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ATTACHMENT J

The Honorable Mayor and City Council
City of Pasadena
Pasadena, California

**INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES
APPLIED TO EMPLOYEE DEDUCTIONS FOR THE INTERNAL REVENUE CODE
SECTION 457 DEFERRED COMPENSATION PROGRAM**

We have applied the procedures enumerated below to employee deductions for the internal revenue code section 457 deferred compensation program for the year ended June 30, 2010, which were agreed to by the City of Pasadena. The management of the City of Pasadena is responsible for the proper collecting, recording and remittance of deferred compensation funds. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We selected four pay periods during the fiscal year ended June 30, 2010 and traced the amounts withheld for the deferred compensation provider (Hartford) from the payroll report to the amount recorded in the benefits fund liability account payable to the provider.

Results: We noted that the amounts withheld for deferred compensation on the payroll reports were equal to the amounts recorded in the benefit fund liability account.

2. We agreed the amount withheld for the four pay periods selected to the payments made to the provider.

Results: We noted that the amounts paid to the provider were equal to the amounts reported on the deferred compensation payroll reports.

3. Internal Revenue Code Section 457 requires investment of employee contributions within fifteen days following the close of the month that included the pay date. We reviewed the four payments selected to determine if they were made within the required timeline.

Results: No exceptions were noted as a result of our procedures.

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We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the items referred to above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of City Council and management of the City of Pasadena and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Nayer Hoffman McClann P.C.

Irvine, California
December 6, 2010