPPA may be obtained by contacting the City of Pasadena Water and Power Department at 150 South Los Robles, Suite 200, Pasadena, CA 91101.

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

Litigation

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

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.

(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, 2010 all the defeased debts had been paid.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(27) Debt Without Government Commitment – Primary Government

In April 2005 the City served as a conduit for the Collis P. and Howard Huntington Memorial Hospital Trust, a 501(c)3 public benefit corporation, for issuance of tax exempt bonds for approximately \$202 million to finance construction, expansion and modernization of hospital facilities, and advance refunding of Series 1996 Pasadena Hospital Association Certificates of Participation. The bonds have a maturity date of July 2035. Repayment of this obligation is the sole responsibility of the trust, not an obligation of the City, and is therefore excluded from the City's financial statements.

In August 2009 the City served as a conduit for Polytechnic School, a 501(c)3 non profit corporation for issuance of California Statewide Communities Development Authority Revenue Bonds, series 2009 in the aggregate principal amount not to exceed \$25 million for the purpose of financing the acquisition, construction, improvement and equipping of existing and new school facilities. The City of Pasadena does not bear any responsibility for the tax exempt status of the bonds, the debt service on the bonds or any other matter related to the bonds.

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 million and are due in December 2014. These are not obligations of the City, and are therefore excluded from the City's financial statements.

On November 13, 1997, the City issued \$13.3 million 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 (CFD) 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 not 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. Principal payments will commence in fiscal year 2021. As of June 30, 2010, the outstanding balance on the CFD Special Tax Bonds is \$8,865,000.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(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 \$105.00 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, 2010 the number of employees covered by the subsidy follows:

	\$23.50	\$105.00	
	Per Month	Per Month	
	<u>Group</u>	<u>Group</u>	<u>Total</u>
Active Participants	1,081	832	1,913
Participants receiving subsidy	<u>247</u>	<u>252</u>	<u>499</u>
Total	<u>1,328</u>	<u>1,084</u>	<u>2,412</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, 2010

(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, 2008, this monthly amount is \$105.00 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 \$105.00 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 third 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, 2010

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

	\$23.50 Per Month Group	\$105.00 Per Month Group	Total
Normal Cost	\$683,901	\$542,130	\$1,226,031
Amortization of UAAL *	<u>818,268</u>	<u>960,145</u>	<u>1,778,413</u>
Annual OPEB Cost	1,502,169	1,502,275	3,004,444
Contributions made	<u>189,055</u>	<u>149,865</u>	<u>338,920</u>
Increase in net OPEB obligation	1,313,114	1,352,410	2,665,524
Net OPEB obligation – beginning of year	<u>\$912,504</u>	<u>\$3,392,408</u>	<u>\$4,304,912</u>
Net OPEB obligation – end of year	<u>\$2,225,618</u>	<u>\$4,744,818</u>	<u>\$6,970,436</u>

*UAAL is amortized over an initial 30 years using the level-dollar method on a closed basis. The remaining period at June 30, 2010 is assumed to be 28 years.

Annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY 2010 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 \$23.50 per month benefit	6/30/10	\$1,502,169	12.59%	\$1,352,410
Groups receiving \$105.00 per month benefit	6/30/10	<u>1,502,275</u>	<u>9.98%</u>	<u>1,313,114</u>
Total	6/30/10	<u>\$3,004,444</u>	<u>11.28%</u>	<u>\$2,665,524</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

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

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2010 follows:

	\$23.50 Per Month Group	\$105.00 Per Month Group	Total
Actuarial accrued liability	\$14,180,248	\$16,638,908	\$30,819,156
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability	\$14,180,248	\$16,638,908	\$30,819,156
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.

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.
Future Mutual Price Inflator:	4.0% per year
Pre-retirement Turnover:	Utilizing CalPERS 2009 experience study rates
Pre-retirement Mortality:	Utilizing CalPERS 2009 experience study rates
Post-retirement Mortality:	Utilizing CalPERS 2009 experience study rates
Disability Rates:	Utilizing CalPERS 2009 experience study rates
Retirement Rates:	Utilizing CalPERS 2009 experience study rates

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(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 retire based on rates varying by age and/or service.

Percentage married at Retirement:

50% of miscellaneous active members assumed married at retirement. 65% of safety active members assumed married at retirement.

Spouse Ages:

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

Medical Coverage Elections:

60% of retiring members are assumed to elect coverage.

Implicit Subsidy:

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, 2010

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

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial 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%	154,261,000	15.4%
6/30/09	\$0	\$23,321,751	\$23,321,751	0%	162,467,648	14.4%
6/30/10	\$0	\$30,819,908	\$30,819,156	0%	160,705,028	19.2%

(29) Pledged Revenue

The City and its component units have a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debit issuances were utilized are disclosed in the debt descriptions of the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service of pledged revenues for the remainder of the term of the commitments:

<u>Description of Pledged Revenue</u>	<u>Annual Amount of Pledged Revenue (net of expenses) (in thousands)</u>	<u>Annual Debt Services Payment (in thousands)</u>	<u>Debt Services as a Percentage of Pledged Revenue</u>
Tax Increment (Downtown)	\$20,333	\$19,437	96%
Tax Increment (Other Projects)	8,249	1,615	20%
Light & Power Revenues	56,392	15,114	27%
Water Revenues	15,120	4,956	33%

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(30) Restatement of Beginning Net Assets

Discretely Presented Component Units

The accompanying financial statements reflect adjustments that resulted in the restatement of beginning net assets of Pasadena Center Operating Company, a component unit.

Net Assets at the beginning of the year have been restated to reflect the implementation of GASB Statement No. 53 related to Derivatives as follows:

Pasadena Center Operating Company

Net assets at June 30, 2009, as previously reported	\$21,292,045
Accumulated amortization of deferred refunding charge on defeased debt due to implementation of GASB Statement No. 53	<u>(400,957)</u>
Net assets at June 30, 2009, as restated	<u>\$20,891,088</u>

(31) Implementation of New Accounting Principles

During fiscal year 2010, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets. This Statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The City also adopted the provisions of GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. This Statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(32) Proposition 1A Borrowing by the State of California

Under Proposition 1A, the State has the right to suspend Proposition 1A to borrow up to 8% of a City's property tax proceeds if a financial emergency is declared. Such an emergency was declared when the State adopted its budget on July 28, 2009. The State can only suspend Proposition 1A twice in 10 years, and must repay the loan with interest in 3 years prior to any future borrowings. The interest rate that will be paid on this loan was set at 2%.

In lieu of loaning money directly to the State, and assuming the risk associated with that, the City elected to participate in the Proposition 1A Securitization Program, a state wide borrowing by California Statewide Communities Development Authority ("California Communities"). California Communities is a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. The City of Pasadena sold its Proposition 1A receivable under this program and California Communities pledged the City of Pasadena's Proposition 1A receivable to secure the repayment of a corresponding amount of the Prop 1A Bonds. The City's sale of its Prop 1A receivable is irrevocable. Bondholders have no recourse to the City if the State does not make the Proposition 1A repayment. The Securitization option was presented to the City of Pasadena Council for review and approved on October 26, 2009. The amount of this borrowing for the City of Pasadena was \$4,738,406.

(33) Subsequent Events

Refunding of Electric Revenue/Refunding Bonds, 2002 Series

On July 19, 2010, the City issued its City of Pasadena Electric Revenue Refunding Bonds, 2010A Series ("the Bonds") in the amount of \$36,320,000. The Bonds were issued to refund a portion of the outstanding 2002 Electric Revenue bonds and pay the costs of issuance of the bonds. Interest on the Bonds is payable semi-annually on June 1 and December 1 commencing with December 1, 2010. The rate of interest varies from 2.0% to 4.0% per annum. Principal is payable in annual installments ranging from \$180,000 to \$5,000,000 commencing on June 1, 2011 and ending on June 1, 2021.

Issuance of Pasadena Public Financing Authority Lease Revenue Bonds, Series 2010A-D

On October 11, 2010, the City Council approved and authorized the issuance of Pasadena Public Financing Authority Lease Revenue Bonds, Series 2010A-D ("the 2010 Bonds") in the amount of \$163,000,000. The 2010 Bonds are being issued to finance improvements to the Rose Bowl Stadium, to fund capitalized interest on a portion of the 2010 Bonds, to

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2010

(33) Subsequent Events, (Continued)

fund a Bond Reserve Fund, and to pay the costs of issuance of the 2010 Bonds. The 2010 Bonds were issued on November 17, 2010 with an effective closing date of November 23, 2010.

Issuance of City of Pasadena Water Revenue Bonds

On October 25, 2010, the City Council approved issuance of Water Revenue Bonds 2010A Series, in the amount of \$30,000,000, and 2010B Series, in the amount of \$31,265,000. The City Council approved the 2010A Bonds to finance the costs of acquisition and construction of certain capital improvements to the Water System, to make an additional deposit to the Parity Reserve Fund, and to pay costs of issuance of the 2010A Bonds. The City Council approved the 2010B Bonds to refund a portion of the City's Water Revenue and Refunding Bonds, 2003 Series to the extent it is economically feasible, and to pay costs of issuance of the 2010B Bonds.

As a result of increased interest rates, the City will not proceed with the initially proposed 2010B Refunding Bonds. In December 2010, the City will issue \$30,000,000 in Series A & B Bonds, to finance the cost of acquisition and construction of certain capital improvements to the Water System.

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CITY OF PASADENA

Notes to the Required Supplementary Information

Year Ended June 30, 2010

(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, 2010:

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
General Fund:			
General government			
City Manager	2,667,217	2,787,058	(119,841)
Non-departmental	9,835,348	12,973,374	(3,138,026)
Community development			
Planning and Permitting	12,439,417	12,761,323	(321,906)

CITY OF PASADENA

Notes to the Required Supplementary Information

Year Ended June 30, 2010

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Special Revenue Funds:			
Donated Funds	-	155,904	(155,904)

The general government, City Manager departmental expenditures, exceeded appropriations by \$119,841 as the result of an unbudgeted personnel costs.

The general government, non-departmental expenditures exceeded appropriations due to \$3,138,026 of the expenditures being for billable projects which do not typically have budgets.

The Community Development, Planning and Permitting department expenditures, exceeded appropriations by \$321,906 primarily in the area of personnel costs. The department did not have sufficient vacancies throughout the fiscal year as was originally anticipated.

Donated Funds do not budget for spending of donated funding which was given with certain restrictions. As appropriate opportunities arise this funding is utilized.

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CITY OF PASADENA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2010

	<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	\$ 124,118,881	124,118,881	112,030,511	(12,088,370)	119,771,602
Licenses and permits	2,104,439	2,104,439	2,640,177	535,738	2,360,182
Intergovernmental revenues	12,853,122	13,661,528	14,004,673	343,145	13,745,985
Charges for services	28,825,877	28,962,512	32,734,949	3,772,437	34,523,301
Fines and forfeits	8,318,560	8,348,010	5,135,244	(3,212,766)	8,844,377
Investment earnings	20,906,695	24,136,695	24,136,783	88	21,922,550
Net change in fair value of investments	-	-	278,208	278,208	167,106
Rental income	1,414,246	1,414,246	1,010,973	(403,273)	1,425,723
Miscellaneous revenues	2,012,705	2,015,205	2,441,828	426,623	2,394,249
Total revenues	<u>200,554,525</u>	<u>204,761,516</u>	<u>194,413,346</u>	<u>(10,348,170)</u>	<u>205,155,075</u>
Expenditures:					
Current:					
General government:					
City Attorney/City Prosecutor	6,338,232	6,338,232	6,075,579	262,653	6,662,307
City Clerk	1,453,594	1,458,101	1,409,502	48,599	1,900,409
City Council	1,900,493	1,915,150	1,961,143	(45,993)	1,898,717
City Manager	2,667,217	2,667,217	2,787,058	(119,841)	3,445,147
Finance	10,080,528	10,055,920	8,980,605	1,075,315	9,545,682
Human Resources	2,974,538	2,881,538	2,676,936	204,602	2,914,047
Non-departmental	8,750,107	9,835,348	12,973,374	(3,138,026)	8,443,192
Public safety:					
Fire	39,846,364	40,056,843	38,579,680	1,477,163	39,667,385
Police	58,424,152	60,652,569	59,587,577	1,064,992	59,789,658
Transportation:					
Public Works and Transportation	25,238,363	26,115,169	22,370,798	3,744,371	26,337,739
Culture and leisure:					
Human Services, Recreation and Neighborhoods	9,684,842	9,596,251	9,007,077	589,174	9,648,720
Non-departmental - PCOC	4,924,458	4,924,458	4,281,340	643,118	4,579,853
Community development:					
Planning and Permitting	9,088,436	12,439,417	12,761,323	(321,906)	9,990,270
Total expenditures	<u>181,371,324</u>	<u>188,936,213</u>	<u>183,451,992</u>	<u>5,484,221</u>	<u>184,823,126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,183,201</u>	<u>15,825,303</u>	<u>10,961,354</u>	<u>(4,863,949)</u>	<u>20,331,949</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	331,944
Transfers in	22,447,632	24,699,844	30,055,525	5,355,681	18,007,072
Transfers out	(47,679,265)	(48,445,637)	(48,222,735)	222,902	(48,213,053)
Total other financing sources (uses)	<u>(25,231,633)</u>	<u>(23,745,793)</u>	<u>(18,167,210)</u>	<u>5,578,583</u>	<u>(29,874,037)</u>
Change in fund balances	(6,048,432)	(7,920,490)	(7,205,856)	714,634	(9,542,088)
Fund balances at beginning of year	<u>60,383,043</u>	<u>60,383,043</u>	<u>60,383,043</u>	<u>-</u>	<u>69,925,131</u>
Fund balances at end of year	<u>\$ 54,334,611</u>	<u>52,462,553</u>	<u>53,177,187</u>	<u>714,634</u>	<u>60,383,043</u>

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SUPPLEMENTARY INFORMATION

CITY OF PASADENA
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2010

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals	
					2010	2009
<u>Assets</u>						
Cash and investments	\$ 61,669,979	53,698,513	22,550,311	1,232,085	139,150,888	163,953,071
Accounts receivable	7,616,853	-	471,744	1,073	8,089,670	6,887,703
Less allowance for uncollectible amounts	(27,112)	-	-	-	(27,112)	(29,091)
Notes receivable	29,370,419	-	7,331,498	-	36,701,917	33,902,818
Due from other funds	53,060	-	1,350,470	-	1,403,530	1,421,701
Advances to other funds	17,449,050	-	10,893,116	-	28,342,166	28,126,737
Allowance for uncollectible long-term receivables	(23,756,854)	-	(11,073,502)	-	(34,830,356)	(33,926,293)
Property held for resale	7,438,977	-	3,200,000	-	10,638,977	7,438,977
	<u>\$ 99,814,372</u>	<u>53,698,513</u>	<u>34,723,637</u>	<u>1,233,158</u>	<u>189,469,680</u>	<u>207,775,623</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 3,539,749	150,049	167,927	550	3,858,275	4,142,134
Deposits	322,463	-	-	-	322,463	309,733
Due to other funds	3,899,120	-	1,375,686	-	5,274,806	3,581,723
Deferred revenue	3,196,368	-	-	-	3,196,368	3,047,007
Advances from other funds	238,868	-	5,073,708	-	5,312,576	5,291,590
	<u>11,196,568</u>	<u>150,049</u>	<u>6,617,321</u>	<u>550</u>	<u>17,964,488</u>	<u>16,372,187</u>
Fund balances:						
Reserved for:						
Encumbrances	2,242,191	-	285,531	-	2,527,722	8,808,781
Notes receivable	29,370,419	-	7,331,498	-	36,701,917	33,902,818
Advances to other funds	-	-	8,107,758	-	8,107,758	8,232,924
Property held for resale	7,438,977	-	3,200,000	-	10,638,977	7,438,977
Debt service	-	53,548,464	-	-	53,548,464	53,853,247
Unreserved, reported in:						
Special revenue funds	49,566,217	-	-	-	49,566,217	48,859,373
Capital projects funds	-	-	9,181,529	-	9,181,529	29,102,475
Permanent funds	-	-	-	1,232,608	1,232,608	1,204,841
	<u>88,617,804</u>	<u>53,548,464</u>	<u>28,106,316</u>	<u>1,232,608</u>	<u>171,505,192</u>	<u>191,403,436</u>
Total fund balances	<u>88,617,804</u>	<u>53,548,464</u>	<u>28,106,316</u>	<u>1,232,608</u>	<u>171,505,192</u>	<u>191,403,436</u>
Total liabilities and fund balances	<u>\$ 99,814,372</u>	<u>53,698,513</u>	<u>34,723,637</u>	<u>1,233,158</u>	<u>189,469,680</u>	<u>207,775,623</u>

CITY OF PASADENA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals	
					2010	2009
Revenues:						
Taxes	\$ 7,971,975	-	5,168,014	-	13,139,989	13,223,409
Licenses and permits	4,097,095	-	-	-	4,097,095	4,775,737
Intergovernmental revenues	37,681,602	-	-	-	37,681,602	39,444,490
Charges for services	8,674,018	-	67,829	-	8,741,847	8,253,545
Investment earnings	1,135,822	1,317,583	618,588	24,527	3,096,520	5,128,724
Net change in fair value of investments	199,969	162,281	(11,884)	4,155	354,521	839,123
Rental income	2,413,628	-	1,262,804	-	3,676,432	3,851,461
Miscellaneous revenues	3,656,239	-	189,176	-	3,845,415	3,930,833
Contributions	20,125	-	287,722	-	307,847	4,857,081
Total revenues	65,850,473	1,479,864	7,582,249	28,682	74,941,268	84,304,403
Expenditures:						
Current:						
General government	-	24,692	87,051	-	111,743	1,016,837
Public safety	2,910,849	-	-	-	2,910,849	3,061,260
Transportation	10,666,993	-	-	-	10,666,993	10,566,182
Sanitation	3,697,150	-	-	-	3,697,150	4,060,775
Health	11,049,228	-	-	-	11,049,228	11,471,282
Culture and leisure	11,865,369	-	-	915	11,866,284	12,707,289
Community development	26,790,598	-	8,907,233	-	35,697,831	32,125,596
Capital outlay	-	-	12,045	-	12,045	39,320
Debt service:						
Principal retirement	280,000	18,080,074	-	-	18,360,074	83,984,040
Interest	64,093	12,567,999	3,371,552	-	16,003,644	12,306,486
Total expenditures	67,324,280	30,672,765	12,377,881	915	110,375,841	171,339,067
Excess (deficiency) of revenues over (under) expenditures	(1,473,807)	(29,192,901)	(4,795,632)	27,767	(35,434,573)	(87,034,664)
Other financing sources (uses):						
Issuance of long-term debt	-	-	-	-	-	79,699,999
Transfers in	14,800,893	41,317,855	3,321,381	-	59,440,129	120,286,719
Transfers out	(16,139,197)	(17,441,817)	(10,322,786)	-	(43,903,800)	(91,466,295)
Total other financing sources (uses)	(1,338,304)	23,876,038	(7,001,405)	-	15,536,329	108,520,423
Change in fund balances	(2,812,111)	(5,316,863)	(11,797,037)	27,767	(19,898,244)	21,485,759
Fund balances at beginning of year	91,429,915	58,865,327	39,903,353	1,204,841	191,403,436	169,917,677
Fund balances at end of year	\$ 88,617,804	53,548,464	28,106,316	1,232,608	171,505,192	191,403,436

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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, 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, 1990 and 2008, 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.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

(Continued)

Parking Fund - to account for revenue derived from on-off street parking, zoning credits, parking and business improvement tax, parking space rental and leases, and on-street parking meters.

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 donated to the City 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, 2010

	Public		Building	Sewer	Underground	
	Safety	Health	Services	Construction	Utilities	Transportation
Assets				and		
				Maintenance		
Cash and investments	\$ 1,060,011	54,768	-	3,707,548	30,184,690	8,003,015
Accounts receivable	1,562,226	2,518,587	21,032	574,308	249,025	1,018,101
Less allowance for uncollectible amounts	-	-	-	(9,434)	(17,678)	-
Notes receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Allowance for uncollectible long-term receivables	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Total assets	<u>\$ 2,622,237</u>	<u>2,573,355</u>	<u>21,032</u>	<u>4,272,422</u>	<u>30,416,037</u>	<u>9,021,116</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 49,893	405,649	7,077	8,650	-	1,018,954
Deposits	-	-	303,284	-	-	-
Due to other funds	1,248,655	-	1,335,569	-	-	48,128
Deferred revenue	800,720	1,535,184	-	-	-	158,108
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>2,099,268</u>	<u>1,940,833</u>	<u>1,645,930</u>	<u>8,650</u>	<u>-</u>	<u>1,225,190</u>
Fund balances:						
Reserved for:						
Encumbrances	-	-	-	22,238	-	23,988
Notes receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds designated for						
special fund purposes and undesignated	<u>522,969</u>	<u>632,522</u>	<u>(1,624,898)</u>	<u>4,241,534</u>	<u>30,416,037</u>	<u>7,771,938</u>
Total fund balances (deficit)	<u>522,969</u>	<u>632,522</u>	<u>(1,624,898)</u>	<u>4,263,772</u>	<u>30,416,037</u>	<u>7,795,926</u>
Total liabilities and fund balances	<u>\$ 2,622,237</u>	<u>2,573,355</u>	<u>21,032</u>	<u>4,272,422</u>	<u>30,416,037</u>	<u>9,021,116</u>

Human Services Endowment	Library	Parking	Air Quality Improvement	Housing and Community Development	Donated Funds	Low and Moderate Income Housing	Totals	
							2010	2009
1,138,921	1,056,049	3,188,514	-	1,751,978	2,180,259	9,344,226	61,669,979	66,384,551
2,855	78,172	34,755	42,715	1,512,850	2,227	-	7,616,853	6,417,426
-	-	-	-	-	-	-	(27,112)	(29,091)
-	-	-	-	6,634,511	-	22,735,908	29,370,419	26,445,670
-	-	-	-	-	-	53,060	53,060	16,850
-	-	-	-	17,449,050	-	-	17,449,050	17,294,143
-	-	-	-	(23,756,854)	-	-	(23,756,854)	(22,912,829)
-	-	-	-	-	-	7,438,977	7,438,977	7,438,977
<u>1,141,776</u>	<u>1,134,221</u>	<u>3,223,269</u>	<u>42,715</u>	<u>3,591,535</u>	<u>2,182,486</u>	<u>39,572,171</u>	<u>99,814,372</u>	<u>101,055,697</u>
9,833	309,748	27,682	-	1,454,469	6,808	240,986	3,539,749	3,728,571
-	2,685	10,300	-	6,194	-	-	322,463	309,733
-	-	722,418	12,409	531,941	-	-	3,899,120	2,181,037
-	27,668	-	-	674,688	-	-	3,196,368	3,047,007
-	-	-	-	238,868	-	-	238,868	359,434
<u>9,833</u>	<u>340,101</u>	<u>760,400</u>	<u>12,409</u>	<u>2,906,160</u>	<u>6,808</u>	<u>240,986</u>	<u>11,196,568</u>	<u>9,625,782</u>
-	64,759	-	-	-	-	2,131,206	2,242,191	8,685,895
-	-	-	-	6,634,511	-	22,735,908	29,370,419	26,445,670
-	-	-	-	-	-	7,438,977	7,438,977	7,438,977
<u>1,131,943</u>	<u>729,361</u>	<u>2,462,869</u>	<u>30,306</u>	<u>(5,949,136)</u>	<u>2,175,678</u>	<u>7,025,094</u>	<u>49,566,217</u>	<u>48,859,373</u>
<u>1,131,943</u>	<u>794,120</u>	<u>2,462,869</u>	<u>30,306</u>	<u>685,375</u>	<u>2,175,678</u>	<u>39,331,185</u>	<u>88,617,804</u>	<u>91,429,915</u>
<u>1,141,776</u>	<u>1,134,221</u>	<u>3,223,269</u>	<u>42,715</u>	<u>3,591,535</u>	<u>2,182,486</u>	<u>39,572,171</u>	<u>99,814,372</u>	<u>101,055,697</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, 2010

	Public		Building	Sewer	Underground	
	Safety	Health	Services	Construction	Utilities	Transportation
	Safety	Health	Services	and Maintenance	Utilities	Transportation
Revenues:						
Taxes	\$ -	680,644	-	-	5,026,086	-
Licenses and permits	-	713,620	3,383,475	-	-	-
Intergovernmental revenues	3,048,381	7,663,427	-	-	-	8,923,141
Charges for services	-	777,661	-	6,503,419	-	839,973
Investment earnings	9,480	-	(16,715)	71,741	579,584	179,871
Net change in fair value of investment	1,632	-	(342)	9,930	99,477	42,301
Rental income	-	-	-	-	-	-
Miscellaneous revenues	1,508	131,291	3,773	3,500	-	1,598,401
Contributions	-	-	-	-	-	-
Total revenues	<u>3,061,001</u>	<u>9,966,643</u>	<u>3,370,191</u>	<u>6,588,590</u>	<u>5,705,147</u>	<u>11,583,687</u>
Expenditures:						
Current:						
Public safety	2,910,849	-	-	-	-	-
Transportation	-	-	-	-	41,225	8,394,358
Sanitation	-	-	-	3,697,150	-	-
Health	-	11,049,228	-	-	-	-
Culture and leisure	-	-	-	-	-	-
Community development	-	-	4,907,434	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>2,910,849</u>	<u>11,049,228</u>	<u>4,907,434</u>	<u>3,697,150</u>	<u>41,225</u>	<u>8,394,358</u>
Excess (deficiency) of revenues over (under) expenditures	<u>150,152</u>	<u>(1,082,585)</u>	<u>(1,537,243)</u>	<u>2,891,440</u>	<u>5,663,922</u>	<u>3,189,329</u>
Other financing sources (uses):						
Issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	1,968,946	-	-	-	393,333
Transfers out	-	(200,000)	(113,305)	(2,931,591)	(3,522,254)	(5,809,765)
Total other financing sources (uses)	<u>-</u>	<u>1,768,946</u>	<u>(113,305)</u>	<u>(2,931,591)</u>	<u>(3,522,254)</u>	<u>(5,416,432)</u>
Change in fund balances	150,152	686,361	(1,650,548)	(40,151)	2,141,668	(2,227,103)
Fund balances (deficit) at beginning of year	<u>372,817</u>	<u>(53,839)</u>	<u>25,650</u>	<u>4,303,923</u>	<u>28,274,369</u>	<u>10,023,029</u>
Fund balances (deficit) at end of year	<u>\$ 522,969</u>	<u>632,522</u>	<u>(1,624,898)</u>	<u>4,263,772</u>	<u>30,416,037</u>	<u>7,795,926</u>

Human Services Endowment	Library	Parking	Air Quality Improvement	Housing and Community Development	Donated Funds	Low and Moderate Income Housing	Totals	
							2010	2009
-	2,249,604	15,641	-	-	-	-	7,971,975	8,232,642
-	-	-	-	-	-	-	4,097,095	4,775,737
-	77,434	-	171,091	17,722,479	-	75,649	37,681,602	39,444,490
-	97,129	455,836	-	-	-	-	8,674,018	8,086,240
24,053	10,851	50,117	-	24,378	43,520	158,942	1,135,822	1,988,434
4,359	(2,727)	8,792	-	3,215	7,710	25,622	199,969	366,552
-	6,286	2,229,684	-	85,184	-	92,474	2,413,628	2,525,611
-	123,411	-	-	469,934	57,244	1,267,177	3,656,239	3,845,328
-	-	-	-	-	20,125	-	20,125	37,050
<u>28,412</u>	<u>2,561,988</u>	<u>2,760,070</u>	<u>171,091</u>	<u>18,305,190</u>	<u>128,599</u>	<u>1,619,864</u>	<u>65,850,473</u>	<u>69,302,084</u>
-	-	-	-	-	-	-	2,910,849	3,061,260
-	-	2,231,410	-	-	-	-	10,666,993	10,566,182
-	-	-	-	-	-	-	3,697,150	4,060,775
-	-	-	-	-	-	-	11,049,228	11,471,282
123,128	11,586,337	-	-	-	155,904	-	11,865,369	12,704,220
-	-	-	-	18,448,671	-	3,434,493	26,790,598	27,054,294
-	-	-	-	280,000	-	-	280,000	260,000
-	-	-	-	64,093	-	-	64,093	131,280
<u>123,128</u>	<u>11,586,337</u>	<u>2,231,410</u>	<u>-</u>	<u>18,792,764</u>	<u>155,904</u>	<u>3,434,493</u>	<u>67,324,280</u>	<u>69,309,293</u>
<u>(94,716)</u>	<u>(9,024,349)</u>	<u>528,660</u>	<u>171,091</u>	<u>(487,574)</u>	<u>(27,305)</u>	<u>(1,814,629)</u>	<u>(1,473,807)</u>	<u>(7,209)</u>
-	-	-	-	-	-	-	-	232,380
-	9,372,824	149,671	-	-	-	2,916,119	14,800,893	15,825,380
-	(103,884)	(788,748)	(177,328)	(34,820)	-	(2,457,502)	(16,139,197)	(8,731,493)
-	<u>9,268,940</u>	<u>(639,077)</u>	<u>(177,328)</u>	<u>(34,820)</u>	<u>-</u>	<u>458,617</u>	<u>(1,338,304)</u>	<u>7,326,267</u>
<u>(94,716)</u>	<u>244,591</u>	<u>(110,417)</u>	<u>(6,237)</u>	<u>(522,394)</u>	<u>(27,305)</u>	<u>(1,356,012)</u>	<u>(2,812,111)</u>	<u>7,319,058</u>
<u>1,226,659</u>	<u>549,529</u>	<u>2,573,286</u>	<u>36,543</u>	<u>1,207,769</u>	<u>2,202,983</u>	<u>40,687,197</u>	<u>91,429,915</u>	<u>84,110,857</u>
<u>1,131,943</u>	<u>794,120</u>	<u>2,462,869</u>	<u>30,306</u>	<u>685,375</u>	<u>2,175,678</u>	<u>39,331,185</u>	<u>88,617,804</u>	<u>91,429,915</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, 2010

	<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:					
Intergovernmental revenues	\$ 1,871,603	3,054,554	3,048,381	(6,173)	2,714,490
Investment earnings	20,600	20,600	9,480	(11,120)	15,229
Net change in fair value of investments	-	-	1,632	1,632	2,301
Miscellaneous revenues	-	-	1,508	1,508	704
Total revenues	<u>1,892,203</u>	<u>3,075,154</u>	<u>3,061,001</u>	<u>(14,153)</u>	<u>2,732,724</u>
Expenditures:					
Current:					
Public safety	<u>2,488,524</u>	<u>5,158,276</u>	<u>2,910,849</u>	<u>2,247,427</u>	<u>3,061,260</u>
Total expenditures	<u>2,488,524</u>	<u>5,158,276</u>	<u>2,910,849</u>	<u>2,247,427</u>	<u>3,061,260</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(596,321)</u>	<u>(2,083,122)</u>	<u>150,152</u>	<u>2,233,274</u>	<u>(328,536)</u>
Change in fund balances	(596,321)	(2,083,122)	150,152	2,233,274	(328,536)
Fund balance at beginning of year	<u>372,817</u>	<u>372,817</u>	<u>372,817</u>	<u>-</u>	<u>701,353</u>
Fund balance at end of year	<u>\$ (223,504)</u>	<u>(1,710,305)</u>	<u>522,969</u>	<u>2,233,274</u>	<u>372,817</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, 2010

	<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	\$ 696,770	661,744	680,644	18,900	723,742
Licenses and permits	768,094	768,094	713,620	(54,474)	579,070
Intergovernmental revenues	8,316,576	7,981,958	7,663,427	(318,531)	7,956,416
Charges for services	708,431	693,260	777,661	84,401	621,966
Miscellaneous revenues	421,324	421,324	131,291	(290,033)	8,208
Total revenues	<u>10,911,195</u>	<u>10,526,380</u>	<u>9,966,643</u>	<u>(559,737)</u>	<u>9,889,402</u>
Expenditures:					
Current:					
Health	<u>12,117,881</u>	<u>12,117,881</u>	<u>11,049,228</u>	<u>1,068,653</u>	<u>11,471,282</u>
Total expenditures	<u>12,117,881</u>	<u>12,117,881</u>	<u>11,049,228</u>	<u>1,068,653</u>	<u>11,471,282</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,206,686)</u>	<u>(1,591,501)</u>	<u>(1,082,585)</u>	<u>508,916</u>	<u>(1,581,880)</u>
Other financing sources (uses):					
Transfers in	1,584,131	1,953,775	1,968,946	15,171	2,327,803
Transfers out	-	-	(200,000)	(200,000)	-
Total other financing sources (uses)	<u>1,584,131</u>	<u>1,953,775</u>	<u>1,768,946</u>	<u>(184,829)</u>	<u>2,327,803</u>
Change in fund balances	377,445	362,274	686,361	324,087	745,923
Fund balance at beginning of year	<u>(53,839)</u>	<u>(53,839)</u>	<u>(53,839)</u>	<u>-</u>	<u>(799,762)</u>
Fund balance (deficit) at end of year	<u>\$ 323,606</u>	<u>308,435</u>	<u>632,522</u>	<u>324,087</u>	<u>(53,839)</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, 2010

	<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:					
Licenses and permits	\$ 4,173,098	4,173,098	3,383,475	(789,623)	4,196,667
Investment earnings	60,000	60,000	(16,715)	(76,715)	75,811
Net change in fair value of investments	-	-	(342)	(342)	(3,549)
Miscellaneous revenues	-	-	3,773	3,773	2,054
Total revenues	<u>4,233,098</u>	<u>4,233,098</u>	<u>3,370,191</u>	<u>(862,907)</u>	<u>4,270,983</u>
Expenditures:					
Current:					
Community development	<u>5,962,930</u>	<u>6,515,923</u>	<u>4,907,434</u>	<u>1,608,489</u>	<u>6,948,075</u>
Total expenditures	<u>5,962,930</u>	<u>6,515,923</u>	<u>4,907,434</u>	<u>1,608,489</u>	<u>6,948,075</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,729,832)</u>	<u>(2,282,825)</u>	<u>(1,537,243)</u>	<u>745,582</u>	<u>(2,677,092)</u>
Other financing sources (uses):					
Transfers out	<u>-</u>	<u>(480,199)</u>	<u>(113,305)</u>	<u>366,894</u>	<u>(71,840)</u>
Total other financing sources (uses)	<u>-</u>	<u>(480,199)</u>	<u>(113,305)</u>	<u>366,894</u>	<u>(71,840)</u>
Change in fund balances	(1,729,832)	(2,763,024)	(1,650,548)	1,112,476	(2,748,932)
Fund balance at beginning of year	<u>25,650</u>	<u>25,650</u>	<u>25,650</u>	<u>-</u>	<u>2,774,582</u>
Fund balance (deficit) at end of year	<u>\$ (1,704,182)</u>	<u>(2,737,374)</u>	<u>(1,624,898)</u>	<u>1,112,476</u>	<u>25,650</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, 2010

	<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:					
Charges for services	\$ 7,291,033	6,824,233	6,503,419	(320,814)	6,684,563
Investment earnings	132,816	132,816	71,741	(61,075)	117,751
Net change in fair value of investments	-	-	9,930	9,930	25,721
Miscellaneous revenues	-	-	3,500	3,500	1,500
Total revenues	<u>7,423,849</u>	<u>6,957,049</u>	<u>6,588,590</u>	<u>(368,459)</u>	<u>6,829,535</u>
Expenditures:					
Current:					
Sanitation	<u>4,152,467</u>	<u>3,951,613</u>	<u>3,697,150</u>	<u>254,463</u>	<u>4,060,775</u>
Total expenditures	<u>4,152,467</u>	<u>3,951,613</u>	<u>3,697,150</u>	<u>254,463</u>	<u>4,060,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,271,382</u>	<u>3,005,436</u>	<u>2,891,440</u>	<u>(113,996)</u>	<u>2,768,760</u>
Other financing sources (uses):					
Transfers out	<u>(3,047,879)</u>	<u>(2,856,180)</u>	<u>(2,931,591)</u>	<u>(75,411)</u>	<u>(2,140,411)</u>
Total other financing sources (uses)	<u>(3,047,879)</u>	<u>(2,856,180)</u>	<u>(2,931,591)</u>	<u>(75,411)</u>	<u>(2,140,411)</u>
Change in fund balances	223,503	149,256	(40,151)	(189,407)	628,349
Fund balance at beginning of year	<u>4,303,923</u>	<u>4,303,923</u>	<u>4,303,923</u>	<u>-</u>	<u>3,675,574</u>
Fund balance at end of year	<u>\$ 4,527,426</u>	<u>4,453,179</u>	<u>4,263,772</u>	<u>(189,407)</u>	<u>4,303,923</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, 2010

	<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	\$ 5,012,118	5,012,118	5,026,086	13,968	5,265,094
Investment earnings	1,091,772	1,091,772	579,584	(512,188)	871,505
Net change in fair value of investments	-	-	99,477	99,477	178,188
Total revenues	<u>6,103,890</u>	<u>6,103,890</u>	<u>5,705,147</u>	<u>(398,743)</u>	<u>6,314,787</u>
Expenditures:					
Current:					
Transportation	<u>41,225</u>	<u>41,225</u>	<u>41,225</u>	<u>-</u>	<u>39,640</u>
Total expenditures	<u>41,225</u>	<u>41,225</u>	<u>41,225</u>	<u>-</u>	<u>39,640</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,062,665</u>	<u>6,062,665</u>	<u>5,663,922</u>	<u>(398,743)</u>	<u>6,275,147</u>
Other financing sources (uses):					
Transfers out	<u>(7,875,560)</u>	<u>(7,875,560)</u>	<u>(3,522,254)</u>	<u>4,353,306</u>	<u>(2,551,462)</u>
Total other financing sources (uses)	<u>(7,875,560)</u>	<u>(7,875,560)</u>	<u>(3,522,254)</u>	<u>4,353,306</u>	<u>(2,551,462)</u>
Change in fund balances	(1,812,895)	(1,812,895)	2,141,668	3,954,563	3,723,685
Fund balance at beginning of year	<u>28,274,369</u>	<u>28,274,369</u>	<u>28,274,369</u>	<u>-</u>	<u>24,550,684</u>
Fund balance at end of year	<u>\$ 26,461,474</u>	<u>26,461,474</u>	<u>30,416,037</u>	<u>3,954,563</u>	<u>28,274,369</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, 2010

	<u>Budget</u>		<u>Actual</u>	Variance with	Prior
	<u>Original</u>	<u>Final</u>		Final Budget	Year
				Positive (Negative)	Actual
Revenues:					
Intergovernmental revenues	\$ 7,337,811	7,337,811	8,923,141	1,585,330	10,309,510
Charges for services	859,800	859,800	839,973	(19,827)	-
Investment earnings	404,597	404,597	179,871	(224,726)	280,679
Net change in fair value of investments	-	-	42,301	42,301	53,135
Miscellaneous revenues	1,524,426	1,524,426	1,598,401	73,975	1,319,274
Total revenues	<u>10,126,634</u>	<u>10,126,634</u>	<u>11,583,687</u>	<u>1,457,053</u>	<u>11,962,598</u>
Expenditures:					
Current:					
Transportation	<u>10,033,313</u>	<u>10,191,376</u>	<u>8,394,358</u>	<u>1,797,018</u>	<u>8,266,388</u>
Total expenditures	<u>10,033,313</u>	<u>10,191,376</u>	<u>8,394,358</u>	<u>1,797,018</u>	<u>8,266,388</u>
Excess (deficiency) of revenues over (under) expenditures	<u>93,321</u>	<u>(64,742)</u>	<u>3,189,329</u>	<u>3,254,071</u>	<u>3,696,210</u>
Other financing sources (uses):					
Transfers in	373,506	373,506	393,333	19,827	362,593
Transfers out	(1,043,450)	(9,120,653)	(5,809,765)	3,310,888	(2,172,836)
Total other financing sources (uses)	<u>(669,944)</u>	<u>(8,747,147)</u>	<u>(5,416,432)</u>	<u>3,330,715</u>	<u>(1,810,243)</u>
Change in fund balances	(576,623)	(8,811,889)	(2,227,103)	6,584,786	1,885,967
Fund balance at beginning of year	<u>10,023,029</u>	<u>10,023,029</u>	<u>10,023,029</u>	-	<u>8,137,062</u>
Fund balance at end of year	<u>\$ 9,446,406</u>	<u>1,211,140</u>	<u>7,795,926</u>	<u>6,584,786</u>	<u>10,023,029</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, 2010

	<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:					
Investment earnings	\$ 60,000	60,000	24,053	(35,947)	42,420
Net change in fair value of investments	-	-	4,359	4,359	7,305
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>28,412</u>	<u>(31,588)</u>	<u>49,725</u>
Expenditures:					
Current:					
Culture and leisure	158,723	158,723	123,128	35,595	129,594
Total expenditures	<u>158,723</u>	<u>158,723</u>	<u>123,128</u>	<u>35,595</u>	<u>129,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(98,723)</u>	<u>(98,723)</u>	<u>(94,716)</u>	<u>4,007</u>	<u>(79,869)</u>
Change in fund balances	(98,723)	(98,723)	(94,716)	4,007	(79,869)
Fund balance at beginning of year	<u>1,226,659</u>	<u>1,226,659</u>	<u>1,226,659</u>	<u>-</u>	<u>1,306,528</u>
Fund balance at end of year	<u>\$ 1,127,936</u>	<u>1,127,936</u>	<u>1,131,943</u>	<u>4,007</u>	<u>1,226,659</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, 2010

	<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	\$ 2,241,837	2,241,837	2,249,604	7,767	2,228,164
Intergovernmental revenues	70,114	70,114	77,434	7,320	92,956
Charges for services	95,040	95,040	97,129	2,089	123,585
Investment earnings	20,000	20,000	10,851	(9,149)	8,002
Net change in fair value of investments	-	-	(2,727)	(2,727)	3,298
Rental income	1,000	1,000	6,286	5,286	704
Miscellaneous revenues	91,460	91,460	123,411	31,951	138,309
Total revenues	<u>2,519,451</u>	<u>2,519,451</u>	<u>2,561,988</u>	<u>42,537</u>	<u>2,595,018</u>
Expenditures:					
Current:					
Culture and leisure	<u>12,019,261</u>	<u>12,067,191</u>	<u>11,586,337</u>	<u>480,854</u>	<u>12,393,777</u>
Total expenditures	<u>12,019,261</u>	<u>12,067,191</u>	<u>11,586,337</u>	<u>480,854</u>	<u>12,393,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,499,810)</u>	<u>(9,547,740)</u>	<u>(9,024,349)</u>	<u>523,391</u>	<u>(9,798,759)</u>
Other financing sources (uses):					
Transfers in	9,870,129	9,870,129	9,372,824	(497,305)	10,060,269
Transfers out	<u>-</u>	<u>(103,884)</u>	<u>(103,884)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>9,870,129</u>	<u>9,766,245</u>	<u>9,268,940</u>	<u>(497,305)</u>	<u>10,060,269</u>
Change in fund balances	370,319	218,505	244,591	26,086	261,510
Fund balance at beginning of year	<u>549,529</u>	<u>549,529</u>	<u>549,529</u>	<u>-</u>	<u>288,019</u>
Fund balance at end of year	<u>\$ 919,848</u>	<u>768,034</u>	<u>794,120</u>	<u>26,086</u>	<u>549,529</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, 2010

	<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	\$ 15,000	15,000	15,641	641	15,642
Intergovernmental revenues	115,000	115,000	-	(115,000)	-
Charges for services	585,284	585,284	455,836	(129,448)	656,126
Investment earnings	75,862	75,862	50,117	(25,745)	76,732
Net change in fair value of investments	-	-	8,792	8,792	14,777
Rental income	2,287,734	2,287,734	2,229,684	(58,050)	2,340,998
Miscellaneous revenues	500	500	-	(500)	772
Total revenues	<u>3,079,380</u>	<u>3,079,380</u>	<u>2,760,070</u>	<u>(319,310)</u>	<u>3,105,047</u>
Expenditures:					
Current:					
Transportation	<u>2,588,347</u>	<u>2,588,347</u>	<u>2,231,410</u>	<u>356,937</u>	<u>2,260,154</u>
Total expenditures	<u>2,588,347</u>	<u>2,588,347</u>	<u>2,231,410</u>	<u>356,937</u>	<u>2,260,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>491,033</u>	<u>491,033</u>	<u>528,660</u>	<u>37,627</u>	<u>844,893</u>
Other financing sources (uses):					
Transfers in	149,671	149,671	149,671	-	148,224
Transfers out	<u>(292,579)</u>	<u>(858,785)</u>	<u>(788,748)</u>	<u>70,037</u>	<u>(581,093)</u>
Total other financing sources (uses)	<u>(142,908)</u>	<u>(709,114)</u>	<u>(639,077)</u>	<u>70,037</u>	<u>(432,869)</u>
Change in fund balances	348,125	(218,081)	(110,417)	107,664	412,024
Fund balance at beginning of year	<u>2,573,286</u>	<u>2,573,286</u>	<u>2,573,286</u>	<u>-</u>	<u>2,161,262</u>
Fund balance at end of year	<u>\$ 2,921,411</u>	<u>2,355,205</u>	<u>2,462,869</u>	<u>107,664</u>	<u>2,573,286</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, 2010

	<u>Budget</u>		<u>Actual</u>	Variance with	Prior
	<u>Original</u>	<u>Final</u>		Final Budget	Year
				Positive (Negative)	Actual
Revenues:					
Intergovernmental revenues	\$ 176,091	176,091	171,091	(5,000)	169,236
Investment earnings	-	-	-	-	46
Net change in fair value of investments	-	-	-	-	56
Total revenues	<u>176,091</u>	<u>176,091</u>	<u>171,091</u>	<u>(5,000)</u>	<u>169,338</u>
Expenditures:					
Current:					
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>176,091</u>	<u>176,091</u>	<u>171,091</u>	<u>(5,000)</u>	<u>169,338</u>
Other financing sources (uses):					
Transfers out	<u>(177,328)</u>	<u>(177,328)</u>	<u>(177,328)</u>	-	<u>(179,614)</u>
Total other financing sources (uses)	<u>(177,328)</u>	<u>(177,328)</u>	<u>(177,328)</u>	-	<u>(179,614)</u>
Change in fund balances	(1,237)	(1,237)	(6,237)	(5,000)	(10,276)
Fund balance at beginning of year	<u>36,543</u>	<u>36,543</u>	<u>36,543</u>	-	<u>46,819</u>
Fund balance at end of year	<u>\$ 35,306</u>	<u>35,306</u>	<u>30,306</u>	<u>(5,000)</u>	<u>36,543</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, 2010

	<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:					
Intergovernmental revenues	\$ 18,744,477	18,744,477	17,722,479	(1,021,998)	17,231,882
Investment earnings	-	-	24,378	24,378	84,015
Net change in fair value of investments	-	-	3,215	3,215	12,956
Rental income	81,600	81,600	85,184	3,584	105,395
Miscellaneous revenues	200,000	200,000	469,934	269,934	331,403
Total revenues	<u>19,026,077</u>	<u>19,026,077</u>	<u>18,305,190</u>	<u>(720,887)</u>	<u>17,765,651</u>
Expenditures:					
Current:					
Community development	21,036,683	21,036,683	18,448,671	2,588,012	17,431,899
Debt service:					
Principal retirement	373,066	373,066	280,000	93,066	260,000
Interest	64,093	64,093	64,093	-	131,280
Total expenditures	<u>21,473,842</u>	<u>21,473,842</u>	<u>18,792,764</u>	<u>2,681,078</u>	<u>17,823,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,447,765)</u>	<u>(2,447,765)</u>	<u>(487,574)</u>	<u>1,960,191</u>	<u>(57,528)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	(34,820)	(34,820)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(34,820)</u>	<u>(34,820)</u>	<u>-</u>
Change in fund balances	(2,447,765)	(2,447,765)	(522,394)	1,925,371	(57,528)
Fund balance at beginning of year	<u>1,207,769</u>	<u>1,207,769</u>	<u>1,207,769</u>	<u>-</u>	<u>1,265,297</u>
Fund balance at end of year	<u>\$ (1,239,996)</u>	<u>(1,239,996)</u>	<u>685,375</u>	<u>1,925,371</u>	<u>1,207,769</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, 2010**

	<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:					
Investment earnings	\$ -	-	43,520	43,520	65,694
Net change in fair value of investments	-	-	7,710	7,710	13,428
Miscellaneous revenue	-	-	57,244	57,244	364,647
Contributions	-	-	20,125	20,125	37,050
Total revenues	<u>-</u>	<u>-</u>	<u>128,599</u>	<u>128,599</u>	<u>480,819</u>
Expenditures:					
Current:					
Culture and leisure	<u>-</u>	<u>-</u>	<u>155,904</u>	<u>(155,904)</u>	<u>180,849</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>155,904</u>	<u>(155,904)</u>	<u>180,849</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(27,305)</u>	<u>(27,305)</u>	<u>299,970</u>
Change in fund balances	-	-	(27,305)	(27,305)	299,970
Fund balance at beginning of year	<u>2,202,983</u>	<u>2,202,983</u>	<u>2,202,983</u>	<u>-</u>	<u>1,903,013</u>
Fund balance at end of year	<u>\$ 2,202,983</u>	<u>2,202,983</u>	<u>2,175,678</u>	<u>(27,305)</u>	<u>2,202,983</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, 2010

	<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:					
Intergovernmental revenues	\$ 900,000	900,000	75,649	(824,351)	970,000
Investment earnings	447,528	447,528	158,942	(288,586)	350,550
Net change in fair value of investments	-	-	25,622	25,622	58,936
Rental income	-	-	92,474	92,474	78,514
Miscellaneous revenues	811,825	811,825	1,267,177	455,352	1,678,457
Total revenues	<u>2,159,353</u>	<u>2,159,353</u>	<u>1,619,864</u>	<u>(539,489)</u>	<u>3,136,457</u>
Expenditures:					
Current:					
Community development	9,327,742	9,327,742	3,434,493	5,893,249	2,674,320
Total expenditures	<u>9,327,742</u>	<u>9,327,742</u>	<u>3,434,493</u>	<u>5,893,249</u>	<u>2,674,320</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,168,389)</u>	<u>(7,168,389)</u>	<u>(1,814,629)</u>	<u>5,353,760</u>	<u>462,137</u>
Other financing sources (uses):					
Issuance of long-term debt	-	-	-	-	232,380
Transfers in	3,230,489	3,230,489	2,916,119	(314,370)	2,926,491
Transfers out	(2,550,246)	(2,550,246)	(2,457,502)	92,744	(1,034,237)
Total other financing sources (uses)	<u>680,243</u>	<u>680,243</u>	<u>458,617</u>	<u>(221,626)</u>	<u>2,124,634</u>
Change in fund balances	(6,488,146)	(6,488,146)	(1,356,012)	5,132,134	2,586,771
Fund balance at beginning of year	<u>40,687,197</u>	<u>40,687,197</u>	<u>40,687,197</u>	<u>-</u>	<u>38,100,426</u>
Fund balance at end of year	<u>\$ 34,199,051</u>	<u>34,199,051</u>	<u>39,331,185</u>	<u>5,132,134</u>	<u>40,687,197</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.

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

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

2006 Lease Revenue Bond Debt Service – to account for the payments of interest and principal on certain construction projects and infrastructure, public facilities and capital improvements.

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

2008 Series C Refunding COP Fund – to account for the payment of interest and principle on certain municipal building renovation and park improvement projects.

CITY OF PASADENA
Non-Major Governmental Funds
Debt Service Funds
Combining Balance Sheet
June 30, 2010

	<u>General</u> <u>Debt Service</u>	<u>1993</u> <u>Certificates of</u> <u>Participation</u>	<u>2001</u> <u>Certificates of</u> <u>Participation</u>	<u>2003</u> <u>Certificates of</u> <u>Participation</u>
<u>Assets</u>				
Cash and investments	\$ 40,016,116	4,390,981	2,199,358	-
Total assets	<u>40,016,116</u>	<u>4,390,981</u>	<u>2,199,358</u>	<u>-</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	150,049	-	-	-
Total liabilities	<u>150,049</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for:				
Debt service	39,866,067	4,390,981	2,199,358	-
Total fund balances	<u>39,866,067</u>	<u>4,390,981</u>	<u>2,199,358</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 40,016,116</u>	<u>4,390,981</u>	<u>2,199,358</u>	<u>-</u>

2006 Lease Revenue Bond Debt Service	2008 Series B Refunding COP Debt Service	2008 Series C Refunding COP Debt Service	Totals	
			2010	2009
<u>834,750</u>	<u>1,270,314</u>	<u>4,986,994</u>	<u>53,698,513</u>	<u>58,984,577</u>
<u>834,750</u>	<u>1,270,314</u>	<u>4,986,994</u>	<u>53,698,513</u>	<u>58,984,577</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>150,049</u>	<u>119,250</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>150,049</u>	<u>119,250</u>
<u>834,750</u>	<u>1,270,314</u>	<u>4,986,994</u>	<u>53,548,464</u>	<u>58,865,327</u>
<u>834,750</u>	<u>1,270,314</u>	<u>4,986,994</u>	<u>53,548,464</u>	<u>58,865,327</u>
<u>834,750</u>	<u>1,270,314</u>	<u>4,986,994</u>	<u>53,698,513</u>	<u>58,984,577</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, 2010

	General	1993	2001	2003
	Debt Service	Certificates of	Certificates of	Certificates of
	<u>Debt Service</u>	<u>Participation</u>	<u>Participation</u>	<u>Participation</u>
Revenues:				
Investment earnings	\$ 1,008,747	54,892	84,985	-
Net change in fair value of investments	<u>162,281</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,171,028</u>	<u>54,892</u>	<u>84,985</u>	<u>-</u>
Expenditures:				
Current:				
General government	13,222	-	-	-
Debt service:				
Principal retirement	7,279,180	4,455,000	2,374,193	-
Interest	<u>6,382,751</u>	<u>1,329,743</u>	<u>193,852</u>	<u>-</u>
Total expenditures	<u>13,675,153</u>	<u>5,784,743</u>	<u>2,568,045</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,504,125)</u>	<u>(5,729,851)</u>	<u>(2,483,060)</u>	<u>-</u>
Other financing sources (uses):				
Issuance of long-term debt	-	-	-	-
Transfers in	20,031,210	5,294,423	2,484,427	-
Transfers out	<u>(12,375,926)</u>	<u>-</u>	<u>-</u>	<u>(5,007,048)</u>
Total other financing sources (uses)	<u>7,655,284</u>	<u>5,294,423</u>	<u>2,484,427</u>	<u>(5,007,048)</u>
Change in fund balances	<u>(4,848,841)</u>	<u>(435,428)</u>	<u>1,367</u>	<u>(5,007,048)</u>
Fund balances at beginning of year	<u>44,714,908</u>	<u>4,826,409</u>	<u>2,197,991</u>	<u>5,007,048</u>
Fund balances at end of year	<u>\$ 39,866,067</u>	<u>4,390,981</u>	<u>2,199,358</u>	<u>-</u>

2006 Lease Revenue Bond Debt Service	2008 Series B Refunding COP Debt Service	2008 Series C Refunding COP Debt Service	Totals	
			2010	2009
40,331	39,570	89,058	1,317,583	1,956,849
-	-	-	162,281	193,213
<u>40,331</u>	<u>39,570</u>	<u>89,058</u>	<u>1,479,864</u>	<u>2,150,062</u>
-	5,549	5,921	24,692	521,960
505,000	2,201,701	1,265,000	18,080,074	83,724,040
<u>304,783</u>	<u>1,105,205</u>	<u>3,251,665</u>	<u>12,567,999</u>	<u>12,033,654</u>
<u>809,783</u>	<u>3,312,455</u>	<u>4,522,586</u>	<u>30,672,765</u>	<u>96,279,654</u>
<u>(769,452)</u>	<u>(3,272,885)</u>	<u>(4,433,528)</u>	<u>(29,192,901)</u>	<u>(94,129,592)</u>
-	-	-	-	79,467,619
776,846	3,315,459	9,415,490	41,317,855	102,651,254
<u>-</u>	<u>(58,843)</u>	<u>-</u>	<u>(17,441,817)</u>	<u>(74,046,336)</u>
<u>776,846</u>	<u>3,256,616</u>	<u>9,415,490</u>	<u>23,876,038</u>	<u>108,072,537</u>
7,394	(16,269)	4,981,962	(5,316,863)	13,942,945
<u>827,356</u>	<u>1,286,583</u>	<u>5,032</u>	<u>58,865,327</u>	<u>44,922,382</u>
<u>834,750</u>	<u>1,270,314</u>	<u>4,986,994</u>	<u>53,548,464</u>	<u>58,865,327</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)

2006 Lease Revenue Bond Capital Project Fund – to account for the financing of certain construction projects and infrastructure improvements.

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

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, 2010

	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
<u>Assets</u>						
Cash and investments	\$ 5,489,537	1,538,714	8,183,055	-	-	179,426
Accounts receivable	32,363	1,005	-	-	-	657
Notes receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Advances to other funds	-	355,490	-	-	-	6,811,332
Allowance for uncollectible long-term receivables	-	-	-	-	-	(2,785,358)
Property held for resale	-	-	-	-	-	-
Total assets	<u>5,521,900</u>	<u>1,895,209</u>	<u>8,183,055</u>	<u>-</u>	<u>-</u>	<u>4,206,057</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued liabilities	-	-	60,968	-	-	-
Due to other funds	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>60,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Advances to other funds	-	355,490	-	-	-	4,025,974
Property held for resale	-	-	-	-	-	-
Unreserved, reported in:						
Capital projects funds designated for projects and undesignated	<u>5,521,900</u>	<u>1,539,719</u>	<u>8,122,087</u>	<u>-</u>	<u>-</u>	<u>180,083</u>
Total fund balances	<u>5,521,900</u>	<u>1,895,209</u>	<u>8,122,087</u>	<u>-</u>	<u>-</u>	<u>4,206,057</u>
Total liabilities and fund balances	<u>\$ 5,521,900</u>	<u>1,895,209</u>	<u>8,183,055</u>	<u>-</u>	<u>-</u>	<u>4,206,057</u>

10% Green Fee Capital Projects	2003 Variable Rate Demand Certificate of Participation Capital Project	Capital Public Art	2006 Lease Revenue Bond Capital Project	Traffic Reduction Transportation Improvement	Pasadena Community Development Commission	Totals	
						2010	2009
						578,291	-
121,614	-	-	-	-	316,105	471,744	467,795
-	-	-	-	-	7,331,498	7,331,498	7,457,148
-	-	-	-	-	1,350,470	1,350,470	1,404,851
-	-	-	-	-	3,726,294	10,893,116	10,832,594
-	-	-	-	-	(8,288,144)	(11,073,502)	(11,013,464)
-	-	-	-	-	3,200,000	3,200,000	-
<u>699,905</u>	<u>-</u>	<u>799,536</u>	<u>-</u>	<u>-</u>	<u>13,417,975</u>	<u>34,723,637</u>	<u>46,530,508</u>
-	-	3,636	1,555	2,703	99,065	167,927	294,313
-	-	-	-	565	1,375,121	1,375,686	1,400,686
-	-	-	-	-	5,073,708	5,073,708	4,932,156
<u>-</u>	<u>-</u>	<u>3,636</u>	<u>1,555</u>	<u>3,268</u>	<u>6,547,894</u>	<u>6,617,321</u>	<u>6,627,155</u>
-	-	8,750	-	-	276,781	285,531	122,886
-	-	-	-	-	7,331,498	7,331,498	7,457,148
-	-	-	-	-	3,726,294	8,107,758	8,232,924
-	-	-	-	-	3,200,000	3,200,000	-
<u>699,905</u>	<u>-</u>	<u>787,150</u>	<u>(1,555)</u>	<u>(3,268)</u>	<u>(7,664,492)</u>	<u>9,181,529</u>	<u>24,090,395</u>
<u>699,905</u>	<u>-</u>	<u>795,900</u>	<u>(1,555)</u>	<u>(3,268)</u>	<u>6,870,081</u>	<u>28,106,316</u>	<u>39,903,353</u>
<u>699,905</u>	<u>-</u>	<u>799,536</u>	<u>-</u>	<u>-</u>	<u>13,417,975</u>	<u>34,723,637</u>	<u>46,530,508</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, 2010

	<u>Charter Capital Projects</u>	<u>New Development Impact</u>	<u>Residential Development Impact</u>	<u>1992 Refunding and Capital Project Certificates of Participation</u>	<u>1993 Refunding and Capital Project Certificates of Participation</u>	<u>1996 Multi-Purpose Capital Project Certificates of Participation</u>
Revenues:						
Taxes	\$ -	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	97,903	30,581	181,191	5,326	-	56,992
Net change in fair value of investments	(44,401)	6,325	34,094	48	-	552
Rental income	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-
Contributions	-	-	287,722	-	-	-
Total revenues	<u>53,502</u>	<u>36,906</u>	<u>503,007</u>	<u>5,374</u>	<u>-</u>	<u>57,544</u>
Expenditures:						
Current:						
General government	-	-	-	4,038	4,798	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Interest	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,038</u>	<u>4,798</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53,502</u>	<u>36,906</u>	<u>503,007</u>	<u>1,336</u>	<u>(4,798)</u>	<u>57,544</u>
Other financing sources (uses):						
Transfers in	-	-	-	4,038	4,798	-
Transfers out	(2,021,906)	(138,804)	(1,714,672)	(10,395)	-	(183,399)
Total other financing sources (uses)	<u>(2,021,906)</u>	<u>(138,804)</u>	<u>(1,714,672)</u>	<u>(6,357)</u>	<u>4,798</u>	<u>(183,399)</u>
Change in fund balances	<u>(1,968,404)</u>	<u>(101,898)</u>	<u>(1,211,665)</u>	<u>(5,021)</u>	<u>-</u>	<u>(125,855)</u>
Fund balances (deficits) at beginning of year	<u>7,490,304</u>	<u>1,997,107</u>	<u>9,333,752</u>	<u>5,021</u>	<u>-</u>	<u>4,331,912</u>
Fund balances (deficits) at end of year	<u>\$ 5,521,900</u>	<u>1,895,209</u>	<u>8,122,087</u>	<u>-</u>	<u>-</u>	<u>4,206,057</u>

10% Green Fee Capital Projects	2003 Variable	Capitla Public Art	2006 Lease	Traffic Reduction Trans Improvent	Pasadena	Totals	
	Rate Demand		Revenue		Community	2010	2009
	Certificate of Participation Capital Project		Bond Capital Project		Development Commission		
-	-	-	-	-	5,168,014	5,168,014	4,990,767
-	-	-	-	67,829	-	67,829	167,305
11,259	530	15,602	-	6,709	212,495	618,588	1,145,083
1,705	-	2,233	-	3,075	(15,515)	(11,884)	271,936
283,270	-	-	-	-	979,534	1,262,804	1,325,850
-	-	113,751	-	-	75,425	189,176	85,505
-	-	-	-	-	-	287,722	4,720,031
<u>296,234</u>	<u>530</u>	<u>131,586</u>	<u>-</u>	<u>77,613</u>	<u>6,419,953</u>	<u>7,582,249</u>	<u>12,706,477</u>
-	2,800	-	75,415	-	-	87,051	494,877
-	-	-	-	-	8,907,233	8,907,233	5,071,302
-	-	12,045	-	-	-	12,045	39,320
-	-	-	-	-	3,371,552	3,371,552	141,552
-	2,800	12,045	75,415	-	12,278,785	12,377,881	5,747,051
<u>296,234</u>	<u>(2,270)</u>	<u>119,541</u>	<u>(75,415)</u>	<u>77,613</u>	<u>(5,858,832)</u>	<u>(4,795,632)</u>	<u>6,959,426</u>
-	2,800	-	82,020	-	3,227,725	3,321,381	1,810,085
(338,768)	(3,191,065)	-	-	(490,098)	(2,233,679)	(10,322,786)	(8,688,466)
(338,768)	(3,188,265)	-	82,020	(490,098)	994,046	(7,001,405)	(6,878,381)
(42,534)	(3,190,535)	119,541	6,605	(412,485)	(4,864,786)	(11,797,037)	81,045
<u>742,439</u>	<u>3,190,535</u>	<u>676,359</u>	<u>(8,160)</u>	<u>409,217</u>	<u>11,734,867</u>	<u>39,903,353</u>	<u>39,822,308</u>
<u>699,905</u>	<u>-</u>	<u>795,900</u>	<u>(1,555)</u>	<u>(3,268)</u>	<u>6,870,081</u>	<u>28,106,316</u>	<u>39,903,353</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.

Hudson Family Trust Fund - for the purchase of any type of library material for the Lamanda Park Branch of the Pasadena Public Library.

CITY OF PASADENA
Non-Major Governmental Funds
Permanent Funds
Combining Balance Sheet
June 30, 2010

	Vroman Art Bequest	Singer Trust	Noble Award	Holmes Bequest
<u>Assets</u>				
Cash and investments	\$ 6,084	41,912	5,574	54,129
Accounts receivable	17	151	-	240
Total assets	\$ 6,101	42,063	5,574	54,369
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	-	36	-
Total liabilities	-	-	36	-
Fund balances:				
Unreserved, reported in:				
Permanent funds	6,101	42,063	5,538	54,369
Total fund balances	6,101	42,063	5,538	54,369
Total liabilities and fund balances	\$ 6,101	42,063	5,574	54,369

Sheldon Memorial	Pasadena Center Capital Improvement Trust	Cox Trust	Jankos Trust	Hudson Family Trust	Totals	
					2010	2009
295	986,631	4,785	26,105	106,570	1,232,085	1,202,359
12	534	20	99	-	1,073	2,482
<u>307</u>	<u>987,165</u>	<u>4,805</u>	<u>26,204</u>	<u>106,570</u>	<u>1,233,158</u>	<u>1,204,841</u>
-	-	-	-	514	550	-
-	-	-	-	514	550	-
<u>307</u>	<u>987,165</u>	<u>4,805</u>	<u>26,204</u>	<u>106,056</u>	<u>1,232,608</u>	<u>1,204,841</u>
<u>307</u>	<u>987,165</u>	<u>4,805</u>	<u>26,204</u>	<u>106,056</u>	<u>1,232,608</u>	<u>1,204,841</u>
<u>307</u>	<u>987,165</u>	<u>4,805</u>	<u>26,204</u>	<u>106,570</u>	<u>1,233,158</u>	<u>1,204,841</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, 2010

	Vroman Art Bequest	Singer Trust	Noble Award	Holmes Bequest
Revenues:				
Investment earnings	\$ 138	835	112	1,076
Net change in fair value of investments	24	141	18	183
Contributions	-	-	-	-
Total revenues	162	976	130	1,259
Expenditures:				
Current:				
Culture and leisure	915	-	-	-
Total expenditures	915	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(753)	976	130	1,259
Change in fund balances	(753)	976	130	1,259
Fund balances at beginning of year	6,854	41,087	5,408	53,110
Fund balances at end of year	\$ 6,101	42,063	5,538	54,369

<u>Sheldon Memorial</u>	<u>Pasadena Center Capital Improvement Trust</u>	<u>Cox Trust</u>	<u>Jankos Trust</u>	<u>Hudson Family Trust</u>	<u>Totals</u>	
					<u>2010</u>	<u>2009</u>
6	19,625	95	520	2,120	24,527	38,358
1	3,325	16	88	359	4,155	7,422
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<u>7</u>	<u>22,950</u>	<u>111</u>	<u>608</u>	<u>2,479</u>	<u>28,682</u>	<u>145,780</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>915</u>	<u>3,069</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>915</u>	<u>3,069</u>
<u>7</u>	<u>22,950</u>	<u>111</u>	<u>608</u>	<u>2,479</u>	<u>27,767</u>	<u>142,711</u>
7	22,950	111	608	2,479	27,767	142,711
<u>300</u>	<u>964,215</u>	<u>4,694</u>	<u>25,596</u>	<u>103,577</u>	<u>1,204,841</u>	<u>1,062,130</u>
<u>307</u>	<u>987,165</u>	<u>4,805</u>	<u>26,204</u>	<u>106,056</u>	<u>1,232,608</u>	<u>1,204,841</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.

Del Mar 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, 2010

	Plaza Las Fuentes Parking	Refuse Collection	Tele- communi- cations	Del Mar Goldline Parking Garage	Totals	
					2010	2009
Assets						
Current assets:						
Cash and investments	\$ 2,342,664	4,576,372	797,480	395,616	8,112,132	7,825,106
Accounts receivable	264,162	1,918,119	49,481	11,014	2,242,776	2,073,743
Less allowance for uncollectible amounts	-	(42,406)	-	-	(42,406)	(42,859)
Total current assets	<u>2,606,826</u>	<u>6,452,085</u>	<u>846,961</u>	<u>406,630</u>	<u>10,312,502</u>	<u>9,855,990</u>
Noncurrent assets:						
Restricted assets - cash and investments:						
Other restricted cash and investments	2,736,539	51,215	-	-	2,787,754	2,759,360
Advances to other funds	4,523,174	-	-	-	4,523,174	4,376,705
Capital assets	15,852,268	7,969,527	-	2,450,000	26,271,795	25,972,932
Less accumulated depreciation	(7,601,761)	(6,224,579)	-	(245,000)	(14,071,340)	(13,069,825)
Net property, plant and equipment	<u>8,250,507</u>	<u>1,744,948</u>	<u>-</u>	<u>2,205,000</u>	<u>12,200,455</u>	<u>12,903,107</u>
Total noncurrent assets	<u>15,510,220</u>	<u>1,796,163</u>	<u>-</u>	<u>2,205,000</u>	<u>19,511,383</u>	<u>20,039,172</u>
Total assets	<u>18,117,046</u>	<u>8,248,248</u>	<u>846,961</u>	<u>2,611,630</u>	<u>29,823,885</u>	<u>29,895,162</u>
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	3,437	881,480	10,657	29,930	925,504	678,765
Deposits	-	2,678,815	-	-	2,678,815	3,144,531
Certificates of participation - current	1,900,000	-	-	-	1,900,000	1,700,000
Capitalized lease obligations - current	-	402,586	-	-	402,586	30,509
Total current liabilities	<u>1,903,437</u>	<u>3,962,881</u>	<u>10,657</u>	<u>29,930</u>	<u>5,906,905</u>	<u>5,553,805</u>
Long-term liabilities:						
Advances from other funds	-	-	-	2,959,136	2,959,136	4,207,507
Certificates of participation - long-term	4,400,000	-	-	-	4,400,000	6,300,000
Capitalized lease obligations - long-term	-	111,752	-	-	111,752	143,394
Unamortized premium (discount)	(38,761)	-	-	-	(38,761)	(77,524)
Total long-term liabilities	<u>4,361,239</u>	<u>111,752</u>	<u>-</u>	<u>2,959,136</u>	<u>7,432,127</u>	<u>10,573,377</u>
Total liabilities	<u>6,264,676</u>	<u>4,074,633</u>	<u>10,657</u>	<u>2,989,066</u>	<u>13,339,032</u>	<u>16,127,182</u>
Net Assets						
Invested in capital assets, net of related debt	4,725,807	1,281,825	-	2,205,000	8,212,632	7,566,088
Unrestricted	7,126,563	2,891,790	836,304	(2,582,436)	8,272,221	6,201,892
Total net assets (deficit)	<u>\$ 11,852,370</u>	<u>4,173,615</u>	<u>836,304</u>	<u>(377,436)</u>	<u>16,484,853</u>	<u>13,767,980</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, 2010

	Plaza	Refuse	Tele-	Del Mar	Totals	
	Las Fuentes			Collection	communi-	Parking
	Parking		cations	Garage		
Operating revenues:						
Charges for services:						
Plaza Las Fuentes parking	\$ 1,999,656	-	-	-	1,999,656	1,848,915
Refuse collection	-	11,050,382	-	-	11,050,382	10,285,103
Telecommunication	-	-	628,639	-	628,639	595,165
Del Mar Goldline Parking Garage	-	-	-	253,011	253,011	351,145
Total operating revenues	<u>1,999,656</u>	<u>11,050,382</u>	<u>628,639</u>	<u>253,011</u>	<u>13,931,688</u>	<u>13,080,328</u>
Operating expenses:						
Plaza Las Fuentes parking	1,725,766	-	-	-	1,725,766	1,685,731
Refuse collection	-	12,524,324	-	-	12,524,324	11,191,618
Telecommunications	-	-	452,297	-	452,297	456,840
Del Mar Goldline Parking Garage	-	-	-	258,954	258,954	485,248
Depreciation	324,373	577,458	-	122,500	1,024,331	1,036,341
Total operating expenses	<u>2,050,139</u>	<u>13,101,782</u>	<u>452,297</u>	<u>381,454</u>	<u>15,985,672</u>	<u>14,855,778</u>
Operating income (loss)	<u>(50,483)</u>	<u>(2,051,400)</u>	<u>176,342</u>	<u>(128,443)</u>	<u>(2,053,984)</u>	<u>(1,775,450)</u>
Nonoperating revenues (expenses):						
Taxes	1,464,294	3,098,233	-	-	4,562,527	3,733,023
Intergovernmental revenues	-	60,719	-	-	60,719	181,354
Investment earnings	296,284	80,992	13,740	7,795	398,811	508,573
Net change in fair value of investments	10,972	15,235	1,947	1,330	29,484	30,112
Interest expense	(75,355)	(29,260)	-	-	(104,615)	(235,424)
Gain (loss) on disposal of assets	-	-	-	-	-	(14,371)
Miscellaneous revenues	-	-	27,650	1,680	29,330	-
Other nonoperating revenues (expenses)	-	(92,159)	-	-	(92,159)	144,048
Total nonoperating revenues (expenses)	<u>1,696,195</u>	<u>3,133,760</u>	<u>43,337</u>	<u>10,805</u>	<u>4,884,097</u>	<u>4,347,315</u>
Income (loss) before transfers and contributions	<u>1,645,712</u>	<u>1,082,360</u>	<u>219,679</u>	<u>(117,638)</u>	<u>2,830,113</u>	<u>2,571,865</u>
Transfers:						
Transfers in	-	85,000	-	-	85,000	85,000
Transfers out	-	(198,240)	-	-	(198,240)	(291,100)
Net income (loss)	<u>1,645,712</u>	<u>969,120</u>	<u>219,679</u>	<u>(117,638)</u>	<u>2,716,873</u>	<u>2,365,765</u>
Net assets at beginning of year	<u>10,206,658</u>	<u>3,204,495</u>	<u>616,625</u>	<u>(259,798)</u>	<u>13,767,980</u>	<u>11,402,215</u>
Net assets (deficit) at end of year	<u>\$ 11,852,370</u>	<u>4,173,615</u>	<u>836,304</u>	<u>(377,436)</u>	<u>16,484,853</u>	<u>13,767,980</u>

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2010

	Plaza		Tele-	Del Mar	Totals	
	Las Fuentes	Refuse	communi-	Goldline		
	Parking	Collection	cations	Parking	2010	2009
Cash flows from operating activities:						
Cash received from customers	\$ 2,000,677	10,726,922	724,925	270,439	13,722,963	13,044,764
Cash payments to suppliers for goods and services	(1,587,338)	(5,039,463)	(176,780)	(245,065)	(7,048,646)	(6,881,175)
Cash payments to employees for services	(98,931)	(5,059,797)	(284,416)	-	(5,443,144)	(5,024,873)
Cash payments to other funds for services	(2,018)	(2,629,672)	(8,094)	(9,982)	(2,649,766)	(2,009,321)
Other nonoperating revenues (expenses)	-	(82,604)	27,650	1,680	(53,274)	144,048
Net cash provided by (used for) operating activities	<u>312,390</u>	<u>(2,084,614)</u>	<u>283,285</u>	<u>17,072</u>	<u>(1,471,867)</u>	<u>(726,557)</u>
Cash flows from noncapital financing activities:						
Transfers to other funds	-	(198,240)	-	-	(198,240)	(291,100)
Transfers from other funds	-	85,000	-	-	85,000	85,000
Cash received (paid) on loans to other funds	(146,469)	(1,248,371)	-	-	(1,394,840)	(4,508,243)
Cash received (paid) on loans from other funds	-	-	-	-	-	-
Taxes received	1,464,294	3,098,233	-	-	4,562,527	3,733,023
Intergovernmental revenues	-	60,719	-	-	60,719	181,354
Net cash provided by (used for) noncapital financing activities	<u>1,317,825</u>	<u>1,797,341</u>	<u>-</u>	<u>-</u>	<u>3,115,166</u>	<u>(799,966)</u>
Cash flows from capital and related financing activities:						
Proceeds from long-term debt	-	732,826	-	-	732,826	-
Acquisition and construction of capital assets	-	(331,233)	-	-	(331,233)	-
Principal paid on debt	(1,700,000)	(392,391)	-	-	(2,092,391)	(1,529,369)
Interest paid on debt	(75,355)	(29,260)	-	-	(104,615)	(235,424)
Net cash used for capital and related financing activities	<u>(1,775,355)</u>	<u>(20,058)</u>	<u>-</u>	<u>-</u>	<u>(1,795,413)</u>	<u>(1,764,793)</u>
Cash flows from investing activities:						
Investment earnings (expenses)	326,562	113,442	16,722	10,808	467,534	577,924
Net cash provided by investing activities	<u>326,562</u>	<u>113,442</u>	<u>16,722</u>	<u>10,808</u>	<u>467,534</u>	<u>577,924</u>
Net increase (decrease) in cash and cash equivalents	181,422	(193,889)	300,007	27,880	315,420	(2,713,392)
Cash and cash equivalents at beginning of year	<u>4,897,781</u>	<u>4,821,476</u>	<u>497,473</u>	<u>367,736</u>	<u>10,584,466</u>	<u>13,297,858</u>
Cash and cash equivalents at end of year	<u>\$ 5,079,203</u>	<u>4,627,587</u>	<u>797,480</u>	<u>395,616</u>	<u>10,899,886</u>	<u>10,584,466</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Assets:						
Cash and investments	\$ 2,342,664	4,576,372	797,480	395,616	8,112,132	7,825,106
Other restricted cash and investments	2,736,539	51,215	-	-	2,787,754	2,759,360
Cash and cash equivalents at end of year	<u>\$ 5,079,203</u>	<u>4,627,587</u>	<u>797,480</u>	<u>395,616</u>	<u>10,899,886</u>	<u>10,584,466</u>

(continued)

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Cash Flows, (Continued)
Year Ended June 30, 2010

	Plaza	Refuse	Tele- communi- cations	Del Mar	Totals	
	Las Fuentes Parking			Collection	Goldline Parking	2010
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (50,483)	(2,051,400)	176,342	(128,443)	(2,053,984)	(1,775,450)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	324,373	577,458	-	122,500	1,024,331	1,036,341
Amortization of bond premiums and discounts	38,763	-	-	-	38,763	38,763
Other non-operating revenues (expenses)	-	(82,604)	27,650	1,680	(53,274)	144,048
(Increase) decrease in accounts receivable	1,021	(323,007)	96,286	17,428	(208,272)	(36,706)
Increase (decrease) in allowance for uncollectible accounts	-	(453)	-	-	(453)	1,142
Increase (decrease) in accounts payable and accrued liabilities	(1,284)	261,108	(16,993)	3,907	246,738	(64,891)
Increase (decrease) in deposits payable	-	(465,716)	-	-	(465,716)	(69,804)
	<u>362,873</u>	<u>(33,214)</u>	<u>106,943</u>	<u>145,515</u>	<u>582,117</u>	<u>1,048,893</u>
Net cash provided by (used for) operating activities	<u>\$ 312,390</u>	<u>(2,084,614)</u>	<u>283,285</u>	<u>17,072</u>	<u>(1,471,867)</u>	<u>(726,557)</u>
Non-cash investing, capital and financing related activity						
Non-cash changes in fair value of investments	<u>\$ 14,053</u>	<u>20,997</u>	<u>3,023</u>	<u>1,874</u>	<u>39,947</u>	<u>30,112</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, 2010

Assets	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits
Current assets:				
Cash and investments	\$ 3,392,159	-	2,492,312	3,671,740
Accounts receivable	-	10,706	29,631	-
Due from other funds	-	-	1,153,607	-
Inventories	-	-	204,279	-
Prepays and other assets	-	-	-	277,549
Total current assets	<u>3,392,159</u>	<u>10,706</u>	<u>3,879,829</u>	<u>3,949,289</u>
Noncurrent assets:				
Restricted assets - cash and investments	16,355	-	-	-
Advances to other funds	-	-	-	-
Less allowance for long-term receivable	-	-	-	-
Property held for resale	-	-	-	-
Capital assets	8,229,734	184,250	25,062,425	2,111
Less accumulated depreciation	<u>(2,808,349)</u>	<u>(129,693)</u>	<u>(16,687,489)</u>	<u>(844)</u>
Net property, plant and equipment	<u>5,421,385</u>	<u>54,557</u>	<u>8,374,936</u>	<u>1,267</u>
Total noncurrent asset	<u>5,437,740</u>	<u>54,557</u>	<u>8,374,936</u>	<u>1,267</u>
Total assets	<u>8,829,899</u>	<u>65,263</u>	<u>12,254,765</u>	<u>3,950,556</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	460,157	374,809	1,469,566	3,193,264
Insurance claims payable - current	-	-	-	-
Due to other funds	-	1,153,607	-	-
Compensated absences	-	-	-	10,042,824
Capitalized lease obligations - current	<u>520,231</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>980,388</u>	<u>1,528,416</u>	<u>1,469,566</u>	<u>13,236,088</u>
Long-term liabilities:				
Insurance claims payable - long-term	-	-	-	-
OPEB liability	-	-	-	6,970,436
Capitalized lease obligations - long-term	<u>4,337,527</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>4,337,527</u>	<u>-</u>	<u>-</u>	<u>6,970,436</u>
Total liabilities	<u>5,317,915</u>	<u>1,528,416</u>	<u>1,469,566</u>	<u>20,206,524</u>
Net Assets				
Invested in capital assets, net of related debt	579,982	54,557	8,374,936	1,267
Unrestricted	<u>2,932,002</u>	<u>(1,517,710)</u>	<u>2,410,263</u>	<u>(16,257,235)</u>
Total net assets (deficit)	<u>\$ 3,511,984</u>	<u>(1,463,153)</u>	<u>10,785,199</u>	<u>(16,255,968)</u>

1992 Equipment Leasing	Workers' Compensation	General Liability	Printing Services	Mail Services	Totals	
					2010	2009
-	10,316,399	2,605,987	-	77,236	22,555,833	24,101,853
-	-	40,319	7,598	-	88,254	6,245,043
-	-	-	-	-	1,153,607	-
-	-	-	-	-	204,279	213,983
-	-	-	-	75,888	353,437	223,461
-	10,316,399	2,646,306	7,598	153,124	24,355,410	30,784,340
-	-	-	-	-	16,355	266,867
-	-	2,996,025	-	-	2,996,025	4,163,096
-	-	(813,009)	-	-	(813,009)	(731,709)
-	-	3,714,391	-	-	3,714,391	3,714,391
-	5,007	25,171	776,052	64,692	34,349,442	29,022,932
-	(5,007)	(25,171)	(271,284)	(39,181)	(19,967,018)	(18,302,450)
-	-	-	504,768	25,511	14,382,424	10,720,482
-	-	5,897,407	504,768	25,511	20,296,186	18,133,127
-	10,316,399	8,543,713	512,366	178,635	44,651,596	48,917,467
-	515,759	24,132	43,614	8,200	6,089,501	8,398,758
-	7,873,656	3,774,816	-	-	11,648,472	9,595,095
-	-	-	433,925	-	1,587,532	447,527
-	-	-	-	-	10,042,824	9,683,534
-	-	-	214,659	-	734,890	605,891
-	8,389,415	3,798,948	692,198	8,200	30,103,219	28,730,805
-	9,242,988	3,774,816	-	-	13,017,804	14,392,641
-	-	-	-	-	6,970,436	4,304,912
-	-	-	-	-	4,337,527	621,005
-	9,242,988	3,774,816	-	-	24,325,767	19,318,558
-	17,632,403	7,573,764	692,198	8,200	54,428,986	48,049,363
-	-	-	290,109	25,511	9,326,362	9,760,453
-	(7,316,004)	969,949	(469,941)	144,924	(19,103,752)	(8,892,349)
-	(7,316,004)	969,949	(179,832)	170,435	(9,777,390)	868,104

CITY OF PASADENA

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Assets

For the Fiscal Year Ended June 30, 2010

	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits
Operating revenues:				
Charges for services:				
Computing and communication services	\$ 8,179,505	-	-	-
Building maintenance	-	8,693,507	-	-
Fleet maintenance	-	-	9,185,994	-
Employee benefits	-	-	-	27,406,806
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
Total operating revenues	<u>8,179,505</u>	<u>8,693,507</u>	<u>9,185,994</u>	<u>27,406,806</u>
Operating expenses:				
Computing and communication services	8,329,692	-	-	-
Building maintenance	-	8,352,527	-	-
Fleet maintenance	-	-	7,465,888	-
Depreciation	537,922	7,294	1,365,088	106
Benefits	-	-	-	34,567,851
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
Total operating expenses	<u>8,867,614</u>	<u>8,359,821</u>	<u>8,830,976</u>	<u>34,567,957</u>
Operating income (loss)	<u>(688,109)</u>	<u>333,686</u>	<u>355,018</u>	<u>(7,161,151)</u>
Nonoperating revenues (expenses):				
Investment earnings	45,948	(22,941)	59,885	169,220
Net change in fair value of investments	9,181	(1,117)	6,584	50,090
Interest expense	(220,332)	-	-	-
Gain (loss) on disposal of assets	-	-	16,868	-
Other nonoperating revenues (expenses)	30	216,595	53,405	-
Total nonoperating revenues (expenses)	<u>(165,173)</u>	<u>192,537</u>	<u>136,742</u>	<u>219,310</u>
Income (loss) before operating transfers	<u>(853,282)</u>	<u>526,223</u>	<u>491,760</u>	<u>(6,941,841)</u>
Transfers from (to) other funds:				
Transfers in	447,238	175,117	-	-
Transfers out	-	(1,309,357)	(130,331)	(1,264,642)
Net income (loss)	<u>(406,044)</u>	<u>(608,017)</u>	<u>361,429</u>	<u>(8,206,483)</u>
Net assets at beginning of year	<u>3,918,028</u>	<u>(855,136)</u>	<u>10,423,770</u>	<u>(8,049,485)</u>
Net assets (deficit) at end of year	<u>\$ 3,511,984</u>	<u>(1,463,153)</u>	<u>10,785,199</u>	<u>(16,255,968)</u>

1992						Totals	
Equipment Leasing	Workers' Compensation	General Liability	Printing Services	Mail Services	2010	2009	
-	-	-	-	-	8,179,505	8,400,526	
-	-	-	-	-	8,693,507	8,490,638	
-	-	-	-	-	9,185,994	9,458,819	
-	-	-	-	-	27,406,806	30,545,078	
-	8,709,213	2,266,426	-	-	10,975,639	13,738,192	
-	-	-	1,004,331	-	1,004,331	1,122,800	
-	-	-	-	430,665	430,665	421,816	
-	8,709,213	2,266,426	1,004,331	430,665	65,876,447	72,177,869	
-	-	-	-	-	8,329,692	8,437,894	
-	-	-	-	-	8,352,527	9,474,708	
-	-	-	-	-	7,465,888	7,494,851	
-	-	-	72,929	5,672	1,989,011	2,055,535	
-	-	-	-	-	34,567,851	34,806,225	
-	9,439,590	1,767,056	-	-	11,206,646	8,717,577	
-	-	-	1,088,380	-	1,088,380	1,106,241	
-	-	-	-	428,995	428,995	471,275	
-	9,439,590	1,767,056	1,161,309	434,667	73,428,990	72,564,306	
-	(730,377)	499,370	(156,978)	(4,002)	(7,552,543)	(386,437)	
12,280	220,474	47,545	(5,801)	1,610	528,220	923,204	
3,202	37,236	5,601	(482)	695	110,990	234,080	
-	-	-	(10,323)	-	(230,655)	(51,044)	
-	-	-	-	-	16,868	(66,210)	
-	-	-	-	-	270,030	214,819	
15,482	257,710	53,146	(16,606)	2,305	695,453	1,254,849	
15,482	(472,667)	552,516	(173,584)	(1,697)	(6,857,090)	868,412	
-	-	-	-	-	622,355	1,062,353	
(1,168,594)	(380,000)	(100,000)	(3,835)	(54,000)	(4,410,759)	(2,089,345)	
(1,153,112)	(852,667)	452,516	(177,419)	(55,697)	(10,645,494)	(158,580)	
1,153,112	(6,463,337)	517,433	(2,413)	226,132	868,104	1,026,684	
-	(7,316,004)	969,949	(179,832)	170,435	(9,777,390)	868,104	

CITY OF PASADENA
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2010

	<u>Computing and Communication Services</u>	<u>Building Maintenance</u>	<u>Fleet Maintenance</u>	<u>Benefits</u>
Cash flows from operating activities:				
Cash payments to suppliers for goods or services	(3,123,186)	(3,350,845)	(4,489,635)	(3,934,539)
Cash payments to employees for services	(4,931,459)	(4,623,237)	(2,135,382)	(30,379,652)
Cash payments to other funds for services	(387,833)	(578,462)	(369,301)	(31,453)
Cash payments from other funds for services	8,183,574	8,697,404	8,061,039	33,141,181
Other nonoperating revenues (expenses)	<u>30</u>	<u>216,595</u>	<u>5,771</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>(258,874)</u>	<u>361,455</u>	<u>1,072,492</u>	<u>(1,204,463)</u>
Cash flows from noncapital financing activities:				
Operating transfers in	447,238	175,117	-	-
Operating transfers out	-	(1,309,357)	(130,331)	(1,264,642)
Cash paid on loans to other funds	<u>-</u>	<u>799,051</u>	<u>1,248,371</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>447,238</u>	<u>(335,189)</u>	<u>1,118,040</u>	<u>(1,264,642)</u>
Cash flows from capital and related financing activities:				
Proceeds from long-term debt	-	-	-	-
Acquisition and construction of capital assets	(3,897,146)	-	(1,706,173)	-
Proceeds from sale of capital assets	-	-	16,868	-
Principal paid on debt	4,787,829	-	(732,827)	-
Interest paid on debt	<u>(220,332)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>670,351</u>	<u>-</u>	<u>(2,422,132)</u>	<u>-</u>
Cash flows from investing activities:				
Investment earnings (expenses)	<u>51,060</u>	<u>(26,266)</u>	<u>68,077</u>	<u>162,377</u>
Net cash provided by investing activities	<u>51,060</u>	<u>(26,266)</u>	<u>68,077</u>	<u>162,377</u>
Net increase (decrease) in cash and cash equivalents	909,775	-	(163,523)	(2,306,728)
Cash and cash equivalents at beginning of year	<u>2,498,739</u>	<u>-</u>	<u>2,655,835</u>	<u>5,978,468</u>
Cash and cash equivalents at end of year	<u>3,408,514</u>	<u>-</u>	<u>2,492,312</u>	<u>3,671,740</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Assets:				
Cash and investments	3,392,159	-	2,492,312	3,671,740
Other restricted cash and investments	<u>16,355</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>3,408,514</u>	<u>-</u>	<u>2,492,312</u>	<u>3,671,740</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>2010</u>	<u>2009</u>
-	(4,196,838)	(1,204,702)	(433,499)	(94,818)	(20,828,062)	(20,195,465)
-	(4,437,310)	(213,901)	(558,764)	(264,902)	(47,544,607)	(47,704,220)
-	(41,895)	(175,283)	218,499	(86,803)	(1,452,531)	(2,229,880)
-	9,167,524	2,299,014	1,000,168	431,320	70,981,224	72,126,363
-	-	-	-	-	222,396	214,819
-	491,481	705,128	226,404	(15,203)	1,378,420	2,211,617
-	-	-	-	-	622,355	1,062,353
(1,168,594)	(380,000)	(100,000)	(3,835)	(54,000)	(4,410,759)	(2,089,345)
-	-	-	-	-	2,047,422	536,294
(1,168,594)	(380,000)	(100,000)	(3,835)	(54,000)	(1,740,982)	(490,698)
-	-	-	32,203	-	32,203	32,203
-	-	-	-	-	(5,603,319)	(2,553,856)
-	-	-	-	-	16,868	31,952
-	-	-	(241,645)	(39)	3,813,318	(1,014,902)
-	-	-	(10,323)	-	(230,655)	(51,044)
-	-	-	(219,765)	(39)	(1,971,585)	(3,555,647)
26,145	204,757	56,426	(6,611)	1,650	537,615	1,265,875
26,145	204,757	56,426	(6,611)	1,650	537,615	1,265,875
(1,142,449)	316,238	661,554	(3,807)	(67,592)	(1,796,532)	(568,853)
1,142,449	10,000,161	1,944,433	3,807	144,828	24,368,720	24,937,573
-	10,316,399	2,605,987	-	77,236	22,572,188	24,368,720
-	10,316,399	2,605,987	-	77,236	22,555,833	24,101,853
-	-	-	-	-	16,355	266,867
-	10,316,399	2,605,987	-	77,236	22,572,188	24,368,720

(Continued)

CITY OF PASADENA
Internal Service Funds
Combining Statement of Cash Flows, (Continued)
Year Ended June 30, 2010

	<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)	\$ (688,109)	333,686	355,018	(7,161,151)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	537,922	7,294	1,365,088	106
Other nonoperating revenues (expenses)	30	216,595	5,771	-
(Increase) decrease in accounts receivable	4,069	3,897	28,652	5,734,375
(Increase) decrease in due from other funds	-	-	(1,153,607)	-
(Increase) decrease in inventories	-	-	9,704	-
(Increase) decrease in prepaids and other assets	6,755	-	-	(131,142)
Increase (decrease) in accounts payable and accrued liabilities	(119,541)	(200,017)	461,866	(2,671,465)
Increase (decrease) in insurance claims payable	-	-	-	-
Increase (decrease) in OPEB liability	-	-	-	2,665,524
Increase (decrease) in compensated absences	-	-	-	359,290
 Total adjustments	 <u>429,235</u>	 <u>27,769</u>	 <u>717,474</u>	 <u>5,956,688</u>
 Net cash provided by (used for) operating activities	 <u>\$ (258,874)</u>	 <u>361,455</u>	 <u>1,072,492</u>	 <u>(1,204,463)</u>
<u>Non-cash investing, capital and financing related activity:</u>				
Non-cash changes in fair value of investments	<u>\$ 47,872</u>	<u>(29,473)</u>	<u>157,124</u>	<u>398,246</u>

1992 Equipment Leasing	Workers' Compensation	General Liability	Printing Services	Mail Services	Totals	
					2010	2009
-	(730,377)	499,370	(156,978)	(4,002)	(7,552,543)	(386,437)
-	-	-	72,929	5,672	1,989,011	2,055,535
-	-	-	-	-	222,396	214,819
-	458,311	32,588	(4,163)	655	6,258,384	(56,306)
-	-	-	340,954	-	(812,653)	(232,296)
-	-	-	-	-	9,704	53,833
-	-	-	-	(5,589)	(129,976)	120,940
-	285,007	(26,830)	(26,338)	(11,939)	(2,309,257)	437,461
-	478,540	200,000	-	-	678,540	(3,120,284)
-	-	-	-	-	2,665,524	2,162,090
-	-	-	-	-	359,290	962,262
-	1,221,858	205,758	383,382	(11,201)	8,930,963	2,598,054
-	491,481	705,128	226,404	(15,203)	1,378,420	2,211,617
-	329,998	184,373	(3,218)	(16)	1,084,906	124,708

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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.

Open Space Assessment District Fund – to account for receipt and disbursement of debt service activity related to the acquisition and improvement of the Annandale Canyon Estates and adjacent property to be established as open space.

CITY OF PASADENA
Pension Trust Funds
Combining Statement of Net Assets
June 30, 2010

	Deferred	Fire and Police	Totals	
	Compensation	Retirement System	2010	2009
Assets				
Cash and cash equivalents	\$ 163,124,578	6,687,696	169,812,274	156,389,530
Receivables:				
Interest	-	183,072	183,072	231,541
Total receivables	-	183,072	183,072	231,541
Investments, at fair value:				
Government and agencies	-	14,252,981	14,252,981	11,043,617
Domestic corporate obligations		17,028,652	17,028,652	16,900,799
International corporate obligations	-	1,173,230	1,173,230	941,454
Real estate investment trust (REIT)	-	6,134,669	6,134,669	4,035,853
Domestic corporate stocks		36,608,441	36,608,441	33,647,369
International corporate stocks	-	9,914,568	9,914,568	8,755,287
Total investments	-	85,112,541	85,112,541	75,324,379
Total assets	163,124,578	91,983,309	255,107,887	231,945,450
Liabilities				
Accounts payable and accrued liabilities	-	66,975	66,975	46,810
Total liabilities	-	66,975	66,975	46,810
Net assets reserved in trust for employees' pension benefits	\$ 163,124,578	91,916,334	255,040,912	231,898,640

CITY OF PASADENA
Pension Trust Funds
Combining Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Deferred Compensation</u>	<u>Fire and Police Retirement System</u>	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
Additions:				
Contributions:				
Employer	\$ -	4,981,704	4,981,704	956,097
Plan members	<u>14,313,653</u>	<u>-</u>	<u>14,313,653</u>	<u>14,692,855</u>
Total contributions	<u>14,313,653</u>	<u>4,981,704</u>	<u>19,295,357</u>	<u>15,648,952</u>
Net investment income:				
Net change in fair value of investments	11,788,556	12,986,543	24,775,099	(39,697,257)
Interest	-	1,517,524	1,517,524	2,052,803
Dividends	<u>-</u>	<u>774,255</u>	<u>774,255</u>	<u>1,248,986</u>
Gross investment income (loss)	11,788,556	15,278,322	27,066,878	(36,395,468)
Less investment expenses	<u>-</u>	<u>(331,763)</u>	<u>(331,763)</u>	<u>(465,746)</u>
Net investment income (loss)	<u>11,788,556</u>	<u>14,946,559</u>	<u>26,735,115</u>	<u>(36,861,214)</u>
Total additions	<u>26,102,209</u>	<u>19,928,263</u>	<u>46,030,472</u>	<u>(21,212,262)</u>
Deductions:				
Benefits paid to participants	7,667,244	14,974,640	22,641,884	25,145,657
Administrative expenses	<u>-</u>	<u>246,316</u>	<u>246,316</u>	<u>210,829</u>
Total deductions	<u>7,667,244</u>	<u>15,220,956</u>	<u>22,888,200</u>	<u>25,356,486</u>
Net increase (decreases)	18,434,965	4,707,307	23,142,272	(46,568,748)
Net assets reserved in trust for employees' pension benefits:				
Beginning of year	<u>144,689,613</u>	<u>87,209,027</u>	<u>231,898,640</u>	<u>278,467,388</u>
End of year	<u>\$ 163,124,578</u>	<u>91,916,334</u>	<u>255,040,912</u>	<u>231,898,640</u>

CITY OF PASADENA

Agency Funds

Combining Balance Sheet

June 30, 2010

	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	\$ 103,175	1,917	1,396,058	-	1,430,176
Accounts receivable	-	-	-	817,932	-
Other assets	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 103,175</u>	<u>1,917</u>	<u>1,396,058</u>	<u>817,932</u>	<u>1,430,176</u>
<u>Liabilities</u>					
Accounts payable and accrued liabilities	\$ 103,175	56	51,809	817,932	-
Due to other governments	-	1,861	1,344,249	-	1,430,176
Due to bondholders	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 103,175</u>	<u>1,917</u>	<u>1,396,058</u>	<u>817,932</u>	<u>1,430,176</u>

Open Space Assessment District	Totals	
	2010	2009
132,225	3,063,551	2,961,425
2,375	820,307	945,631
<u>1,042,862</u>	<u>1,042,862</u>	<u>905</u>
<u>1,177,462</u>	<u>4,926,720</u>	<u>3,907,961</u>
727	973,699	1,066,022
-	2,776,286	2,841,939
<u>1,176,735</u>	<u>1,176,735</u>	<u>-</u>
<u>1,177,462</u>	<u>4,926,720</u>	<u>3,907,961</u>

CITY OF PASADENA

Agency Funds

Combining Statements of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2010

	<u>Balance at</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2010</u>
<u>SOUTH LAKE BUSINESS IMPROVEMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ 103,052	123	-	103,175
Total assets	<u>\$ 103,052</u>	<u>123</u>	<u>-</u>	<u>103,175</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 103,052	123	-	103,175
Total liabilities	<u>\$ 103,052</u>	<u>123</u>	<u>-</u>	<u>103,175</u>
<u>LAKE/WASHINGTON SPECIAL ASSESSEMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ 1,045	28,603	27,731	1,917
Total assets	<u>\$ 1,045</u>	<u>28,603</u>	<u>27,731</u>	<u>1,917</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 61	-	5	56
Due to other governments	984	28,498	27,621	1,861
Total liabilities	<u>\$ 1,045</u>	<u>28,498</u>	<u>27,626</u>	<u>1,917</u>

(Continued)

CITY OF PASADENA

Agency Funds

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

For the Fiscal Year Ended June 30, 2010

	<u>Balance at</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2010</u>
 <u>LIBRARY EQUIPMENT REPLACEMENT</u>				
<u>Assets</u>				
Cash and investments	\$ 1,426,206	145,987	176,135	1,396,058
Total assets	<u>\$ 1,426,206</u>	<u>145,987</u>	<u>176,135</u>	<u>1,396,058</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 16,373	47,492	12,056	51,809
Due to other governments	<u>1,409,833</u>	<u>123,034</u>	<u>188,618</u>	<u>1,344,249</u>
Total liabilities	<u>\$ 1,426,206</u>	<u>170,526</u>	<u>200,674</u>	<u>1,396,058</u>
 <u>WORKFORCE INVESTMENT ACT</u>				
<u>Assets</u>				
Cash and investments	\$ -	7,202,110	7,202,110	-
Accounts receivable	945,631	6,285,820	6,413,519	817,932
Other assets	<u>905</u>	<u>-</u>	<u>905</u>	<u>-</u>
Total assets	<u>\$ 946,536</u>	<u>13,487,930</u>	<u>13,616,534</u>	<u>817,932</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	<u>\$ 946,536</u>	<u>12,168,063</u>	<u>12,296,667</u>	<u>817,932</u>
Total liabilities	<u>\$ 946,536</u>	<u>12,168,063</u>	<u>12,296,667</u>	<u>817,932</u>

(Continued)

CITY OF PASADENA

Agency Funds

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

For the Fiscal Year Ended June 30, 2010

	<u>Balance at</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2010</u>
<u>COMMUNITY FACILITIES DISTRICT NO. 1</u>				
<u>Assets</u>				
Cash and investments	\$ 1,431,122	1,404,290	1,405,236	1,430,176
Total assets	<u>\$ 1,431,122</u>	<u>1,404,290</u>	<u>1,405,236</u>	<u>1,430,176</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ -	3,515	3,515	-
Due to other governments	1,431,122	469,981	470,927	1,430,176
Total liabilities	<u>\$ 1,431,122</u>	<u>473,496</u>	<u>474,442</u>	<u>1,430,176</u>
<u>OPEN SPACE ASSESSMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ -	1,656,221	1,523,996	132,225
Accounts receivable	-	2,375	-	2,375
Other assets	-	1,320,086	277,224	1,042,862
Total assets	<u>\$ -</u>	<u>2,978,682</u>	<u>1,801,220</u>	<u>1,177,462</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ -	2,834	2,107	727
Due to bondholders	-	1,186,835	10,100	1,176,735
Total liabilities	<u>\$ -</u>	<u>1,189,669</u>	<u>12,207</u>	<u>1,177,462</u>

CITY OF PASADENA

Agency Funds

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

For the Fiscal Year Ended June 30, 2010

	<u>Balance at</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2010</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 2,961,425	10,437,334	10,335,208	3,063,551
Accounts receivable	945,631	6,288,195	6,413,519	820,307
Other assets	<u>905</u>	<u>1,320,086</u>	<u>278,129</u>	<u>1,042,862</u>
Total assets	<u>\$ 3,907,961</u>	<u>18,045,615</u>	<u>17,026,856</u>	<u>4,926,720</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 1,066,022	12,222,027	12,314,350	973,699
Due to other governments	2,841,939	621,513	687,166	2,776,286
Due to bondholders	<u>-</u>	<u>1,186,835</u>	<u>10,100</u>	<u>1,176,735</u>
Total liabilities	<u>\$ 3,907,961</u>	<u>14,030,375</u>	<u>13,011,616</u>	<u>4,926,720</u>

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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, 2010

	<u>Rose Bowl</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
Assets				
Current assets:				
Cash and investments	\$ 7,883,319	1,848,765	9,732,084	9,953,801
Accounts receivable, net	366,268	223,994	590,262	1,155,098
Prepays and other assets	41,520	-	41,520	28,530
Due from other funds	-	16,127	16,127	317
Other receivable	-	55,397	55,397	55,397
Total current assets	<u>8,291,107</u>	<u>2,144,283</u>	<u>10,435,390</u>	<u>11,193,143</u>
Noncurrent assets:				
Cash and investments with fiscal agent	2,978,553	-	2,978,553	2,952,249
Other receivable	-	9,233	9,233	64,631
Unamortized bond issuance costs	211,520	-	211,520	227,790
Deferred outflow (note 16)	3,274,047	-	3,274,047	-
Capital assets:				
Construction in progress	4,135,386	349,396	4,484,782	2,367,624
Other capital assets, net	42,792,516	4,124,256	46,916,772	48,001,894
Total noncurrent assets	<u>53,392,022</u>	<u>4,482,885</u>	<u>57,874,907</u>	<u>53,614,188</u>
Total assets	<u>61,683,129</u>	<u>6,627,168</u>	<u>68,310,297</u>	<u>64,807,331</u>
Liabilities				
Current liabilities:				
Accounts payable and other liabilities	2,107,290	170,962	2,278,252	2,033,607
Accrued salaries and benefits	36,475	4,650	41,125	32,319
Interest payable	149,947	-	149,947	582,501
Due to other funds	16,127	-	16,127	317
Deposits	170,808	-	170,808	108,800
Deferred revenue	1,086,248	-	1,086,248	1,439,237
Current portion of compensated absences	1,070	181	1,251	22,154
Current portion of certificates of participation	52,903	-	52,903	50,808
Revenue Bonds-current (notes 9 and 13)	1,795,000	-	1,795,000	1,795,000
Total current liabilities	<u>5,415,868</u>	<u>175,793</u>	<u>5,591,661</u>	<u>6,064,743</u>
Noncurrent liabilities:				
Compensated absences	136,139	23,021	159,160	125,540
Derivative instrument liability (note 16)	3,274,047	-	3,274,047	-
Long term portion of certificates of participation	-	-	-	52,903
Revenue Bonds- long-term (notes 9 and 13)	29,995,000	-	29,995,000	31,790,000
Unamortized premium (discount)	(162,622)	-	(162,622)	(238,522)
Total noncurrent liabilities	<u>33,242,564</u>	<u>23,021</u>	<u>33,265,585</u>	<u>31,729,921</u>
Total liabilities	<u>38,658,432</u>	<u>198,814</u>	<u>38,857,246</u>	<u>37,794,664</u>
Net Assets				
Invested in capital assets, net of related debt	18,226,174	4,473,652	22,699,826	19,871,578
Unrestricted:				
Designated	4,798,523	1,438,786	6,237,309	6,556,350
Undesignated	-	515,916	515,916	584,739
Total net assets	<u>\$ 23,024,697</u>	<u>6,428,354</u>	<u>29,453,051</u>	<u>27,012,667</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, 2010

	<u>Rose Bowl</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
Operating revenues:				
Charges for services:				
Rose Bowl	\$ 14,855,801	-	14,855,801	9,065,547
Golf course	-	2,304,458	2,304,458	2,708,624
Total operating revenues	<u>14,855,801</u>	<u>2,304,458</u>	<u>17,160,259</u>	<u>11,774,171</u>
Operating expenses:				
Rose Bowl	10,816,040	-	10,816,040	7,431,021
Golf course	-	821,327	821,327	887,558
Depreciation	2,914,377	215,518	3,129,895	3,036,947
Total operating expenses	<u>13,730,417</u>	<u>1,036,845</u>	<u>14,767,262</u>	<u>11,355,526</u>
Operating income	<u>1,125,384</u>	<u>1,267,613</u>	<u>2,392,997</u>	<u>418,645</u>
Nonoperating revenues (expenses):				
Investment gain (loss)	126,969	143,845	270,814	363,975
Interest expense	(1,440,828)	-	(1,440,828)	(1,499,354)
Other nonoperating revenues (expenses)	294,960	197,970	492,930	426,190
Total nonoperating revenues (expenses)	<u>(1,018,899)</u>	<u>341,815</u>	<u>(677,084)</u>	<u>(709,189)</u>
Income before other revenues, expenses, gains, losses, and other items	<u>106,485</u>	<u>1,609,428</u>	<u>1,715,913</u>	<u>(290,544)</u>
Transfer (to) from other funds	1,420,798	(1,420,798)	-	-
Capital contributions	724,471	-	724,471	2,000,000
Change in net assets	2,251,754	188,630	2,440,384	1,709,456
Net assets at beginning of year	<u>20,772,943</u>	<u>6,239,724</u>	<u>27,012,667</u>	<u>25,303,211</u>
Net assets at end of year	<u>\$ 23,024,697</u>	<u>6,428,354</u>	<u>29,453,051</u>	<u>27,012,667</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, 2010 and June, 2009**

	2010	2009
Governmental funds capital assets:		
Land	\$ 55,467,474	55,467,474
Buildings and improvements	277,601,530	274,305,276
Machinery and equipment	21,180,091	18,046,601
Infrastructure	230,741,216	214,780,755
Construction in progress	105,941,777	101,001,412
Total governmental funds capital assets	\$ 690,932,088	663,601,518
Investment in governmental funds capital assets by source:		
General Fund	\$ 171,439,738	166,351,065
Special revenue fund	19,328,976	18,399,578
Capital projects funds	500,163,374	478,850,875
Total governmental funds capital assets	\$ 690,932,088	663,601,518

⁽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, 2010

<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	\$ -	-	63,209	-	-	63,209
City Manager	-	-	16,066	-	-	16,066
City Attorney	-	-	(8,640)	-	-	(8,640)
City Prosecutor	-	-	61,545	-	-	61,545
City Clerk	-	-	52,199	-	-	52,199
Finance	-	7,013,021	289,768	-	-	7,302,789
Human Resources	-	-	14,280	-	-	14,280
Affirmative Action	-	-	-	-	-	-
Non-departmental	54,226,482	153,086,152	185,650	-	-	207,498,284
Total general government	54,226,482	160,099,173	674,077	-	-	214,999,732
Public safety:						
Fire	-	4,463,958	2,274,762	-	-	6,738,720
Police	-	27,258,534	8,515,226	-	-	35,773,760
Total public safety	-	31,722,492	10,789,988	-	-	42,512,480
Transportation:						
Public Works and Transportation	1,240,992	18,173,649	4,259,448	230,741,216	105,941,777	360,357,082
Health:						
Public Health	-	7,287,271	176,288	-	-	7,463,559
Culture and leisure:						
Human Services, Recreation and Neighborhoods	-	17,727,939	1,332,708	-	-	19,060,647
Community development:						
Planning and Permitting	-	6,927,375	1,534,614	-	-	8,461,989
Housing and Development	-	35,663,631	2,412,968	-	-	38,076,599
Total community development	-	42,591,006	3,947,582	-	-	46,538,588
Total general fixed assets	\$ 55,467,474	277,601,530	21,180,091	230,741,216	105,941,777	690,932,088

⁽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 of Changes by Function and Activity ⁽¹⁾
For the period ended June 30, 2010**

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Governmental Funds Capital Assets June 30, 2010</u>
General government:				
City Council	\$ 67,471	-	(4,262)	63,209
City Manager	16,066	-	-	16,066
City Attorney	(6,156)	-	(2,484)	(8,640)
City Prosecutor	61,545	-	-	61,545
City Clerk	52,199	-	-	52,199
Finance	7,306,327	-	(3,538)	7,302,789
Human Resources	14,280	-	-	14,280
Affirmative Action and Diversity	-	-	-	-
Non-departmental	<u>207,432,030</u>	<u>66,254</u>	<u>-</u>	<u>207,498,284</u>
Total general government	<u>214,943,762</u>	<u>66,254</u>	<u>(10,284)</u>	<u>214,999,732</u>
Public safety:				
Fire	6,738,720	-	-	6,738,720
Police	<u>32,954,251</u>	<u>3,083,062</u>	<u>(263,553)</u>	<u>35,773,760</u>
Total public safety	<u>39,692,971</u>	<u>3,083,062</u>	<u>(263,553)</u>	<u>42,512,480</u>
Transportation:				
Public Works and Transportation	<u>339,110,837</u>	<u>42,135,300</u>	<u>(20,889,055)</u>	<u>360,357,082</u>
Health:				
Public Health	<u>7,463,559</u>	<u>-</u>	<u>-</u>	<u>7,463,559</u>
Culture and leisure:				
Human Services, Recreation and Neighborhoods	<u>19,080,417</u>	<u>-</u>	<u>(19,770)</u>	<u>19,060,647</u>
Community development:				
Planning and Permitting	8,463,373	-	(1,384)	8,461,989
Housing and Development	<u>34,846,599</u>	<u>3,230,000</u>	<u>-</u>	<u>38,076,599</u>
Total community development	<u>43,309,972</u>	<u>3,230,000</u>	<u>(1,384)</u>	<u>46,538,588</u>
Total governmental funds capital assets	<u>\$ 663,601,518</u>	<u>48,514,616</u>	<u>(21,184,046)</u>	<u>690,932,088</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.	264
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	269
<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.	276
<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.	284
<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.	286

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 Eight Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 148,883	178,073	177,710	221,450	284,366	318,192	325,410	365,674
Restricted	15,077	3,326	11,021	37,608	44,513	73,830	94,360	87,853
Unrestricted	58,176	81,998	84,615	52,625	15,402	(19,054)	(28,083)	(61,972)
Total governmental activities net assets	<u>\$ 222,136</u>	<u>263,397</u>	<u>273,346</u>	<u>311,683</u>	<u>344,281</u>	<u>372,968</u>	<u>391,687</u>	<u>391,555</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 125,217	120,562	144,993	172,776	211,672	254,992	257,831	289,571
Restricted	280,460	-	184,290	191,111	191,731	153,935	158,337	155,458
Unrestricted	-	295,394	108,110	76,034	88,377	119,139	146,345	160,885
Total business-type activities net assets	<u>\$ 405,677</u>	<u>415,956</u>	<u>437,393</u>	<u>439,921</u>	<u>491,780</u>	<u>528,066</u>	<u>562,513</u>	<u>605,914</u>
Primary government								
Invested in capital assets, net of related debt	\$ 274,100	298,635	322,703	394,226	496,038	573,185	583,241	655,245
Restricted	295,537	3,326	195,311	228,719	236,244	227,763	252,697	243,311
Unrestricted	58,176	377,392	192,725	128,659	103,779	104,085	118,261	98,913
Total primary government net assets *	<u>\$ 627,813</u>	<u>679,353</u>	<u>710,739</u>	<u>751,604</u>	<u>836,061</u>	<u>905,033</u>	<u>954,199</u>	<u>997,469</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.

* As restated.

Table 2

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	\$ 49,562	27,947	50,248	38,301	45,708	44,788	43,926	38,900
Public safety	64,948	70,480	78,920	82,372	95,181	99,785	103,180	104,870
Transportation	33,787	30,918	37,322	42,277	34,109	50,035	49,979	43,656
Sanitation	2,669	2,739	2,409	3,104	3,110	3,189	4,061	3,697
Health	10,070	10,991	10,834	11,548	12,469	12,444	13,373	8,905
Culture and leisure	22,115	22,602	23,379	24,725	26,123	27,608	26,048	25,996
Community development	32,108	37,996	31,593	33,655	38,596	40,763	42,791	53,845
Interest and other fiscal charges	16,739	15,592	15,740	15,979	16,753	15,345	18,755	13,054
Total governmental activities expenses	<u>231,998</u>	<u>219,265</u>	<u>250,445</u>	<u>251,961</u>	<u>272,049</u>	<u>293,957</u>	<u>302,113</u>	<u>292,923</u>
Business-type activities:								
Electric	115,360	126,921	125,859	143,063	141,189	162,719	170,428	158,769
Water	27,996	29,132	30,281	29,424	32,886	36,394	36,877	35,912
Refuse	8,401	8,975	9,331	10,737	10,785	12,098	11,833	13,131
Parking	10,615	10,209	10,727	11,293	11,960	12,437	12,775	11,159
Telecommunication	-	-	416	382	364	470	457	452
Total business-type activities expenses	<u>162,372</u>	<u>175,237</u>	<u>176,614</u>	<u>194,899</u>	<u>197,184</u>	<u>224,118</u>	<u>232,370</u>	<u>219,423</u>
Total primary government expenses	<u>\$ 394,370</u>	<u>394,502</u>	<u>427,059</u>	<u>446,860</u>	<u>469,233</u>	<u>518,075</u>	<u>534,483</u>	<u>512,346</u>
Program Revenues								
Governmental activities:								
Charges for services								
General government	\$ 12,882	14,481	14,246	14,786	16,161	16,679	17,899	17,552
Public safety	13,739	10,698	16,497	12,068	13,274	14,064	15,504	12,097
Transportation	4,035	9,076	5,466	10,964	12,275	13,802	13,852	13,247
Sanitation	4,331	4,796	4,884	5,358	5,593	5,583	6,685	6,503
Health	712	724	734	766	731	788	737	902
Culture and leisure	1,215	1,857	2,029	2,112	2,152	2,114	1,957	2,270
Community development	9,066	10,014	11,735	11,768	9,867	10,503	9,244	7,450
Operating grants and contributions	26,242	36,220	32,560	34,842	33,668	41,254	28,808	28,550
Capital grants and contributions	13,816	15,421	22,602	16,113	17,166	14,456	18,112	15,289
Total governmental activities program revenues	<u>86,038</u>	<u>103,287</u>	<u>110,753</u>	<u>108,777</u>	<u>110,887</u>	<u>119,243</u>	<u>112,798</u>	<u>103,860</u>
Business-type activities:								
Charges for services:								
Electric	126,425	138,530	138,642	149,985	167,538	185,043	193,158	183,712
Water	28,958	31,860	34,267	34,508	39,942	39,560	43,096	43,480
Refuse	8,392	7,996	8,744	9,136	9,627	10,012	10,285	11,050
Parking	8,778	10,337	11,075	11,878	12,282	13,867	13,124	12,558
Telecommunication	180	452	446	356	358	428	595	629
Operating grants and contributions	3,168	2,495	2,764	2,693	2,670	3,233	4,216	-
Capital grants and contributions	-	-	-	-	-	-	-	3,962
Total business-type activities program revenues	<u>175,901</u>	<u>191,670</u>	<u>195,938</u>	<u>208,556</u>	<u>232,417</u>	<u>252,143</u>	<u>264,474</u>	<u>255,391</u>
Total primary government program revenues	<u>\$ 261,939</u>	<u>294,957</u>	<u>306,691</u>	<u>317,333</u>	<u>343,304</u>	<u>371,386</u>	<u>377,272</u>	<u>359,251</u>
Net Revenues (Expenses)								
Governmental activities	\$(145,960)	(115,978)	(139,692)	(143,184)	(161,162)	(174,714)	(189,315)	(189,063)
Business-type activities	13,529	16,433	19,324	13,657	35,233	28,025	32,104	35,968
Total net revenues (expenses)	<u>\$(132,431)</u>	<u>(99,545)</u>	<u>(120,368)</u>	<u>(129,527)</u>	<u>(125,929)</u>	<u>(146,689)</u>	<u>(157,211)</u>	<u>(153,095)</u>

(continued)

Table 2

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes:								
Property tax, levied for general purpose	\$ 42,843	46,966	46,268	51,116	61,736	63,449	69,062	68,354
Sales tax	33,219	32,472	34,025	33,992	34,634	36,519	32,913	28,949
Utility users' tax	24,142	25,928	26,639	26,766	28,063	29,640	31,162	29,520
Transient occupancy tax	6,610	7,022	7,445	8,481	8,565	8,848	7,382	6,942
Construction tax	3,339	4,474	3,974	3,223	3,828	3,984	2,367	1,397
Business license tax	4,021	4,784	4,147	5,289	5,321	5,604	5,861	5,664
Franchise tax	1,756	2,026	2,079	2,194	2,187	2,108	2,402	1,933
Other taxes	4,960	5,440	5,475	5,721	6,153	6,222	6,078	6,035
Other intergovernmental	10,738	8,929	14,213	13,478	14,145	14,565	15,094	14,901
Investment earnings	10,567	7,254	10,091	11,302	13,808	11,688	8,619	5,292
Net change in fair value of investments	466	(1,883)	(311)	(2,482)	2,640	1,163	1,268	738
Gain on sale of assets	604	31	-	23	-	146	665	250
Miscellaneous revenues	4,775	4,733	12,094	9,429	6,361	5,329	6,121	4,465
Transfers	14,321	14,257	16,587	22,915	6,320	14,137	15,040	12,122
Total governmental activities	162,361	162,433	182,726	191,447	193,761	203,402	204,034	186,562
Business-type activities:								
Taxes:								
Transient occupancy tax	1,017	1,174	1,439	1,766	1,793	1,883	1,605	1,464
Franchise tax	749	792	1,110	1,659	1,957	2,215	2,128	3,098
Investment earnings	13,216	9,094	9,895	10,059	13,580	11,918	9,771	8,173
Net change in fair value of investments	592	(5,260)	906	(5,604)	2,476	3,529	1,097	1,160
Gain on sale of assets	13	-	1,106	-	-	(149)	(188)	-
Miscellaneous revenues	2,498	2,302	4,244	3,906	3,139	3,004	2,970	10,946
Transfers	(14,321)	(14,257)	(16,587)	(22,915)	(6,320)	(14,137)	(15,040)	(17,409)
Total business-type activities	3,764	(6,155)	2,113	(11,129)	16,625	8,263	2,343	7,432
Total primary government	\$ 166,125	156,278	184,839	180,318	210,386	211,665	206,377	193,994
Changes in Net Assets								
Governmental activities	\$ 16,401	46,455	43,034	48,263	32,599	28,688	14,719	(2,501)
Business-type activities	17,293	10,278	21,437	2,528	51,858	36,288	34,447	43,400
Total primary government	\$ 33,694	56,733	64,471	50,791	84,457	64,976	49,166	40,899

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 Eight Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:								
Reserved	\$ 14,883	9,906	7,085	7,065	6,971	7,127	11,982	7,997
Unreserved	<u>35,566</u>	<u>49,391</u>	<u>61,996</u>	<u>72,401</u>	<u>59,517</u>	<u>62,798</u>	<u>48,401</u>	<u>45,181</u>
Total general fund	<u>\$ 50,449</u>	<u>59,297</u>	<u>69,081</u>	<u>79,466</u>	<u>66,488</u>	<u>69,925</u>	<u>60,383</u>	<u>53,178</u>
						*		
All Other Governmental Funds:								
Reserved	\$ 68,211	58,468	67,444	90,640	85,131	98,390	112,237	111,525
Unreserved, reported in:								
Special revenue funds	38,455	51,444	43,104	44,033	43,025	46,593	48,859	49,566
Capital project funds	103,581	93,985	95,572	54,847	38,463	22,592	21,961	7,790
Debt service funds	(38,719)	(32,775)	(24,786)	(25,363)	(24,475)	(23,379)	(17,547)	(30,797)
Permanent funds	<u>870</u>	<u>946</u>	<u>971</u>	<u>993</u>	<u>1,047</u>	<u>1,062</u>	<u>1,205</u>	<u>1,233</u>
Total all other governmental funds	<u>\$ 172,398</u>	<u>172,068</u>	<u>182,305</u>	<u>165,150</u>	<u>143,191</u>	<u>145,258</u>	<u>166,715</u>	<u>139,317</u>

The City of Pasadena has elected to show only seven years of data for this schedule.

* As restated.

Table 4

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:								
Taxes	\$ 120,889	129,111	130,053	136,783	150,487	156,373	157,227	148,794
Licenses and permits	7,333	7,386	9,438	9,185	7,121	8,646	7,136	6,737
Intergovernmental revenues	48,799	53,974	64,173	56,485	60,304	57,531	61,410	63,648
Charges for services	29,063	25,299	32,358	34,653	37,892	39,088	42,783	41,489
Fines and forfeits	4,120	5,425	6,542	7,080	7,758	8,025	8,844	5,135
Investment earnings	21,469	25,066	22,870	24,970	30,192	28,311	27,389	27,462
Net change in fair value of investments	399	(1,351)	(288)	(2,096)	2,258	1,039	1,034	627
Rental income	4,502	4,931	4,870	4,867	4,991	5,370	5,277	4,687
Miscellaneous revenues	5,707	7,949	15,148	11,336	8,756	7,894	6,570	6,651
Contributions	2,546	2,560	2,382	4,836	7,292	6,005	8,012	842
Forgiveness of advances	-	2,900	-	-	-	-	-	-
Total revenues	<u>244,827</u>	<u>263,250</u>	<u>287,546</u>	<u>288,099</u>	<u>317,051</u>	<u>318,282</u>	<u>325,682</u>	<u>306,072</u>
Expenditures:								
Current:								
General government	25,788	25,939	27,261	31,037	34,717	35,124	35,826	36,976
Public safety	64,139	69,450	77,965	81,861	92,713	96,211	102,518	101,079
Transportation	27,655	29,822	31,012	33,923	34,193	36,717	36,904	33,038
Sanitation	2,669	2,739	2,409	3,104	3,109	3,189	4,061	3,697
Health	9,960	10,880	10,727	11,430	12,247	12,124	11,471	11,049
Culture and leisure	21,564	22,095	22,912	24,293	25,518	26,821	26,936	25,155
Community development	32,324	38,543	35,142	37,059	38,052	39,682	42,652	52,600
Capital outlay	16,370	33,803	38,786	75,111	60,902	34,999	29,991	34,374
Debt service:								
Principal retirement	10,702	10,488	53,054	12,322	12,296	41,972	86,074	21,553
Interest	28,055	30,630	29,577	31,557	35,212	34,165	33,432	37,067
Bond issuance costs	912	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	1,408	-	-	-	-
Total expenditures	<u>240,138</u>	<u>274,389</u>	<u>328,845</u>	<u>343,105</u>	<u>348,959</u>	<u>361,004</u>	<u>409,865</u>	<u>356,588</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,689</u>	<u>(11,139)</u>	<u>(41,299)</u>	<u>(55,006)</u>	<u>(31,908)</u>	<u>(42,722)</u>	<u>(84,183)</u>	<u>(50,516)</u>
Other financing sources (uses):								
Discount on debt issued	(210)	-	-	(36)	-	836	-	-
Issuance of long-term debt	73,790	40,168	42,932	17,542	87	27,939	80,032	-
Payment to refunded bond escrow agent	-	(38,527)	-	(5,186)	-	-	-	-
Transfers in	77,173	82,052	134,570	136,498	109,124	112,228	158,735	112,078
Transfers out	(61,160)	(64,035)	(116,182)	(112,144)	(99,825)	(96,215)	(142,668)	(96,168)
Transfers to component units	-	-	-	-	-	-	-	-
Transfers from component units	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>89,593</u>	<u>19,658</u>	<u>61,320</u>	<u>36,674</u>	<u>9,386</u>	<u>44,788</u>	<u>96,099</u>	<u>15,910</u>
Net change in fund balances	<u>\$ 94,282</u>	<u>8,519</u>	<u>20,021</u>	<u>(18,332)</u>	<u>(22,522)</u>	<u>2,066</u>	<u>11,916</u>	<u>(34,606)</u>
 Debt service as a percentage of noncapital expenditures	17.3%	17.1%	28.5%	16.4%	16.5%	23.4%	31.5%	18.2%

The City of Pasadena has elected to show only eight 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
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%
2009	20,237,173	(136,262)	20,100,911	651,376	20,752,287	0.33%
2010	20,204,880	(138,631)	20,066,249	644,888	20,711,137	0.33%

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

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
City Direct Rates:								
City basic rate	0.2069	0.2090	0.1894	0.1925	0.2139	0.1926	0.1932	0.1920
Pasadena Community Development Commission	<u>0.1498</u>	<u>0.1488</u>	<u>0.1515</u>	<u>0.1480</u>	<u>0.1552</u>	<u>0.1447</u>	<u>0.1396</u>	<u>0.1380</u>
Total City Direct Rate	0.3567	0.3578	0.3409	0.3405	0.3691	0.3373	0.3328	0.3300
Overlapping Rates:								
Los Angeles County Genera	0.3182	0.3174	0.3332	0.3225	0.3067	0.3277	0.3635	0.2280
Pasadena School District	0.3170	0.3341	0.3316	0.3555	0.2847	0.2993	0.2765	0.3908
Pasadena Community College District	0.0940	0.0999	0.1019	0.0964	0.1122	0.1103	0.1018	0.1273
Flood Control District	0.0009	0.0005	0.0003	0.0001	0.0001	-	-	-
Metropolitan Water District	<u>0.0067</u>	<u>0.0061</u>	<u>0.0058</u>	<u>0.0052</u>	<u>0.0047</u>	<u>0.0045</u>	<u>0.0043</u>	<u>0.0043</u>
Total Direct Rate	<u>1.0935</u>	<u>1.1158</u>	<u>1.1137</u>	<u>1.1202</u>	<u>1.0775</u>	<u>1.0791</u>	<u>1.0789</u>	<u>1.0804</u>

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the various intergovernmental overlapping debt.

Direct and Overlapping tax rate information was not available for years prior to 2003.

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

Property Owner	2010		2001	
	Total Assessed Valuation	Percent of Total City Taxable Assessed Valuation	Total Assessed Valuation	Percent of Total City Taxable Assessed Valuation
Kaiser Foundation Health Plan	\$ 221,701,227	1.07%	\$ 175,952,970	0.85%
Equity Office Properties Trust	160,400,000	0.77%		0.00%
Pacific Huntington Hotel Corp	159,806,400	0.77%		0.00%
Tishman Speyer Archstone Smith	145,938,607	0.70%		0.00%
Paseo Colorado Holdings Llc	132,538,320	0.64%		0.00%
Maguire Partners Wap Llc	129,114,417	0.62%		0.00%
SPF 888 Walnut Pasadena Llc	118,700,000	0.57%		0.00%
Wells Reit II Pasadena Corp	113,400,000	0.55%		0.00%
SSR Paseo Colorado Llc	110,148,400	0.53%		0.00%
Pasadena Towers Llc	108,372,894	0.52%	85,709,296	0.41%
Spieker Properties	-	0.00%	112,572,573	0.54%
Aetna Life Insurance Company	-	0.00%	82,060,177	0.40%
Ralph M. Parsons Company	-	0.00%	62,063,318	0.30%
Operating Engineers Funds, Inc. Trust	-	0.00%	55,939,584	0.27%
One Colorado Investments LLC	-	0.00%	53,040,000	0.26%
Agbri Pasadena	-	0.00%	48,308,877	0.23%
2 NL LLC	-	0.00%	42,573,160	0.21%
Gateway Huntington Property Inc.	-	0.00%	40,513,490	0.20%
Total principal property taxpayers gross assessed value	<u>\$ 1,400,120,265</u>	6.74%	<u>\$ 758,733,445</u>	3.67%

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 (2)
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%	395,971	27,103,169	100.20%
2007	32,496,995	31,024,296	95.47%	481,826	31,506,122	96.95%
2008	33,781,403	33,745,845	99.89%	501,424	34,247,269	101.38%
2009	37,380,921	37,340,002	99.89%	795,552	38,135,554	102.02%
2010	37,326,902	36,726,304	98.39%	*	36,726,304	98.39%

(1) Excludes collections from Police Building General Obligation Bond Assessment.

(2) This percentage may exceed 100% because information provided by Tax Assessor may not clearly identify the year collected.

For fiscal years 2001-2005, 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 2010 is not available.

As of fiscal year 2007, we recorded both secured and unsecured taxes levied in column B.

Source: County of Los Angeles Tax Assessor and California Municipal Statistics, Inc.

Table 9

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

	<u>2001³</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Type of Customer:										
Residential	289,371	268,803	287,717	306,776	313,470	314,235	337,905	338,855	337,531	328,320
Commercial and Industrial ¹	802,181	766,785	815,701	844,449	830,523	862,664	880,661	884,070	887,698	883,413
Street Lights and Traffic Signals ¹	13,934	13,944	16,488	18,563	18,667	16,841	15,744	15,701	16,266	16,272
Wholesales to other Utilities	150,214	144,714	50,249	113,919	125,250	27,816	122,496	315,484	118,231	164,215
Other	<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>	<u>3,513</u>	<u>(6,340)</u>
Total	1,290,243	1,230,859	1,210,521	1,289,827	1,296,279	1,215,437	1,365,851	1,546,898	1,363,239	1,385,880
Total direct rate per megawatt hour ²	233.77	94.70	104.44	107.40	106.95	123.40	109.81	119.62	141.69	132.55

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
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
2009	0.1495	0.1412	0.1321	N/A
2010	0.1471	0.1307	0.1300	N/A

Source: Pasadena Water and Power

CITY OF PASADENA
Electricity Customers
Current Year and Nine Years Ago

<u>Electricity Customer</u>	2010	
	<u>Electricity Charges</u>	<u>Percent of Operating Electric Revenues</u>
California Institute of Technology	\$ 5,557,282	3.03%
Huntington Memorial Hospital	4,368,495	2.38%
Kaiser Permanente	1,914,679	1.04%
Pasadena City College	1,879,495	1.02%
AT&T	1,785,186	0.97%
Street Lights-Public Works	1,783,915	0.97%
Parfinco EWA LLC	1,331,652	0.72%
Aetna Insurance	1,171,669	0.64%
Earthlink Inc. Cup Bldg.	1,128,354	0.61%
Equity Office Properties	<u>993,336</u>	<u>0.54%</u>
	<u>\$ 21,914,063</u>	<u>11.92%</u>

Source: Pasadena Water and Power

Information for FY 2001 is not available since this table was started only from FY 2006.

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	
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
2009	-	118,365,000	134,147,976	7,656,689	12,499,210	6,258,463	278,927,338
2010	-	111,525,000	123,347,082	6,422,412	9,992,673	4,020,056	255,307,223

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 Electric Revenue Bonds in the amount of \$82,320,000 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 issued in 2008.
 Certificates of Participation (2008 Series C) and Revenue Bonds (2008 Paseo Colorado) in the amount of \$71,450,000 and \$28,800,000, respectively, issued in 2009.
 Electric Revenue Bonds in the amount of \$40,655,000 issued in 2010.

* 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 2008. 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 *
125,345,000	40,625,180	4,130,109	2,481,690	172,581,979	402,864,416	96.19	2,934
122,735,000	39,057,516	4,996,009	2,397,665	169,186,190	397,335,824	92.83	2,862
196,095,000	37,341,495	4,238,258	2,309,369	239,984,122	530,971,992	118.72	3,734
220,220,000	35,705,243	3,437,886	2,216,898	261,580,027	545,319,042	114.10	3,786
210,515,000	33,688,067	3,247,905	2,119,416	249,570,388	566,715,300	113.28	3,900
201,535,000	31,469,000	2,353,109	2,016,981	237,374,090	553,184,522	101.32	3,785
213,785,000	29,106,683	1,284,128	1,909,341	246,085,152	548,353,308	93.57	3,724
262,250,000	26,530,869	740,391	1,796,485	291,317,745	578,326,205	92.38	3,904
253,675,000	23,798,315	448,305	1,677,796	279,599,416	558,526,754	87.99	3,719
240,655,000	20,735,016	653,215	1,552,911	263,596,142	518,903,365	81.00	3,423

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		
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
2009	-	118,365,000	134,147,976	7,656,689	260,169,665	1.26%	1,732
2010	-	111,525,000	123,347,082	6,422,412	241,294,494	1.17%	1,592

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, 2010

City Assessed Valuation		\$ 17,899,736,483	
Redevelopment Agency Incremental Valuation		<u>2,811,400,517</u>	
Total Assessed Valuation		<u>\$ 20,711,137,000</u>	
	Percentage	Outstanding	Estimated
	Applicable ¹	Debt 6/30/10	Share of
			Overlapping
			Debt
Overlapping Tax and Assessment Debt:			
Los Angeles County Flood Control District	2.075%	69,610,000	1,444,408
Metropolitan Water District	0.997%	264,220,000	2,634,273
Pasadena Area Community College District	32.980%	121,762,378	40,157,232
La Canada Unified School District	0.219%	33,243,228	72,803
Pasadena Unified School District	70.965%	304,655,000	216,198,421
City of Pasadena Community Facilities District No. 1	100.000%	8,685,000	8,685,000
Los Angeles County Improvement District No. 2658-M	98.288%	3,590,000	3,528,539
Los Angeles County Regional Park and Open Space Assessment District	1.940%	<u>222,660,000</u>	<u>4,319,604</u>
Total overlapping tax and assessment debt		<u>1,028,425,606</u>	<u>277,040,280</u>
Overlapping Other Debt:			
Los Angeles County General Fund Obligations	1.940%	\$ 855,695,839	16,600,499
Los Angeles County Pension Obligations	1.940%	118,486,192	2,298,632
Los Angeles County Superintendent of Schools Certificates of Participation	1.940%	13,185,458	255,798
Los Angeles County Sanitation District Nos. 15, 16 & 17 Certificates of Participation	0.433-58.522%	60,678,002	13,195,101
Pasadena Area Community College District Certificates of Participation	32.980%	<u>2,355,000</u>	<u>776,679</u>
Total gross overlapping other debt		<u>1,050,400,491</u>	<u>33,126,709</u>
Total net overlapping debt		<u>\$ 2,078,826,097</u>	310,166,989
City direct debt			<u>518,903,365</u>
Total direct and overlapping debt			<u>\$829,070,354</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				
	2001	2002	2003	2004	2005
Assessed valuation	10,605,775	11,225,889	12,011,398	13,124,151	14,102,936
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	2,651,444	2,806,472	3,002,850	3,281,038	3,525,734
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	397,717	420,971	450,427	492,156	528,860
Total net debt applicable to limit:					
General obligation bonds	<u>8,225</u>	<u>7,025</u>	<u>5,760</u>	<u>4,425</u>	<u>3,025</u>
Legal debt margin	<u>389,492</u>	<u>413,946</u>	<u>444,667</u>	<u>487,731</u>	<u>525,835</u>
Total debt applicable to the limit as a percentage of debt limit	2.1%	1.7%	1.3%	0.9%	0.6%

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				
2006	2007	2008	2009	2010
15,535,968	17,246,657	18,812,937	20,752,287	20,711,137
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
3,883,992	4,311,664	4,703,234	5,188,072	5,177,784
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
582,599	646,750	705,485	778,211	776,668
<u>1,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>581,049</u></u>	<u><u>646,750</u></u>	<u><u>705,485</u></u>	<u><u>778,211</u></u>	<u><u>776,668</u></u>
0.3%	0.0%	0.0%	0.0%	0.0%

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

Fiscal Year	<u>General Obligation Bonds</u>				<u>Tax Allocation Bonds</u>			
	<u>Ended</u> <u>June 30</u>	<u>Property</u> <u>Taxes</u>	<u>Debt Service</u>		<u>Tax</u> <u>Increment</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>		<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
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
2009	40,087	-	-	-	28,975	1,162	442	18.06
2010	39,771	-	-	-	28,583	1,234	380	17.71

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 Service ³		
Ended	Power	Operating	Available	Principal	Interest	Coverage
June 30	Revenue ¹	Expenses ²	Revenue	Interest	Interest	Coverage
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%
2009	202,613	145,961	56,652	7,210	7,908	374.73%
2010	191,919	135,527	56,392	7,510	7,604	373.11%

Water Revenue Bonds						
Fiscal Year	Water	Less	Net	Debt Service ³		
Ended	Revenue ¹	Operating	Available	Principal	Interest	Coverage
June 30	Revenue ¹	Expenses ²	Revenue	Interest	Interest	Coverage
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%
2009	43,552	30,170	13,382	2,095	2,881	268.93%
2010	43,787	28,667	15,120	2,195	2,761	305.08%

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⁾
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	5,860,144	39,794	4.9%
2008	148,126	6,260,545	42,265	4.3%
2009	150,185	6,347,569	42,265 *	9.9%
2010	151,576	6,406,360	42,265 *	9.4%

* 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: <http://www.bea.gov/regional/reis/drill.cfm>
- (3) State of California Employment Development Department

Table 19

CITY OF PASADENA
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2010</u>		<u>2001</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
California Institute of Technology - Jet Propulsion Laboratory	5,038	5.04%	6,000	5.94%
Kaiser Permanente	4,500	4.50%	400	0.40%
California Institute of Technology - Campus	3,628	3.63%	3,000	2.97%
Huntington Memorial Hospital	3,260	3.26%	2,419	2.40%
Pasadena City College	2,719	2.72%	2,983	2.95%
Pasadena Unified School District	2,665	2.67%	3,000	2.97%
ATT (SBC IN 2007, Pacific Bell in 1998)	2,525	2.53%	2,547	2.52%
The City of Pasadena	2,239	2.24%	1,950	1.93%
Bank of America	1,500	1.50%	1,300	1.29%
Art Center College of Design	877	0.88%	200	0.20%
Parsons Corporation	786	0.79%	1,800	1.78%
Hathaway-Sycamores	615	0.62%	*	*
Pacific Clinics Administration	550	0.55%	*	*
San Gabriel Valley Newspapers	525	0.53%	400	0.40%
The Langham Huntington Hotel (The Ritz-Carlton)	511	0.51%	566	0.56%
Rusnak Pasadena	450	0.45%	*	*
Avon Products	238	0.24%	600	0.59%

* Data not available

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: Planning and Development Department, Pasadena Public Library and Pasadena Chamber of Commerce

Table 20

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

Function	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government	427.0	444.2	461.8	470.1	471.8	474.3	480.1	487.6	489.6	453.9
Public safety	537.5	555.5	562.5	564.6	563.6	564.6	575.6	591.6	594.6	593.6
Public works	357.0	384.2	361.6	361.3	355.8	357.3	360.3	372.3	373.3	357.9
Transportation ¹	-	-	39.6	40.0	43.0	43.0	44.0	46.0	48.0	48.0
Health	86.0	85.9	88.6	90.6	93.1	103.4	104.3	108.8	103.1	96.8
Culture and leisure	130.5	140.9	147.5	151.5	148.1	147.3	146.2	147.2	148.2	142.6
Water & power	304.0	324.5	343.2	363.0	383.0	402.0	413.0	423.0	428.0	430.5
Information Services ²	<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>	<u>121.8</u>	<u>116.0</u>
Total	<u>1,961.2</u>	<u>2,057.2</u>	<u>2,126.8</u>	<u>2,163.1</u>	<u>2,177.3</u>	<u>2,211.7</u>	<u>2,243.7</u>	<u>2,298.3</u>	<u>2,306.6</u>	<u>2,239.3</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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police:										
Arrests	8,930	8,982	9,248	10,699	9,815	9,655	10,117	9,722	9,055	8,535
Transportation:										
** Parking citations issued	105,418	***103,727	123,231	148,436	154,245	163,103	177,060	189,017	189,932	132,042
Fire:										
Number of emergency calls	14,361	14,532	15,024	14,975	*	*	11,565	16,089	15,921	15,592
Inspections	*	*	*	3,607	4,827	*	3,855	5,017	5,720	6,737
Water:										
New connections	69	48	73	172	99	84	99	61	99	85
Average daily consumption (thousands of gallons)	31,030	32,150	32,700	33,090	30,130	29,960	32,970	31,537	29,872	25,623

* Information was not available.

** Parking citations were originally reported under Police Dept. This category moved to Transportation Department in FY10 because majority of parking tickets are issued by Transportation Department.

***In 2001 the City began using new software to track parking citations as well as handheld devices in the field to issue citations. Because of the newness of the software, we were unable to verify the number of citations reported in that year. The number of citations reported for fiscal year 2002 has been calculated using the net revenues collected in fiscal year 2002 and the 10 year average of fines assessed.

Source: City of Pasadena

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	3	3	3	3	4	4
Fire:										
Fire stations	8	8	8	8	8	8	8	8	8	8
Transportation:										
Streets (miles)	321	321	321	321	321	322	322	322	322	322
Streetlights	16,430	16,455	16,500	16,595	16,720	16,798	17,047	17,047	17,047	17,047
Traffic signals	297	291	291	309	312	312	324	340	325	327
Parking facilities	13	13	12	11	11	11	11	11	11	11
Culture and leisure										
Park sites	24	23	23	23	23	24	24	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	1	1	1	1	1	1	1	1	1
Customers	59,364	58,715	59,613	60,795	61,401	62,256	62,793	62,902	63,576	63,838
Miles of service	606.0	650.0	650.0	650.0	650.0	640.0	531.0	525.0	525	525
Maximum capacity (megawatts)	353	355	355	355	355	258	197	197	197	197
Water:										
Water mains (miles)	500	500	500	500	500	508	508	508	508	508
Customers	37,353	37,643	37,933	37,143	37,359	37,135	37,463	37,522	37,602	37,586
Average daily consumption (mgd)	31.03	32.15	32.70	33.09	30.13	29.96	32.97	31.53	29.87	25.62

Source: City of Pasadena

