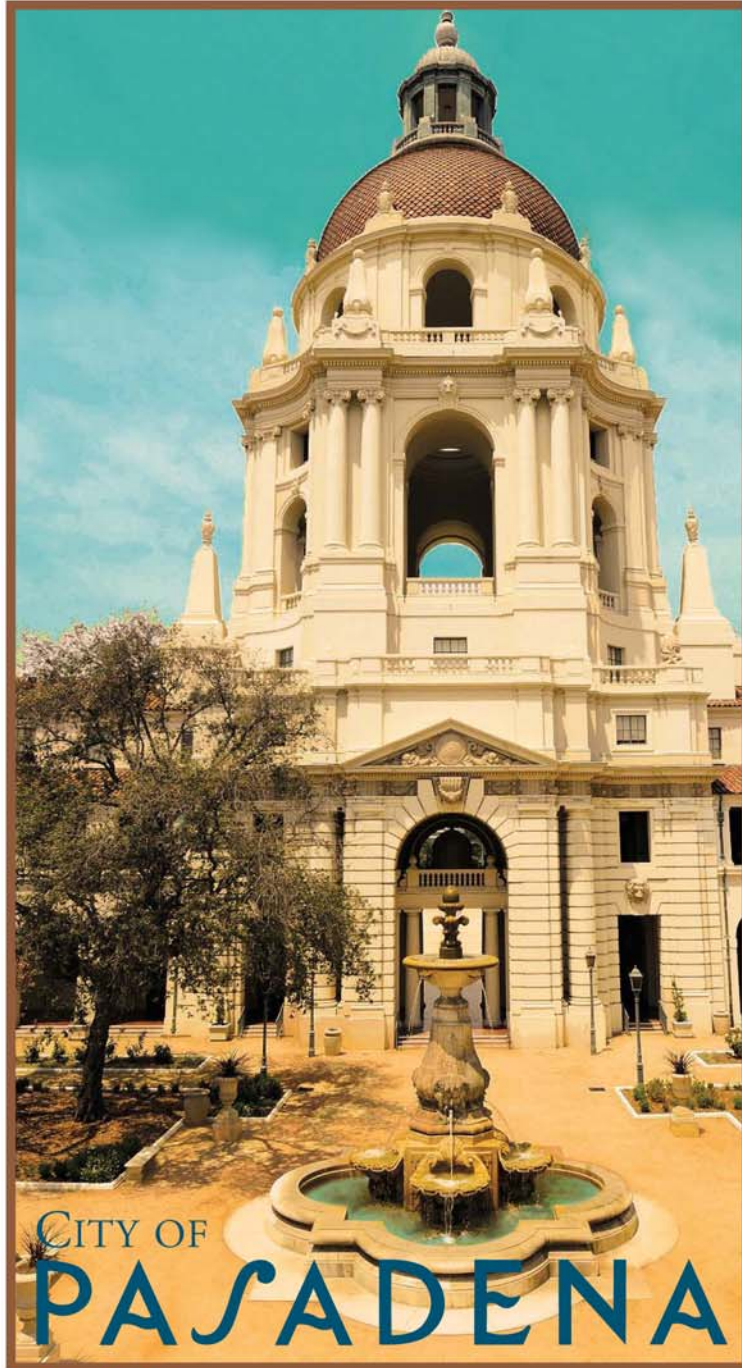


PASADENA

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CITY OF
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City Hall



COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011

City of Pasadena, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2011



Bill Bogaard
Mayor



Margaret McAustin
Vice-Mayor
District 2



Jacque Robinson
Council Member
District 1



Chris Holden
Council Member
District 3



Gene Masuda
Council Member
District 4



Victor Gordo
Council Member
District 5



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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Year Ended June 30, 2011

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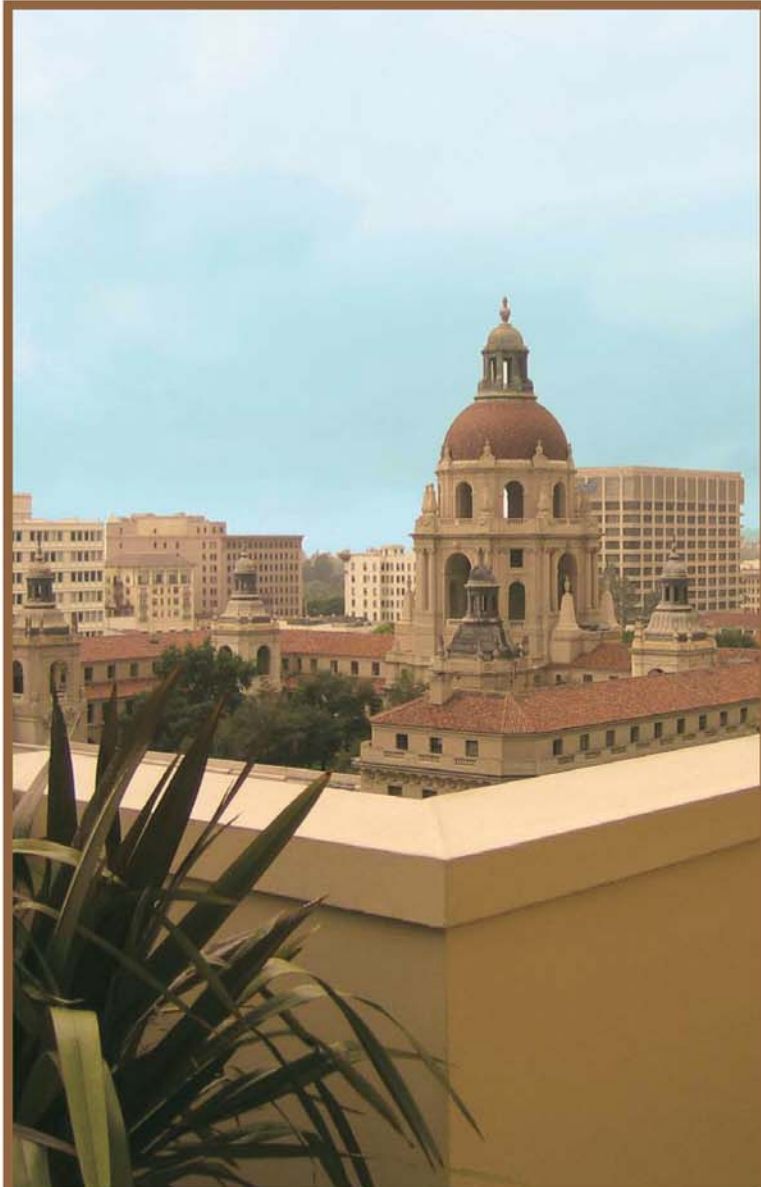
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INTRODUCTORY SECTION



CITY OF
PASADENA
CALIFORNIA

City Hall



DEPARTMENT OF FINANCE

December 29, 2011

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, 2011. 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 Brown Armstrong Accountancy Corporation, 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, 2011, 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, 2011, 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.

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City of Pasadena, California (City)
Fiscal year ended June 30, 2011

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

GAAP 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 138,915, 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 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 Pasadena Community Access Corporation (PCAC) is also a component unit of the City and is currently undergoing an annual audit, in transition to be included in future year CAFRs.

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.

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

Last year at this time it was noted that the worst recession in more than 80 years had technically ended, nevertheless, a year later, the country continues to struggle with the recession's lingering effects. While there are concerns of a double-dip recession, fortunately, so far, those concerns have not materialized. The national economy has begun to grow; however, there are still significant economic challenges and unknown factors that could impact City finances. Unemployment remains high and there are concerns that many jobs lost to the recession may never return. Housing prices have stabilized and, on a positive note, assessed property values are projected to slightly increase 2.1 percent over the course of the next fiscal year in Pasadena. Retail sales have also begun to grow but are still expected to generate revenues at a level equivalent to FY 2002. As covered in the Management Discussion and Analysis, six of eight categories of tax revenues increased although still mostly below prior year levels. Both Property taxes and other taxes were above prior year levels. The substantial budget deficits facing both the federal and state governments will likely have a negative impact on the City's finances.

State Budget Impacts

The City's budget was adopted by the City Council on June 27, 2011. The following day, the State of California adopted the State's budget which included two actions that will directly impact the City's FY 2012 Adopted Budget:

1. The State will eliminate the per capita allocation of Motor Vehicle License Fee (MVLFF) revenues to incorporated cities. This action will result in the loss of approximately \$530,000 in revenues to the City's FY 2012 General Fund budget. The State will partially mitigate the loss of MVLFF revenues through an additional allocation of Supplemental Law Enforcement Funding (SLESF) of approximately \$238,000.
2. The State's budget requires the City to make a payment of approximately \$6.6 million to retain the City's redevelopment agency. Without this payment, the State would require the City's redevelopment agency to be dissolved. Redevelopment provides Pasadena roughly \$28.5 million of property tax increment revenue annually. This funding is critical to reinvesting in our community. Shortly after passage of AB1X 26 & 27, the California Redevelopment Association filed a lawsuit challenging the constitutionality of both bills. In August 2011, the California Supreme Court issued a partial stay and heard the case later in the year. The Court issued its opinion on December 29, 2011, affirming the dissolution of Redevelopment in California. The ultimate impact of this action is unclear, but there is some legislative concern that this was not the intended result. Please refer to Footnote 30 on pages 170 and 171 for additional information.

Comprehensive Annual Financial Report (CAFR)
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The 2011 Budget Act enacted in late June provides for a balanced FY 2012 State Budget; however, the State continues to be challenged with an ongoing structural budget deficit estimated by the Legislative Analyst's Office as more than \$8 billion annually. California now faces a \$13 billion deficit for 2012-13 and the City can anticipate that closing the State's budget gap will continue to impact City funding and services. As in prior years, and evidenced this year with the two actions noted above, the State continues the practice of shifting local revenues away from their intended purpose to resolve their own fiscal challenges.

Federal Budget Impacts

The agreement enacted by Congress and the President to avoid a federal government shutdown resulted in numerous federal budget reductions. As part of these reductions, local governments will lose over \$3 billion in funds for housing, community redevelopment projects, public transportation, and safety functions. Community Development Block Grant (CDBG) funds were reduced by \$942 million, low-income housing lost \$786 million, public transportation grants were reduced by \$680 million, and grants for local agencies responding to emergencies were reduced by \$786 million. As deficit reductions become a greater focus in Washington, its effects will no doubt be felt locally.

Assistance to Pasadena Unified School District (PUSD)

Although the City has no operational control over the school district, it is acknowledged that a healthy, functioning school district is a vital element of a livable and successful Pasadena. As a result, the FY 2012 Budget contains over \$4.4 million of services to be provided at no cost to PUSD, and in FY 2011 \$4.6 was provided. Additionally, in FY 2011, the City entered into a partnership with PUSD to provide printing services. Under this agreement PUSD reimburses the City for all costs incurred while generating an anticipated savings of \$65,000 per year for the school district.

Long-term Financial Planning

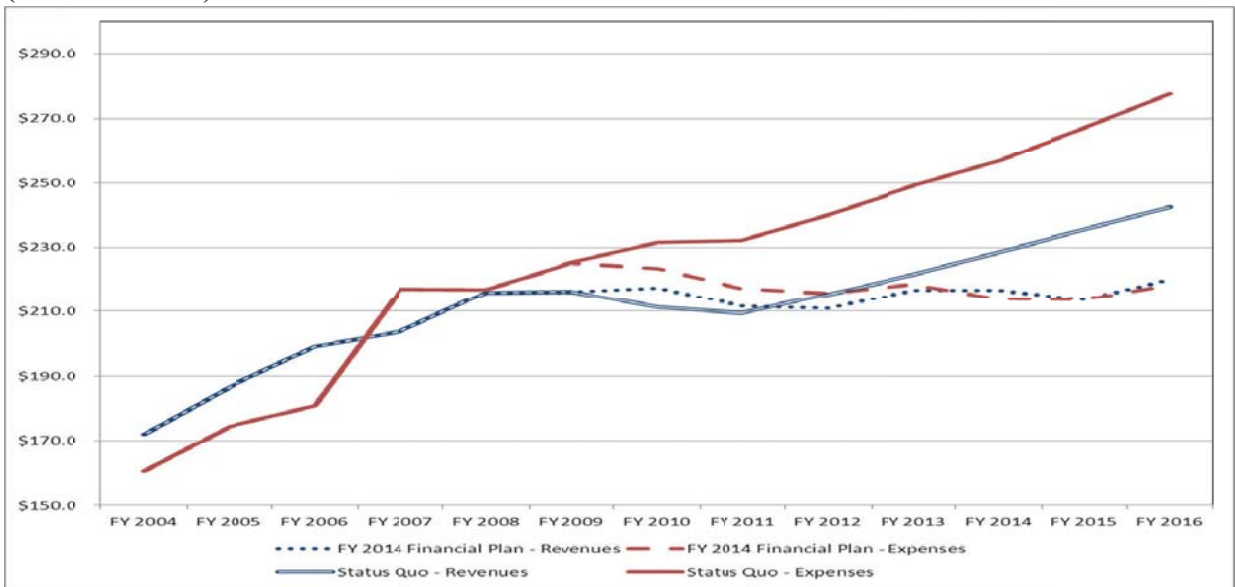
In mid-2009 as the realities and depth of the recession were becoming clear, the City Council adopted a 5-year plan to address the growing structural deficit in the General Fund. The Plan takes a measured approach to reducing expenditures to minimize the impacts on services and programs. The Plan utilizes over \$25 million in undesignated General Fund reserves to offset the devastating programmatic reductions that would have otherwise been necessary to eliminate the structural deficit sooner. The most significant reductions in anticipated expenses have come from the willingness of City employees to forgo salary increases. These same employees have taken on new challenges as the organization adjusts to have fewer positions while service expectations continue.

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As shown on the General Fund 5-Year Financial Plan Forecast graph below, if action had not been taken, the General Fund would face a widening gap between projected revenues and expenses. Absent action, the City’s annual deficit in the General Fund was projected to grow to more than \$28.5 million by FY 2014. Cost reductions began to be implemented in mid-FY 2009 and have continued in each succeeding fiscal year (FY 2010 and FY 2011). Through the actions already taken and those incorporated into the FY 2012 Adopted Budget, the City is on track to eliminate over \$150 million in cumulative costs between FY 2009 and FY 2016 in the General Fund. Added to this are additional cost reductions of approximately \$4.5 million included and absorbed in the FY 2012 Adopted Budget as a result of the significant increase to the City’s pension contribution rates. The adopted total budget for FY 2011 was \$725.5 million and the FY 2012 budget is \$776.7. The General Fund adopted budgets for FY 2011 was \$217.2 and FY 2012 is \$215.8 million.

General Fund 5-Year Financial Plan Forecast (updated with projections through FY 2016)

(\$’s in Millions)



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 City of Pasadena, California (City)
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The General Fund 5-year financial chart below provides estimated operating results based upon actions previously taken and those included in the FY 2012 Adopted Budget.

General Fund 5-year Financial Plan (\$000)

As of June 27, 2011

	FY 2012 Projected	FY 2013 Projected	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected
Beginning Amount Available for Appropriations	8,313	3,444	1,655	4,473	4,506
REVENUES					
Tax Revenues	128,447	130,872	136,347	141,109	145,290
Other Revenues	82,527	85,923	80,336	72,709	74,788
TOTAL REVENUES	210,974	216,795	216,683	213,818	220,078
EXPENDITURES					
Personnel	126,541	130,696	135,268	139,587	143,684
Debt Service	32,683	32,683	23,175	18,557	18,576
Contributions to Other Funds/Misc	13,756	11,771	11,775	11,780	11,785
Other Expenditures	42,863	43,434	43,647	43,861	44,376
TOTAL EXPENDITURES	215,843	218,584	213,865	213,785	218,421
Net Income/(Loss)	(4,869)	(1,789)	2,818	33	1,657
Ending Amount Available for Appropriations	<u>3,444</u>	<u>1,655</u>	<u>4,473</u>	<u>4,506</u>	<u>6,163</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

As the City continues to make adjustments 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. In FY 2012 the City will continue to strive to meet the City Council’s Strategic Plan Goals by maintaining quality services and implementing selected new initiatives that will move the City forward while maintaining fiscal responsibility.

The City has also taken actions to get the residents and businesses of Pasadena more involved in providing input to budget priorities. In October 2010, the City Council sponsored four community budget workshops to solicit input from City residents, business owners, and other community stakeholders regarding priorities for public services. A detailed, final Citizen Budget Workshop executive summary is posted on the City’s website.

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Last fall it became evident that FY 2012 would be another challenging budget year. In October 2010 the City received the Annual Valuation Reports for both Safety and Miscellaneous City employees from the California Public Employee Retirement System (PERS). These reports indicated that between FY 2011 and FY 2012 the PERS employer rate for miscellaneous employees would increase by 35 percent to 15.5 percent of salary. PERS employer rates for safety positions will increase by 5.8 percent to 26.6 percent of salary. In addition to the increases in pension rates, the cost of employer-provided medical insurance is increasing between 18 percent and 31 percent depending on medical plan, number of dependents and labor group. As discussed below, revenue growth is anticipated to remain slow over the next year and will not provide significant offsets to these unavoidable cost increases. Consequently, to meet the goals of the FY 2014 Financial Plan, these cost increases will be addressed through additional expenditure reductions including negotiating with the City's labor groups to limit cost escalation of City provided salaries and benefits as well as forgoing salary increases.

Conservative Revenue Estimates

The continued sluggishness of the economy requires a conservative approach in developing revenue estimates and overall General Fund revenues for FY 2012 are estimated to remain relatively flat. Although key City revenues are beginning to improve, estimated FY 2012 revenues will remain below pre-recession levels. Tax revenues are forecast to experience modest increases in FY 2012 as compared to the prior year. These increases, however, will be offset by projected decreases to non-tax revenues including investment income, building licenses and permits, and charges for services. An element of any budget strategy is to consider enhancements to revenue streams within the City's control. These increases must be weighed against the current economic conditions and the challenges facing City residents, businesses and customers. A balanced approach to increasing some fees and charges to the public and business community considering there is still tremendous uncertainty.

As a result, the FY 2012 Adopted Budget includes increases to fees where the cost to provide the service has changed. City policy allows for all general fees to be adjusted by the year-over-year change in CPI. Because of the economic climate during the development of the FY 2011 staff recommended, and City Council approved, no CPI-related adjustment to the Schedule of Taxes, Fees and Charges and the General Fee Schedule. It should be noted that each year the City does not implement the CPI adjustment results the loss of potential revenue, not just for one year, but in all subsequent years. The CPI adjustment for FY 2012 is 2.3 percent and will be applied where appropriate to adjust many general fees. This action, along with other adjustments to selected fees based on the cost of providing service, is forecast to increase City revenues by approximately \$400,000 overall and \$170,000 in the General Fund.

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As a municipal utility the Pasadena Water and Power Department does not pay property taxes or franchise fees to the City. Instead, the Water and Power Funds make an annual transfer to the General Fund pursuant to City Charter Sections 1407 and 1408. The transfer from the Water Fund is fixed at 6% of gross revenue and the transfer from the Power Fund shall not exceed 16% of gross revenue and net income. With few exceptions the transfer from the Power Fund has historically been 8.0%. In FY 2012 a midyear change was made, increasing the transfer to 10%. Because power revenues are estimated to be lower in FY 2012 as compared to FY 2011, an 8% transfer rate translates into \$12.6 million as compared to FY 2011 when the sum was \$13.5 million.

Expenditure Reductions

City departments began addressing the FY 2012 budget challenges in November 2010 when all departments were directed to propose reductions equaling five percent of the FY 2011 budget. These proposed reductions were to be made across all departments and all funds. The proposed reductions were reviewed within the context of the Council established goals and potential service level impacts. On March 14, 2011, the City Council approved a mid-year budget revision that eliminated 34.9 FTEs resulting in an annual savings of \$3.9 million. These reductions are reflected in the FY 2012 Adopted Budget. In developing the FY 2012 Adopted Budget, departments were instructed to not exceed prior year appropriation levels and absorb any increased operational costs.

Personnel-related expenses account for more than 75% of all General Fund operating expenditures and the FY 2012 Adopted Budget does not include new salary increases, which for most employees represents the third year in a row. The savings resulting from labor agreements to forego increases or pay a larger portion of pension costs are enormously helpful in reducing the growth in personnel costs. Additionally, keeping vacant positions unfilled and budgeting positions at appropriate levels has also helped reduce City costs. These strategies, however, were not sufficient to prevent additional layoffs in a few departments, such as the Health Department which has experienced significant losses in federal and state grant funds.

Staffing and expenditure reductions have been an unfortunate reality for the last several years. All City departments have worked hard to achieve cost reductions through natural attrition and control of non-essential spending. These efforts have helped minimize negative impacts on City services. The previously implemented cost reductions have resulted in significant impacts on the City's workforce. Unfortunately, the FY 2012 Adopted Budget did include the additional reduction of 101 FTEs (a combination of vacancies and filled positions) related to cost controls and reduced grant funding which will likely result in some additional layoffs affecting a number of the City's labor groups. An additional 61 FTEs related to the MASH Program have been removed from the FY

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2012 Adopted Budget as a result of a change in accounting practice that has no service impact.

The ongoing approach to budget reductions has been to avoid noticeable impacts to City services. Given the magnitude of reductions made to date, some noticeable impacts will surely be felt in FY 2012. In an effort to address this, the FY 2012 Adopted Budget was developed with a focus on core functions that impact all operations of the City including technology, financial systems, and human resource systems. Improvements in these systems will increase the efficiency of operations, thus compensating in part, for the reduction in resources.

Operational Reorganization

FY 2011 was a transition year for the newly consolidated Department of Information Technology (DoIT). This consolidation, along with reorganization of the management and delivery of technology activities, has positioned the City to move forward with critical improvements to key City support systems. In FY 2012 DoIT will focus on refining the delivery of information technology services and implementing key elements of the recently developed Information Technology Strategic Plan. Specific efforts will address improvements and integration of mission critical software applications that support Finance and financial reporting and Human Resources and personnel management activities.

Combining purchasing and job hiring activities for major City projects is another innovation that began in FY 2011 and will continue in FY 2012 and beyond. First implemented for the Rose Bowl Renovation Project, the City's Purchasing Division has utilized the Pasadena First Buy Local program to ensure that Pasadena businesses and residents have an opportunity to participate in City construction projects. This effort helps to keep project funding circulating through the local economy which has the ancillary benefit of improving sales tax and other City revenues.

The Housing Department is assuming responsibility for administering two important City training programs, the MASH program which provides job-training for Pasadena residents and the Workforce Investment Board (WIB) which, operating under a federal grant provides training and placement assistance to persons displaced from employment. This change is intended to improve the synergy between these job training activities and the other operations of the Housing Department such as affordable housing initiatives.

The City must also address a coming retirement bubble as baby-boomer generation employees retire. Currently approximately one in five (20 percent) full-time City employees is eligible for retirement. This includes 17 percent that can retire at the full CalPERS retirement formula and an additional 2 to 4 percent that are retirement-eligible,

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but at a reduced benefit. These potential retirees are spread across City departments and functions and many of these employees are in critical technical and/or management positions. The Human Resources Department will be developing a succession plan that will include management skills training for the next generation of senior managers and lead workers. Additionally, the City is looking at implementing more innovative ideas to address the retirement bubble, such as, the apprentice program in Water & Power. This unique program is intended to allow for the internal development of staff to assume greater responsibilities associated with delivering electricity and water to the City's customers.

Capital Projects

The City of Pasadena celebrated its 125th anniversary in June 2011, which reminds us that although the City has a long and proud history, its infrastructure is aging and in many cases needs to be replaced or upgraded. This is particularly relevant when we look at our water infrastructure, with main lines approaching 100 years in age. One of the key themes the City has focused on in the last decade has been the rehabilitation of its historic buildings and infrastructure. The renovation of City Hall, the Pasadena Convention Center, and the ongoing renovation of the Rose Bowl Stadium are just three examples of these efforts. The FY 2012-2016 Capital Improvement Plan focuses on upgrades to our water, electric, sewer, and roadway infrastructure, as well as to parks and municipal facilities.

The economic climate has not just impacted the operating revenues of the City, but also funding available for capital projects. Conversely, in the last two years economic conditions have provided an optimal construction environment with lower contractor bids and record low interest rates. This competitive bidding environment has recently begun to weaken as a result of the recent spate of natural disasters throughout the world and the continuing economic growth in countries such as China and Brazil.

A significant portion of Capital Improvement Plan (CIP) funding comes from dedicated funding such as gas tax revenues, federal and state grants, Los Angeles County Metropolitan Transportation Authority (MTA) Call for Projects, underground surtax, bond proceeds, and Water and Power funds. These funds can only be used for specific purposes and therefore are not available for operating activities or reducing the General Fund deficit. The FY 2012 - 2016 CIP includes 207 active projects with a total estimated cost of \$955.6 million. The FY 2012 capital budget includes appropriations for 88 projects, including 14 new projects. The CIP includes an unfunded future projects list that identifies 115 projects with a total estimated cost of \$335.5 million.

Conclusion

The activities of FY 2011 represented the continued commitment of the City Council, the Executive Leadership Team, and all City employees to maintain and improve the unique qualities of the City of Pasadena. This budget continued the City's efforts to respond to current economic conditions and still provided high quality public services to our citizens, business community, and visitors, and positions Pasadena both organizationally and financially to take advantage of future opportunities. Unlike many other communities across California and the nation, the City has not faced wholesale reductions in services. Through the on-going efforts of the City Council and City staff to work closely with the community, make responsible decisions regarding the allocation of limited resources and the dedication of the City's employees, Pasadena will continue to be a leader in effective municipal governance.

ACCOMPLISHMENTS

Some of the major and noteworthy accomplishments during fiscal year 2011 are as follows:

- Signed new 30-year Rose Bowl use agreements the Tournament of Roses and UCLA and completed the financing of the Rose Bowl renovation, incorporating Build America Bonds in the transaction.
- Began Construction activities on the \$152 million Rose Bowl Stadium renovation project.
- Approved a financing program for the Fire & Police Retirement System unfunded liability.
- Acquired 100 Section 8 rental vouchers through competitive process (Pasadena was one of only four housing authorities in the entire nation to receive any).
- Launched operation of Pasadena Urgent Care Center.
- Completed construction of Water and Power Building at City Yards, which includes new Emergency Operations Center; the turf renovation at Villa-Parke soccer field; and of Reese's Retreat Universally Accessible Playground at Brookside Park.

Comprehensive Annual Financial Report (CAFR)
City of Pasadena, California (City)
Fiscal year ended June 30, 2011

- The City Clerk's Department imaged more than 14,000 workers compensation files, 600 building plans, and 2650 Human Resources employee files resulting in a net reduction of the Records Center holdings by 513 cartons, 261 Assessors Books, and averted 300 cubic feet of storage being sent to the Center, furthering the City's sustainability goal.
- 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 Fire Department developed a new Pasadena Fire Department Strategic Plan, placed one ladder truck into service, added a water tender, , received first of three Rescue Carts to be deployed at special events at the Rose Bowl, and mountain rescues, and implemented the Fire IVR (Inter-active Voice Recording System) to enhance customer service.
- Pasadena's Public Library is the second of twelve library beta sites nationwide and the only one in California awarded 3M Cloud technology for the presentation of eBooks and again received a 4 Star America's Star Library Award.
- Pasadena Water and Power (PWP) ranks fifth in the nation for solar watts per customer. The Windsor Reservoir Solar Project offsets energy usage from pumping ground water at the Monk Hill site. The Monk Hill Water Treatment Plant began serving water.
- Pasadena Water and Power received "Reliable Public Power (RP3) status from the American Public Power Association for the first time.
- Pasadena Water and Power (PWP) issued \$36.3 million of 2010 Electric Revenue Bonds to advance refund a portion of the 2002 bonds to save the City \$3.18 million. PWP also issued \$30 million of 2010 Water Revenue Bonds to finance capital improvement to the system.
- The City issued four series of bonds totaling \$156 million for the Rose Bowl renovation.
- In Fiscal Year 2011 the Capital Improvement Program included appropriations of \$109 million to 86 projects. The 2011 to 2015 five year Capital Improvement Program included 226 active projects, 9 new projects, with a total estimated cost of \$1.3 billion.

Comprehensive Annual Financial Report (CAFR)
City of Pasadena, California (City)
Fiscal year ended June 30, 2011

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, 2010. This was the 12th consecutive year that the government has achieved this prestigious award. 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,



Michael J. Beck
City Manager



Andrew Green
Director of Finance

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CITY OF PASADENA

Principal City Officials

CITY COUNCIL

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

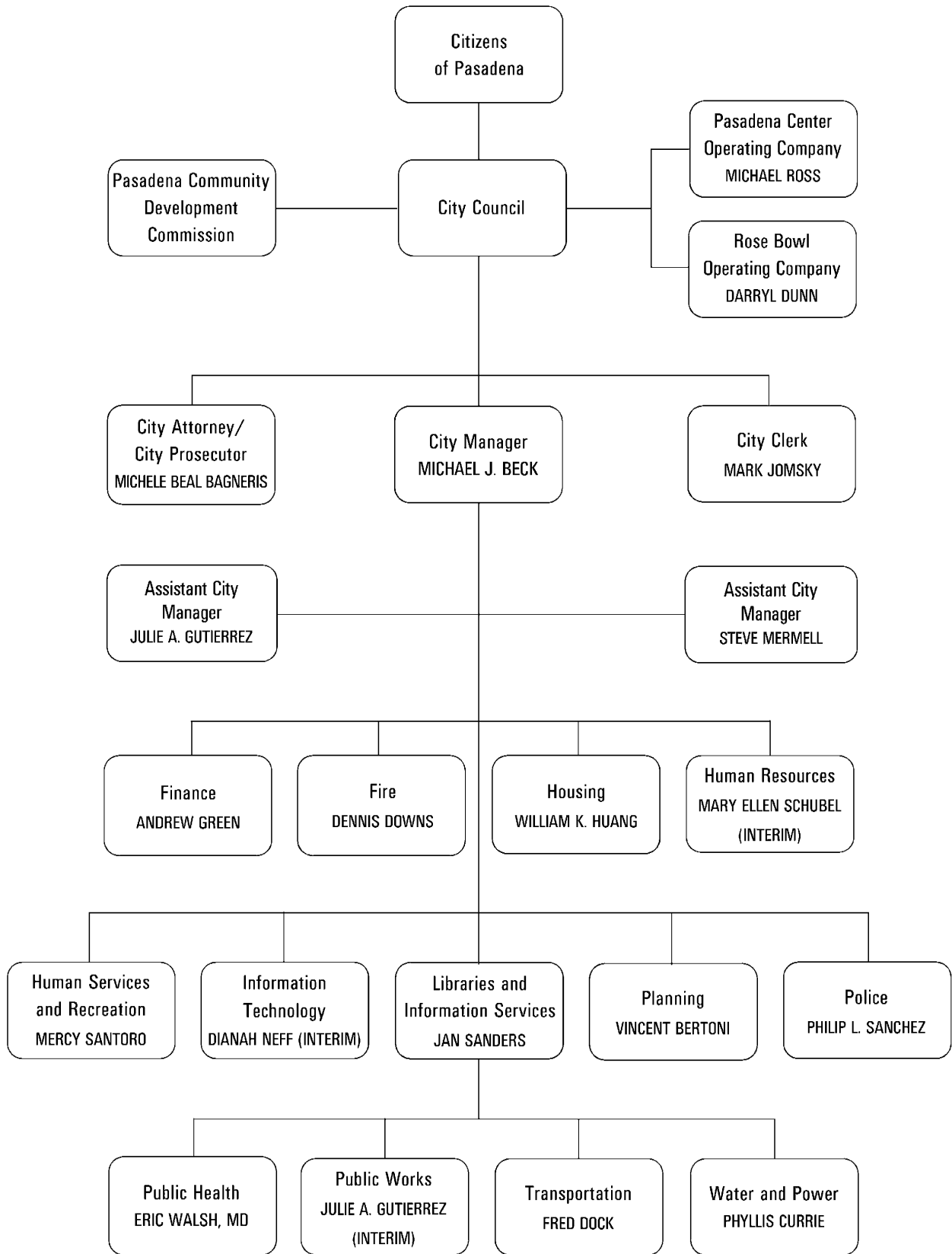
APPOINTED OFFICIALS

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
Acting Director of Human Resources	Richard Kunz
Director of Human Services and Recreation	Mercy Santoro
Director of Information Services	Jan Sanders
Chief Information Officer	Dianah Neff
Director of Planning	Vincent Bertoni
Police Chief	Phillip Sanchez
Director of Public Health/Health Officer	Eric Walsh
Director of Public Works	Julie Gutierrez
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, 2011**



CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2011

**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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pasadena for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010.

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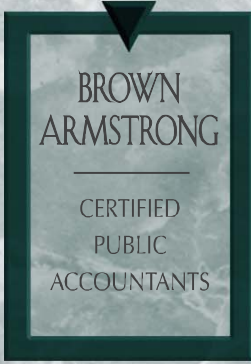
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

FINANCIAL SECTION



Photo Credit: NASA/JPL-Caltech

Galaxy Evolution Explorer - NASA/JPL-Caltech



BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

City Council
City of Pasadena
Pasadena, California

MAIN OFFICE

4200 TRUXTUN AVENUE

SUITE 300
BAK RSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

560 CENTRAL AVENUE

SHAFTER, CALIFORNIA 93263
TEL 661.746.2145
FAX 661.746.1218

8050 N. PALM AVENUE

SUITE 300
FRESNO, CALIFORNIA 93711
TEL 559.476.3592
FAX 559.476.3593

790 E. COLORADO BLVD.

SUITE 908B
PASADENA, CALIFORNIA 91101
TEL 626.240.0920
FAX 626.240.0922

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 City of Pasadena, California, (the City) as of and for the year ended June 30, 2011, 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. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the City's 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 as of June 30, 2010. Those statements, presented for comparative purposes, were audited by other auditors whose report has been furnished to us.

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*. 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, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the City, as of June 30, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Further, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

During the year ended June 30, 2011, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

As discussed in Notes 29 and 30 to the basic financial statements, the City and its blended component unit, the Pasadena Community Development Commission, have been apprised as to a ruling of the Supreme Court of the State of California regarding the status of Redevelopment Agencies in the State. The Supreme Court has ruled that the dissolution of the Redevelopment Agencies in the State pursuant to Assembly Bill 1X 26 is constitutional, but a secondary provision allowing voluntary payments from the Redevelopment Agencies to the State is not constitutional. The effect of these provisions and ruling is uncertain on the City and the Community Development Commission.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 177 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2011, 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*.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Pasadena, California
December 29, 2011

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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, 2011. 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 2011 by \$1,039,646,130 (*net assets*). Of this amount, \$106,721,552 (*unrestricted net assets*) is for unrestricted uses in accordance with the City's fund structure.
- The primary government's total net assets increased by \$41,603,985. This is comprised of Governmental Activities which increased \$9,793,421 and Business-Type Activities which increased net assets by \$31,810,564.
- As of the close of fiscal year 2011, the City of Pasadena's governmental funds reported combined ending fund balances of \$185,330,975, a decrease of \$6,913,604 or 3.6 percent in comparison with the prior year. Approximately 24.9 percent of the total amount, or \$46,565,007 is General Fund fund balance of which, \$39,320,899 is committed.
- The major components of this commitment are \$21.7 million for emergency contingency, \$9.9 million for Capital Projects and \$5.3 million for PCDC Advances.
- At the end of 2011, the total of Committed, Assigned, and Unassigned fund balance of the General Fund total to \$46.5 million or 20 percent of 2011 General Fund expenditures and transfers out.
- The City of Pasadena's total long term liabilities had a net decrease of \$2,170,993 or 4 percent during fiscal year 2011. Business-Type Activity debt increased \$17,420,505 and Governmental Activity debt decreased \$19,591,498.
- On December 29, 2011 the California Supreme Court issued an opinion in the California Redevelopment Association v. Matosantos case, upholding Assembly Bill 1X 26 (the "Redevelopment Dissolution" bill) and invalidated Assembly Bill 1X 27 (the "Voluntary Payment" bill). Please see note 30 on pages 170 and 171 for further information.

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 two 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 thirty nine 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 24-29 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 45-173 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 175-177 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 180-181 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 \$1,039,646,130 at the close of the most recent fiscal year.

Approximately 66.0 percent or \$686,255,816 of the City of Pasadena's net assets reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Pasadena uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Pasadena's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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City of Pasadena's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010*	2011	2010*	2011	2010*
Current and other assets	\$ 264,023,455	282,310,066	390,791,763	368,955,711	654,815,218	651,265,777
Capital assets	<u>488,936,978</u>	<u>489,562,361</u>	<u>552,474,999</u>	<u>538,878,177</u>	<u>1,041,411,977</u>	<u>1,028,440,538</u>
Total Assets	<u>752,960,433</u>	<u>771,872,427</u>	<u>943,266,762</u>	<u>907,833,888</u>	<u>1,696,227,195</u>	<u>1,679,706,315</u>
Long-term debt outstanding	325,552,650	345,144,148	284,186,344	266,765,839	609,738,994	611,909,987
Other liabilities	<u>26,994,269</u>	<u>36,108,186</u>	<u>19,847,802</u>	<u>33,645,997</u>	<u>46,842,071</u>	<u>69,754,183</u>
Total Liabilities	<u>352,546,919</u>	<u>381,252,334</u>	<u>304,034,146</u>	<u>300,411,836</u>	<u>656,581,065</u>	<u>681,664,170</u>
Net assets:						
Invested in capital assets, net of debt	375,202,010	364,989,434	311,053,806	291,079,070	686,255,816	656,068,504
Restricted	94,796,730	87,852,494	151,872,032	155,458,119	246,668,762	243,310,613
Unrestricted	<u>(69,585,226)</u>	<u>(62,221,835)</u>	<u>176,306,778</u>	<u>160,884,863</u>	<u>106,721,552</u>	<u>98,663,028</u>
Total Net Assets	<u>\$ 400,413,514</u>	<u>390,620,093</u>	<u>639,232,616</u>	<u>607,422,052</u>	<u>1,039,646,130</u>	<u>998,042,145</u>

* As restated

An additional portion of the City of Pasadena's net assets, \$246,668,762 or 23.7 percent represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$106,721,552, or 10.3 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 increased by approximately \$8.1 million from the prior year.

At the end of the 2011 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 2011 fiscal year, the primary government's net assets increased by \$41.6 million. Approximately \$9.8 million of this is an increase in the City's Governmental Activities and \$31.8 million 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-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010*</u>	<u>2011</u>	<u>2010*</u>	<u>2011</u>	<u>2010*</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 60,942,224	59,773,251	257,482,108	251,429,155	318,424,332	311,202,406
Operating and capital grants and contributions	48,000,267	48,947,630	2,480,892	3,962,337	50,481,159	52,909,967
General revenues:						
Taxes:						
Property taxes, levied for general purpose	70,803,262	68,353,989	-	-	70,803,262	68,353,989
Sales taxes	30,301,042	28,949,183	-	-	30,301,042	28,949,183
Utility users' tax	29,355,396	29,519,607	-	-	29,355,396	29,519,607
Other taxes	23,072,008	21,971,581	4,321,563	4,562,527	27,393,571	26,534,108
Other revenues	26,886,387	25,645,683	16,207,087	20,278,942	43,093,474	45,924,625
Total revenues	<u>289,360,586</u>	<u>283,160,924</u>	<u>280,491,650</u>	<u>280,232,961</u>	<u>569,852,236</u>	<u>563,393,885</u>
Expenses:						
General government	43,954,616	38,973,280	-	-	43,954,616	38,973,280
Public safety	103,391,653	104,869,947	-	-	103,391,653	104,869,947
Transportation	51,133,763	43,655,197	-	-	51,133,763	43,655,197
Community development	43,094,932	53,844,666	-	-	43,094,932	53,844,666
Interest and other fiscal charges	12,121,197	13,249,552	-	-	12,121,197	13,249,552
Electric	-	-	167,442,449	158,768,543	167,442,449	158,768,543
Water	-	-	40,101,423	35,903,377	40,101,423	35,903,377
Other expenses	42,086,464	41,150,421	24,921,754	24,741,884	67,008,218	65,892,305
Total expenses	<u>295,782,625</u>	<u>295,743,063</u>	<u>232,465,626</u>	<u>219,413,804</u>	<u>528,248,251</u>	<u>515,156,867</u>
Increase (decrease) in net assets, before transfers	(6,422,039)	(12,582,139)	48,026,024	60,819,157	41,603,985	48,237,018
Transfers	<u>16,215,460</u>	<u>12,121,810</u>	<u>(16,215,460)</u>	<u>(17,408,731)</u>	-	<u>(5,286,921)</u>
Increase (decrease) in net assets	9,793,421	(460,329)	31,810,564	43,410,426	41,603,985	42,950,097
Net assets at beginning of year, as restated	<u>390,620,093</u>	<u>391,080,422</u>	<u>607,422,052</u>	<u>564,011,626</u>	<u>998,042,145</u>	<u>955,092,048</u>
Net assets at end of year	<u>\$ 400,413,514</u>	<u>390,620,093</u>	<u>639,232,616</u>	<u>607,422,052</u>	<u>1,039,646,130</u>	<u>998,042,145</u>

* As restated

Governmental Activities

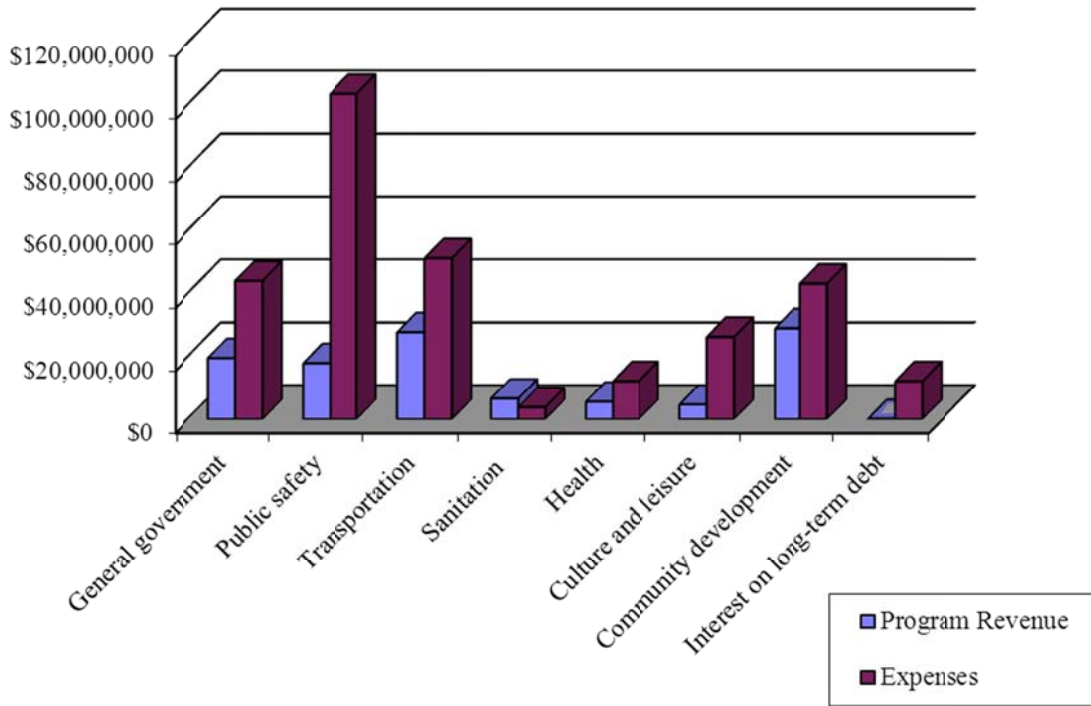
Governmental activities increased City of Pasadena's net assets by \$9.8 million a 2.5 percent increase in the primary government's net assets. Key elements of this increase are as follows:

- Charges for services increased \$1.2 million or 2.0 percent, Capital Grants and Contributions decreased \$4.2 million or 27.5 percent, and Operating Grants and Contributions increased \$3.3 million or 9.7 percent. These reflect the increased use of City services and increased grant contributions.
- Tax revenue increased by \$4.7 million or 3.2 percent decrease from fiscal year 2010. This change was due to improving economic trends leading to increases in six of eight categories of taxes. The three largest increases were in property tax, \$2.4 million or 3.6%; sales tax, \$1.4 million or 4.7%; and transient occupancy tax, \$.7 million or 10.5%. Two categories declined: utility users' tax by \$.2 million and business license tax by \$.1 million. The mixed results reflect modest improvements in economic trends.
- Investment earnings decreased 40.4% percent from \$6.0 million to \$3.7 million. The decrease reflects both lower market yields and investment gains generated by the portfolio.

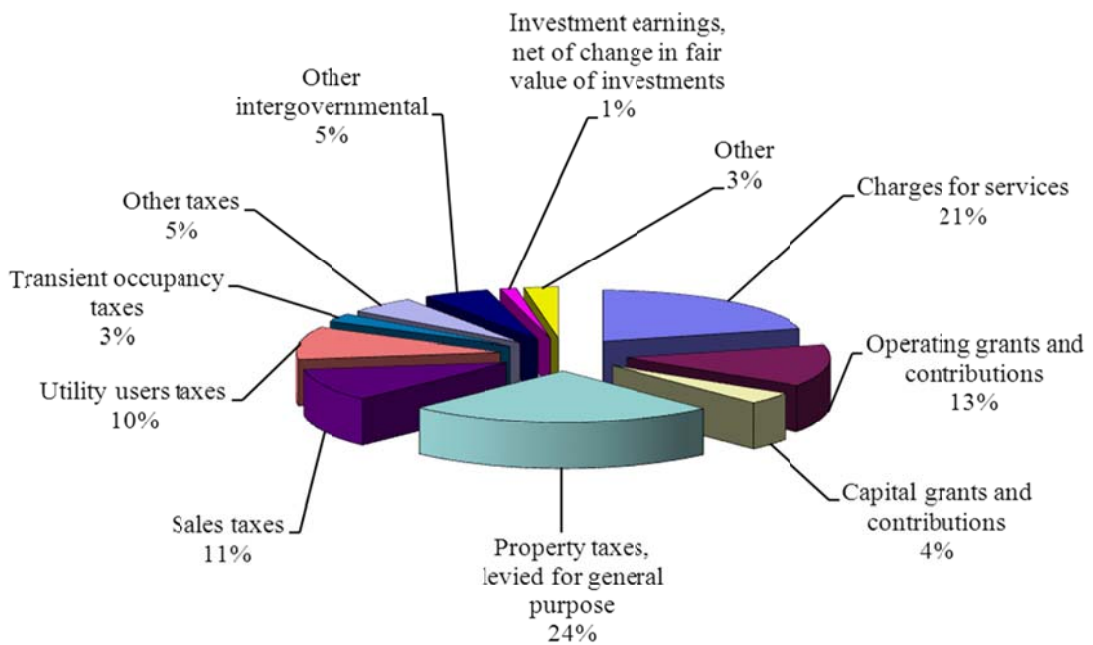
Total expenses were approximately \$296 million in both fiscal year 2011 and 2010, with increases in some categories offset by decreases in others. The two largest increases occurred in Transportation and General Government. Transportation spending increased \$7.5 million primarily due to \$8.6 million increase in capital outlay expenditures compare to prior fiscal year. General Government expenses increased \$5.0 million primarily due to \$1.0 million increase in capital outlay expenditures, \$3.1 million increase in city portion of the Fire and Policy employee retirement contribution, \$0.4 million increase in contract services and \$0.6 million increase in program expenditures. Community Development spending decreased \$10.7 million or 20%; \$8.6 million of this decrease was the reduction in the required Supplemental Education Revenue Augmentation Fund. The remaining \$2.1 million reduction was due to decreased payroll expenses. Public Safety expenses were \$1.5 million less primarily due to \$3.0 million less in capital and non-capital equipment purchasing and \$0.8 million from asset retirement; the decrease was offset by \$2.0 million increase in contract services. Increases in Sanitation, Health, Culture and leisure were offset by the amount of reduced interest and other fiscal charges.

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Program Revenues and Expenses - Governmental Activities



Revenues by Sources - Governmental Activities



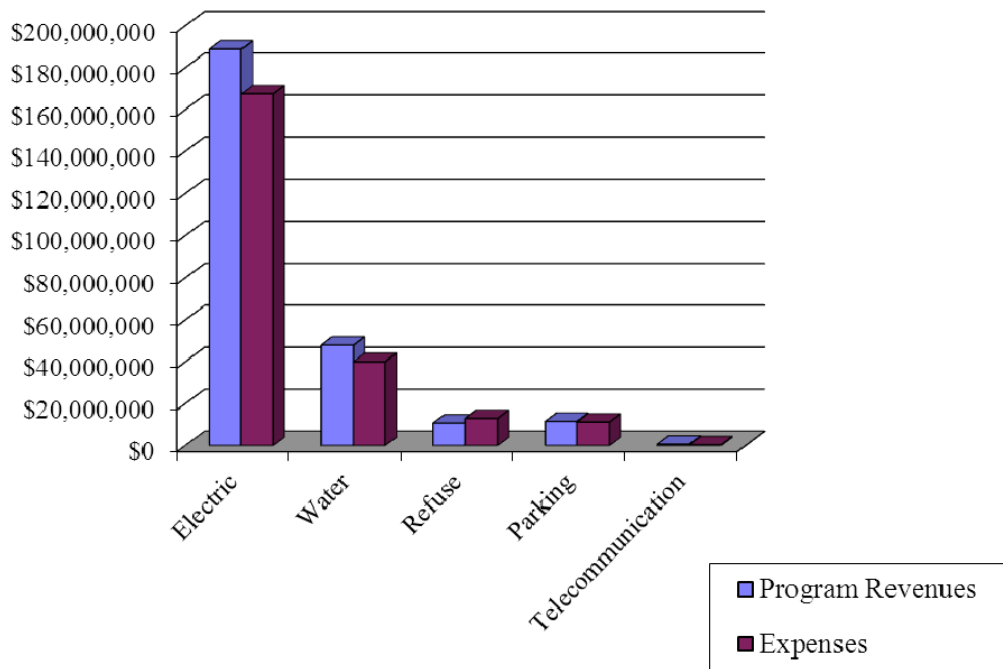
Business-Type Activities

Business-type activities increased the City of Pasadena's net assets by \$31.8 million. The net assets of business-type activities increased by \$43.4 million in the prior year. Key elements of this year's increase are as follows:

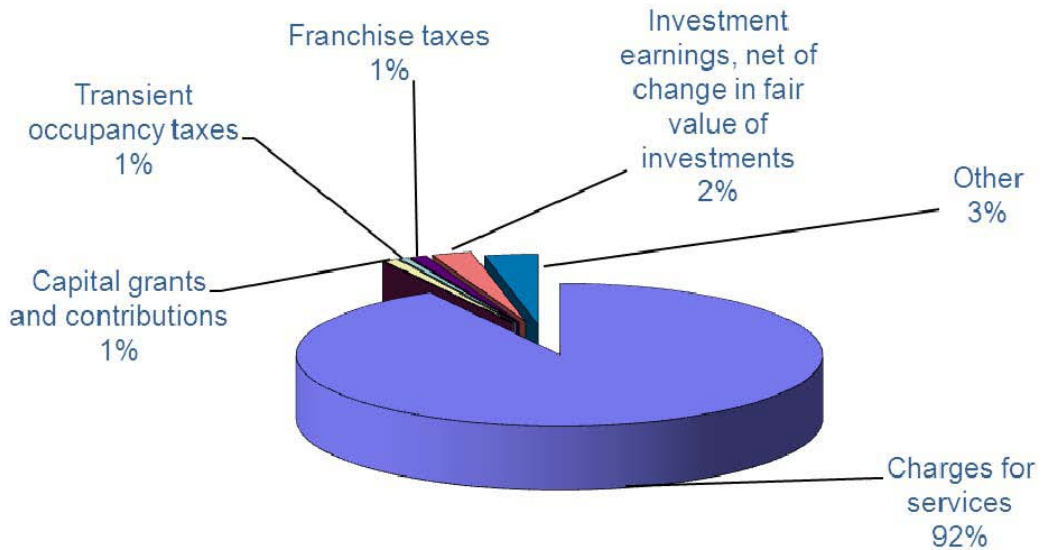
- Electric revenues increased \$3.3 million or 1.8 percent above the prior year due to an increase in accrued unbilled revenues. Revenue from wholesale transactions was approximately \$7.2 million, consistent with the prior year amount.
- Water revenues increased \$3.7 million or 8.4 percent over the prior year due to increases in the Distribution and Customer Charge (D&C) and Purchased Water Adjustment Charge (PWAC).
- Investment earnings decreased \$2.4 million or 26.0 percent from the prior year due to slightly lower balances and reduced investment returns.
- Revenue from Franchise taxes decreased \$.2 million or 6.4 percent from the prior year due to \$.2 million less sold waste fee received.
- Miscellaneous revenues decreased \$1.6 million or 15.1 percent from last year mainly due to an advance claim settlement received in the prior year by the Power Fund for fire damage to a power plant.
- Electric expenses increased \$8.7 million or 5.5 percent from \$158.8 million to \$167.4 million due to higher fuel and energy costs.
- Water expenses increased \$4.2 million or 11.7 percent from \$35.9 million to \$40.1 million. Purchased water expenses increased by \$1.2 million or 8.9 percent from prior year despite a 4.3 percent reduction in total acre-feet purchased. The increase was due to water rate increases by the Metropolitan Water District (MWD). Water interest expense increased by \$.9 million or 33.7 percent to \$3.7 million.
- Parking expenses increased \$.2 million or 2.0 percent from \$11.2 million to \$11.4 million primarily due to increase of \$.2 million contract service expenses.

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Program Revenues and Expenses - 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, *unassigned 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 *nonspendable, restricted, committed, assigned, and unassigned* portions. City Council may commit a portion of the *fund balance* by formal action as was done in 2011 when City Council *committed* 10 percent of the General Fund annual appropriations per the adopted City Budget. For fiscal year 2011 this amounted to \$21,719,242.

At the end of the 2011 fiscal year, the City's governmental funds reported combined ending fund balances of \$185,330,975, a decrease of \$6.9 million in comparison with the prior year. The nonspendable fund balance of \$44.4 million represents assets generated by prepayments, permanent trust fund balances and receivables in funds, net of allowances. The restricted fund balance of \$85.2 million represents resources that are subject to externally enforceable legal restrictions, such as the restrictions on the use of Special Revenue funding and Capital Improvement contracts. The committed fund balance of \$93.6 million represents resources whose use is constrained by limitations that the City imposes upon itself through decisions made by City Council. The assigned fund balance of \$8.6 million describes the portion of fund balance that reflects the City's intended use of resources. The unassigned fund balance of a deficit \$46.5 million represents the excess of nonspendable, restricted, committed, and assigned in excess of total fund balance. The General Fund is the chief operating fund of the City of Pasadena. At the end of the 2011 fiscal year, total fund balance equaled \$46,565,007 in comparison to \$53,177,187 in the prior year.

The fund balance of the City of Pasadena's General Fund decreased by \$6,612,180 or 12.4 percent, during 2011 fiscal year. Key factors in this decrease are as follows:

- Total expenditures decreased \$2.0 million or 1.1%. Three components that increased were \$2.4 million in General Government, \$.7 million in Transportation, and \$.5 million in Culture and leisure. The General Government change reflected \$1.7 million payroll expenses and \$0.6 million program expenditures increases. Public Safety decreased \$1.0 million. Community development decreased \$1.4 million due to \$1.4 million decreased payroll expenses. Capital outlay decreased \$3.2 million, which represented the General Fund's share of the YWCA purchase in the prior year.
- Total revenues increased \$1.2 million, driven largely by \$1.8 million increase in taxes, \$1.2 million increase in Fines and forfeitures \$.6 million decrease in Charges for services,

and \$1.5 million reductions in investment earnings. Most revenue categories which are sensitive to the economy experienced declines or very modest increases.

- Taxes increased by a net \$1.8 million as some revenues show the beginning of recovery. Sales tax revenue led the increase, up \$1.2 million, followed by increases in transient occupancy taxes of \$.7 million, and franchise fees of \$.3 million. Other categories continue to show reductions with property taxes and utility user taxes each declined \$.2 million from 2010.
- Charges for services decreased \$.6 million or 4.0 percent from the prior year. Street light and traffic signal charges increased \$.1 million, City Clerk charges related to the election increased \$.4 million, and Emergency Medical Aid Response increased by \$.2 million. Cost recovery of apparatus decreased \$.3 million, Police charges for services decreased \$0.7 million. The balance of charges for services decreased \$.2 million.
- Fines and Forfeitures increased \$1.2 million due to \$1.5 million increased parking citations and \$.2 million decreases in Municipal Court fines for traffic citations and \$.1 million decreases in burglar alarm fines.
- General Fund Transfers out decreased \$.5 million and Transfers in decreased \$3.1 million for a combined decrease of \$3.6 million. Transfers out decreased by \$.6 million for debt service, \$.2 million for Library support, and \$.5 million for animal control and support of the Health Department. Transfers out of the General Fund increase by \$.3 million to pay internal service charges and \$.5 million for Capital Projects. The decrease in Transfers in to the General Fund were composed of \$3.1 million increase in the Fire and Police Retirement System contribution, and decreases of \$2.7 million in the Power Fund transfer, \$2.5 million in Capital Project funding, and \$.9 million in Internal Service Charge reductions in support of the General Fund.
- Total Governmental Funds Transfer out decreased \$18.9 million and Transfers in decreased \$16.1 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 and decreased capital project spending.

The Pasadena Community Development Commission (PCDC) Debt Service Fund has a total fund deficit of \$33,056,080. The deficit exists since GAAP requires the debt service funds to record advances from other funds as a liability. At June 30, 2011, the balance in advances from other funds is \$37,923,410. The change in fund balance during the current year in the debt service fund is \$2.3 million, which is a 72.6% decrease from the prior year net change in fund balance. The decrease is mainly caused by a reduction of \$8.6 million in a mandatory contribution to the Supplemental Education Revenue Augmentation Fund (SERAF) from \$10.8 million to \$2.2 million. The SERAF expense is allocated between PCDC Debt Service Fund and PCDC Capital Project Fund, a non-major governmental fund.

The Project Management Capital Project Fund has a fund balance of \$1,966,941, which is an increase of \$3.4 million over the prior deficit fund balance of \$1,391,065 from the prior year. The key factors contributing to this increase are as follows:

- A net decrease of \$3.7 million in revenues is composed of \$4.5 million decrease in Intergovernmental Revenues due to \$3.0 million in grants for Annandale Canyon Park open space in the prior year, decreases of \$2.3 million in Federal Highway funds, a \$1.2 million increase in MTA revenue, and \$.4 million in other intergovernmental revenues. Offsetting this is a \$.8 million increase in private Contributions.
- Total expenditures decreased \$9.6 million or 30.8 percent due to decrease of expenditures incurred on various municipal building and Public Works projects.
- Other financing sources decreased by \$1.2 million or 7.5 percent from \$15.5 million in 2010 to \$16.7 million in 2011. 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 \$160,923,279 and those for the Water, Old Pasadena Parking, and Paseo Colorado Parking Funds amounted to \$9,604,045, \$2,149,826, and (\$3,910,626) respectively. The total net income for each fund was \$20,281,946, \$8,373,391, \$1,281,730, and (\$847,301) respectively.

Light and Power operating revenues increased \$3.3 million from prior year. Total retail electric energy sold was approximately 1.16 megawatt hours, a 2.1% decrease compared to prior fiscal year. Retail energy sales increased \$2.5 million and other revenues increased \$.8 million. Total operating expenses increased \$9.6 million or 6.3 percent to \$161.1 million and are largely attributable to increased fuel and purchased power costs.

Water Fund revenues increased \$3.7 million due to rate increases during the year and operating expenses increased \$3.2 million. Water Fund purchased water expenses increased \$1.2 million even with continued conservation efforts which resulted in a 4.3 percent reduction in water consumption. Other operating expenses increased \$ 1.2 million. The balance of the increased expenses comes from modest increases in purchased power, administrative and general, and depreciation.

Old Pasadena Parking Fund net income decreased \$.2 million to \$1,281,730 due to \$.1 million decline in revenues and modest increases in expenses and depreciation.

Paseo Colorado Parking Funds net income decreased \$1.0 million from a net income of \$150,495 in 2010 to a net loss of \$847,301 in 2011. Net income decreased primarily due to \$.9 million less parking revenues and \$.1 less non-operating revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgeted appropriations increased by \$11.8 million or 5.3 percent from the Adopted Budget to the final General Fund (Revised) Budget. The primary reason for the increase in appropriations between the Adopted and Revised Budgets is an \$8.0 million transfer from Non-Departmental to

the Debt Service Fund for the Fire and Police Retirement System Bond. General Fund revenues were increased by a like amount. The remaining mid-year increases to General Fund appropriations authorized by the City Council included a \$1.5 million transfer of General Fund Project Reserves to the Capital Projects Fund, the re-appropriation of \$830,000 of FY 2010 unexpended funding in mid-FY 2011 (Police, Public Works, Transportation, and Human Services), and an increase of \$280,000 in appropriations in the Police Department for grants funding that become available during the fiscal year.

The General Fund actual total expenditures did not exceed final budgeted appropriations. The favorable variance between actual total expenditures and the final appropriation was \$3.5 million or 1.5 percent. The largest negative variance occurred in the Non-departmental expenditures which exceeded the final budget by \$4.4 million. Achieving \$3.5 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, 2011 amounts to \$1,041,411,977, 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 1.3 percent (a 0.1 percent decrease for governmental activities and a 2.5 percent increase for business-type activities).

Major capital asset related events during the 2011 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 \$3,383,523 was spent on these projects during fiscal year 2011.
- In the area of technology upgrade project, the City spent \$1,247,653 in the Implementation of Interagency Communications Interoperability System (ICIS), a digital radio system that allows intercity and interagency communications, and \$284,072 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: Civic Center/Mid-Town Public Improvements, Preventive Maintenance-Asphalt Streets, Preventive Maintenance-Sewer System, Brookside Play Equipment Safety Replacement, and Villa Parke Synthetic Soccer Upgrade . Work on these projects during the 2011 fiscal year reached \$6,303,771. Construction in Progress for the governmental activities as of June 30, 2011 is \$22,250,406.

- As of June 30, 2011, the Water and Power utility plant amounted to \$499,245,618, net of accumulated depreciation, an increase of 2.7 percent or \$13,299,707. During the fiscal year, the City spent \$36,607,111 on various water and power projects and capitalized \$22,704,594 for projects completed. Some of the major Power projects completed are related to distribution line operation and maintenance service, 4KV distribution system conversion, warehouse modernization, utility undergrounding, and distribution system expansion. Water distribution mains, Monk Hill perchlorate treatment, customer driven work requests, chlorinating stations converting, and meter and services are some of the major Water projects completed during FY 2011.

City of Pasadena's Capital Assets

(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010*	2011	2010*	2011	2010*
Land	\$56,442,474	55,467,474	6,243,715	5,458,724	62,686,189	61,711,189
Buildings and improvements	189,495,832	181,906,989	87,152,040	89,045,271	276,647,872	270,952,260
Machinery and equipment	20,886,503	23,517,934	363,391,984	361,804,447	384,278,487	385,322,381
Infrastructure	199,861,763	122,728,187	-	-	199,861,763	122,728,187
Construction in progress	<u>22,250,406</u>	<u>105,941,777</u>	<u>95,687,260</u>	<u>81,784,744</u>	<u>117,937,666</u>	<u>187,726,521</u>
Totals	<u>\$488,936,978</u>	<u>489,562,361</u>	<u>552,474,999</u>	<u>538,878,177</u>	<u>1,041,411,977</u>	<u>1,028,440,538</u>

* As restated

Additional information on the City of Pasadena's capital assets can be found in note 7 on pages 98-99 of this report.

Long-Term Debt

At year-end, the City has a number of debt issues outstanding. These include \$103.9 million of taxable pension bonds, \$5.1 million of tax allocation bonds applicable to PCDC, \$271.6 million of revenue bonds, \$121.0 million of certificates of participation, \$4.8 million of notes payable and \$8.3 million of capitalized lease obligations. Long-term debt decreased by a net amount of \$2,170,993 as a result of new debt issuance, normal scheduled principal maturities, decreased arbitrage rebate liability, decreased compensated absences, increased Other Post Employment Benefits (OPEB), increased insurance claims payable, and decreased net pension obligation. The City was assigned an AAA issuer credit rating and AA+ rating on COPs, Pension Bonds, and refunding bonds from Standard and Poor's.

The new issues are:

2010 Electric Revenue Refunding Bonds, \$36,320,000,

2010 Water Revenue Bonds, \$30,000,000.

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City of Pasadena's Outstanding Long Term Liabilities

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010*</u>
Long-term debt:						
Notes payable	\$ 3,420,722	4,020,056	1,421,679	1,552,910	4,842,401	5,572,966
Bonds	117,489,000	126,857,412	263,190,000	240,655,000	380,679,000	367,512,412
Certificates of participation	103,651,183	114,437,082	17,393,817	20,735,016	121,045,000	135,172,098
Capitalized lease obligations	8,196,272	9,992,672	111,753	653,215	8,308,025	10,645,887
Unamortized premium (discount)	<u>(975,737)</u>	<u>(1,331,395)</u>	<u>2,069,095</u>	<u>3,169,698</u>	<u>1,093,358</u>	<u>1,838,303</u>
Total long-term debt	<u>231,781,440</u>	<u>253,975,827</u>	<u>284,186,344</u>	<u>266,765,839</u>	<u>515,967,784</u>	<u>520,741,666</u>
Operational Liabilities:						
Arbitrage Rebate Liability	31,380	170,785	-	-	31,380	170,785
Compensated absences	9,991,594	10,042,824	-	-	9,991,594	10,042,824
OPEB	9,607,745	6,970,436	-	-	9,607,745	6,970,436
Insurance Claims Payable	27,683,491	24,666,276	-	-	27,683,491	24,666,276
Net pension obligation	<u>46,457,000</u>	<u>49,318,000</u>	<u>-</u>	<u>-</u>	<u>46,457,000</u>	<u>49,318,000</u>
Total operational liabilities	<u>93,771,210</u>	<u>91,168,321</u>	<u>-</u>	<u>-</u>	<u>93,771,210</u>	<u>91,168,321</u>
Totals	<u>\$ 325,552,650</u>	<u>345,144,148</u>	<u>284,186,344</u>	<u>266,765,839</u>	<u>609,738,994</u>	<u>611,909,987</u>

Additional information on the City of Pasadena's long-term debt can be found in notes 9 through 16 on pages 101 to 135 of this report. Information on Insurance Claims Payable can be found in note 22 on pages 146 to 148 and Other Post-Employment Benefits can be found in note 27 on pages 162 to 167.

The City reports five items of significant economic importance in its subsequent event note 31 on pages 171 to 173. Also note 30 on pages 170 to 171 describes another item of significance related to the December 29, 2011 California Supreme Court Action impacting the future of Redevelopment in California.

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, 2011

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Assets			
Cash and investments (note 2)	\$ 184,968,973	124,504,605	309,473,578
Accounts receivable, net (note 3)	32,055,958	48,266,951	80,322,909
Notes receivable (note 4)	40,622,433	62,004,167	102,626,600
Inventories	215,946	21,678,107	21,894,053
Prepays and other assets	267,664	32,617,396	32,885,060
Internal advances (note 6)	4,695,681	(4,695,681)	-
Advances to (from) component units (note 6)	764,740	-	764,740
Allowance for uncollectible long-term receivables (notes 4 and 6)	(15,348,692)	-	(15,348,692)
Restricted assets - cash and investments (note 2)	811,371	106,416,218	107,227,589
Deferred outflow of resources (note 16)	616,013	-	616,013
Property held for resale	14,353,368	-	14,353,368
Capital assets (note 7):			
Land	56,442,474	6,243,715	62,686,189
Construction in progress	22,250,406	95,687,260	117,937,666
Other capital assets, net	410,244,098	450,544,024	860,788,122
Total assets	<u>752,960,433</u>	<u>943,266,762</u>	<u>1,696,227,195</u>
Liabilities			
Accounts payable and accrued liabilities	15,123,251	14,879,050	30,002,301
Deposits	2,287,768	3,893,599	6,181,367
Interest payable	2,831,725	-	2,831,725
Due to other governments	50,234	-	50,234
Deferred revenue (note 8)	6,085,278	1,075,153	7,160,431
Advances from primary government (note 6)	-	-	-
Derivative instrument liability (note 16)	616,013	-	616,013
Noncurrent liabilities (notes 9 to 15):			
Due within one year	41,976,244	14,634,898	56,611,142
Due in more than one year	283,576,406	269,551,446	553,127,852
Total liabilities	<u>352,546,919</u>	<u>304,034,146</u>	<u>656,581,065</u>
Net Assets			
Invested in capital assets, net of related debt	375,202,010	311,053,806	686,255,816
Restricted:			
Expendable:			
Culture and leisure	3,536,169	-	3,536,169
Capital projects	-	-	-
Community development	1,305,117	-	1,305,117
Contribution	-	15,461,046	15,461,046
Debt service	40,502,909	-	40,502,909
Low Moderate Housing	37,791,554	-	37,791,554
Stranded investments (note 18 and 25)	-	133,914,544	133,914,544
Transportation	9,544,488	-	9,544,488
Other purposes	-	2,496,442	2,496,442
Nonexpendable	2,116,493	-	2,116,493
Unrestricted	(69,585,226)	176,306,778	106,721,552
Total net assets	<u>\$ 400,413,514</u>	<u>639,232,616</u>	<u>1,039,646,130</u>

See accompanying notes to the basic financial statements.

Component Units			
Rose Bowl	Pasadena Center	Total	
Operating	Operating		
Company	Company	2011	2010
12,186,788	856,295	322,516,661	331,088,852
2,308,938	1,109,779	83,741,626	78,441,620
-	-	102,626,600	103,400,070
-	-	21,894,053	20,957,853
2,460,226	672,060	36,017,346	36,061,007
-	-	-	-
-	-	764,740	835,384
-	-	(15,348,692)	(13,639,305)
136,091,370	18,174,408	261,493,367	106,077,794
2,930,332	24,752,211	28,298,556	31,428,622
-	-	14,353,368	14,353,368
-	2,423,473	65,109,662	64,134,662
29,332,164	1,080,963	148,350,793	192,229,620
44,239,137	155,182,642	1,060,209,901	985,102,419
<u>229,548,955</u>	<u>204,251,831</u>	<u>2,130,027,981</u>	<u>1,950,471,966</u>
8,522,027	1,164,103	39,688,431	42,878,460
33,518	745,640	6,960,525	7,075,697
3,286,277	607,043	6,725,045	4,130,472
-	-	50,234	83,291
1,443,480	814,317	9,418,228	10,887,695
-	764,740	764,740	835,384
311,029	20,885,468	21,812,510	40,364,235
1,926,988	1,301,358	59,839,488	58,983,567
187,534,123	172,042,778	912,704,753	744,421,353
<u>203,057,442</u>	<u>198,325,447</u>	<u>1,057,963,954</u>	<u>909,660,154</u>
22,901,211	9,504,991	718,662,018	694,603,515
-	-	3,536,169	3,307,621
136,091,370	14,090,026	150,181,396	1,937,809
-	-	1,305,117	685,375
-	-	15,461,046	15,306,596
-	-	40,502,909	39,866,067
-	-	37,791,554	34,964,897
-	-	133,914,544	138,057,658
-	-	9,544,488	7,545,872
-	-	2,496,442	2,093,865
-	-	2,116,493	1,232,608
(132,501,068)	(17,668,633)	(43,448,149)	101,209,929
<u>26,491,513</u>	<u>5,926,384</u>	<u>1,072,064,027</u>	<u>1,040,811,812</u>

CITY OF PASADENA
Statement of Activities
For the Fiscal Year Ended June 30, 2011

<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	\$ 43,954,616	16,974,693	272,513	2,219,408
Public safety	103,391,653	13,315,231	4,519,205	-
Transportation	51,133,763	13,215,314	6,010,062	8,467,512
Sanitation	3,782,112	6,540,614	-	-
Health	12,108,245	696,406	4,849,176	-
Culture and leisure	26,196,107	2,475,954	2,162,013	-
Community development	43,094,932	7,724,012	19,097,419	402,959
Interest and other fiscal charges	12,121,197	-	-	-
Total governmental activities	<u>295,782,625</u>	<u>60,942,224</u>	<u>36,910,388</u>	<u>11,089,879</u>
Business-type activities:				
Electric	167,442,449	186,993,299	-	1,731,889
Water	40,101,423	47,137,004	-	749,003
Refuse	13,158,058	10,918,207	-	-
Parking	11,383,945	11,752,450	-	-
Telecommunication	379,751	681,148	-	-
Total business-type activities	<u>232,465,626</u>	<u>257,482,108</u>	<u>-</u>	<u>2,480,892</u>
Total primary government	<u>\$ 528,248,251</u>	<u>318,424,332</u>	<u>36,910,388</u>	<u>13,570,771</u>
Component units				
Rose Bowl Operating Company	\$ 20,346,076	12,699,338	-	2,359,773
Pasadena Center Operating Company	20,716,140	4,976,545	-	113,622
Total component units	<u>\$ 41,062,216</u>	<u>17,675,883</u>	<u>-</u>	<u>2,473,395</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

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 28)

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>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>Total</u>	
					<u>2011</u>	<u>2010</u>
(24,488,002)	-	(24,488,002)	-	-	(24,488,002)	(18,714,847)
(85,557,217)	-	(85,557,217)	-	-	(85,557,217)	(89,205,298)
(23,440,875)	-	(23,440,875)	-	-	(23,440,875)	(13,130,309)
2,758,502	-	2,758,502	-	-	2,758,502	2,969,619
(6,562,663)	-	(6,562,663)	-	-	(6,562,663)	(5,447,090)
(21,558,140)	-	(21,558,140)	-	-	(21,558,140)	(22,805,200)
(15,870,542)	-	(15,870,542)	-	-	(15,870,542)	(27,439,505)
(12,121,197)	-	(12,121,197)	-	-	(12,121,197)	(13,249,552)
<u>(186,840,134)</u>	<u>-</u>	<u>(186,840,134)</u>	<u>-</u>	<u>-</u>	<u>(186,840,134)</u>	<u>(187,022,182)</u>
-	21,282,739	21,282,739	-	-	21,282,739	28,252,980
-	7,784,584	7,784,584	-	-	7,784,584	8,211,633
-	(2,239,851)	(2,239,851)	-	-	(2,239,851)	(2,080,660)
-	368,505	368,505	-	-	368,505	1,399,147
-	301,397	301,397	-	-	301,397	176,342
<u>-</u>	<u>27,497,374</u>	<u>27,497,374</u>	<u>-</u>	<u>-</u>	<u>27,497,374</u>	<u>35,959,442</u>
<u>(186,840,134)</u>	<u>27,497,374</u>	<u>(159,342,760)</u>	<u>-</u>	<u>-</u>	<u>(159,342,760)</u>	<u>(151,062,740)</u>
-	-	-	(5,286,965)	-	(5,286,965)	1,676,640
-	-	-	-	(15,625,973)	(15,625,973)	(14,609,385)
-	-	-	(5,286,965)	(15,625,973)	(20,912,938)	(12,932,745)
70,803,262	-	70,803,262	-	-	70,803,262	68,353,989
30,301,042	-	30,301,042	-	-	30,301,042	28,949,183
29,355,396	-	29,355,396	-	-	29,355,396	29,519,607
7,667,817	1,420,729	9,088,546	-	5,165,432	14,253,978	13,107,283
1,480,416	-	1,480,416	-	-	1,480,416	1,397,077
5,599,700	-	5,599,700	-	-	5,599,700	5,664,030
2,215,702	2,900,834	5,116,536	-	-	5,116,536	5,031,609
6,108,373	-	6,108,373	-	2,153,155	8,261,528	8,025,046
15,426,878	-	15,426,878	-	-	15,426,878	14,900,751
3,689,916	6,910,581	10,600,497	1,564,159	746,877	12,911,533	15,803,410
736,701	-	736,701	-	-	736,701	249,854
7,032,892	9,296,506	16,329,398	761,268	170,277	17,260,943	16,078,330
16,215,460	(16,215,460)	-	-	-	-	(5,286,921)
<u>196,633,555</u>	<u>4,313,190</u>	<u>200,946,745</u>	<u>2,325,427</u>	<u>8,235,741</u>	<u>211,507,913</u>	<u>201,793,248</u>
9,793,421	31,810,564	41,603,985	(2,961,538)	(7,390,232)	31,252,215	37,797,763
390,620,093	607,422,052	998,042,145	29,453,051	13,316,616	1,040,811,812	1,003,014,049
<u>\$ 400,413,514</u>	<u>639,232,616</u>	<u>1,039,646,130</u>	<u>26,491,513</u>	<u>5,926,384</u>	<u>1,072,064,027</u>	<u>1,040,811,812</u>

CITY OF PASADENA
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General</u>	<u>Pasadena Community Development Commission Debt Service</u>	<u>Project Management Capital Project</u>
<u>Assets</u>			
Cash and investments (note 2)	\$ 27,561,067	5,119,869	2,765,868
Accounts receivable, net (note 3)	17,132,926	1,442,804	2,565,823
Notes receivable (note 4)	52,397	-	-
Due from other funds (note 5)	8,582,519	-	-
Prepays and other assets	26,833	-	-
Advances to other funds (note 6)	15,332,198	-	-
Advances to component units (note 6)	764,740	-	-
Allowance for uncollectible long-term receivables (note 4 and 6)	(10,000,845)	-	-
Property held for resale	-	-	-
Total assets	<u>\$ 59,451,835</u>	<u>6,562,673</u>	<u>5,331,691</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 8,062,810	192,563	1,222,568
Deposits	1,984,321	-	-
Due to other funds (note 5)	-	1,502,780	-
Due to other governments	50,234	-	-
Deferred revenue (note 8)	2,789,463	-	2,142,182
Advances from other funds (note 6)	-	37,923,410	-
Total liabilities	<u>12,886,828</u>	<u>39,618,753</u>	<u>3,364,750</u>
Fund balances:			
Nonspendable	52,397	-	-
Restricted	-	-	8,641,454
Committed	39,320,899	-	231,395
Assigned	8,582,519	-	-
Unassigned	(1,390,808)	(33,056,080)	(6,905,908)
Total fund balances	<u>46,565,007</u>	<u>(33,056,080)</u>	<u>1,966,941</u>
Total liabilities and fund balances	<u>\$ 59,451,835</u>	<u>6,562,673</u>	<u>5,331,691</u>

See accompanying notes to the basic financial statements.

Non-Major Governmental Funds	Totals	
	2011	2010
135,930,088	171,376,892	182,161,287
10,656,882	31,798,435	31,588,255
40,570,036	40,622,433	37,106,320
1,788,523	10,371,042	6,197,646
6,370	33,203	723,380
29,586,135	44,918,333	42,818,762
-	764,740	835,384
(37,882,387)	(47,883,232)	(43,386,732)
<u>10,638,977</u>	<u>10,638,977</u>	<u>10,638,977</u>
<u>191,294,624</u>	<u>262,640,823</u>	<u>268,683,279</u>
2,448,550	11,926,491	17,154,011
303,447	2,287,768	2,233,744
8,073,408	9,576,188	5,763,721
-	50,234	83,291
4,842,790	9,774,435	10,434,827
<u>5,771,322</u>	<u>43,694,732</u>	<u>40,769,106</u>
<u>21,439,517</u>	<u>77,309,848</u>	<u>76,438,700</u>
44,386,014	44,438,411	41,859,853
76,574,204	85,215,658	86,804,504
54,034,985	93,587,279	92,467,950
-	8,582,519	4,794,116
(5,140,096)	(46,492,892)	(33,681,844)
<u>169,855,107</u>	<u>185,330,975</u>	<u>192,244,579</u>
<u>191,294,624</u>	<u>262,640,823</u>	<u>268,683,279</u>

CITY OF PASADENA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

Fund balances of governmental funds \$ 185,330,975

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. 474,033,112

Allowance for advances 33,823,604

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

Arbitrage Rebate Liability	(31,380)	
Notes payable	(3,420,722)	
Pension bonds	(103,935,000)	
Tax allocation bonds	(5,149,000)	
Revenue bonds	(8,405,000)	
Certificates of participation	(103,651,183)	
Capitalized lease obligations	(3,858,794)	
Other post employment benefits liability	(9,607,745)	
Net pension obligation	(46,457,000)	
Unamortized premium (discount)	<u>975,737</u>	
Net adjustment		(283,540,087)

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. (2,831,725)

Deferred revenue related to GASB 33 requirement, which consisted primarily of intergovernmental receivables not collected within the availability period.

Revenues not available		
General Fund	313,227	
Project Management Capital Projects Fund	849,587	
Non-Major Governmental Funds	<u>2,526,343</u>	
Total revenues not available		3,689,157

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. (10,091,522)

Net assets of governmental activities \$ 400,413,514

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, 2011

	General	Pasadena Community Development Commission Debt Service	Project Management Capital Project
Revenues:			
Taxes	\$ 113,809,641	26,716,084	-
Licenses and permits	2,471,544	-	-
Intergovernmental revenues	14,570,521	188,152	6,871,169
Charges for services	32,092,354	-	22,461
Fines and forfeits	6,362,032	-	-
Investment earnings	22,927,674	48,124	-
Rental income	1,073,420	-	-
Miscellaneous revenues	2,307,555	311,121	2,491
Contributions	-	-	1,320,907
Total revenues	195,614,741	27,263,481	8,217,028
Expenditures:			
Current:			
General government	39,277,386	-	-
Public safety	97,209,419	-	-
Transportation	23,026,269	-	-
Sanitation	-	-	-
Health	-	-	-
Culture and leisure	13,783,967	-	-
Community development	8,104,996	2,035,943	-
Capital outlay	-	-	21,553,953
Debt service:			
Principal retirement	-	1,577,746	-
Interest	-	25,006,756	-
Total expenditures	181,402,037	28,620,445	21,553,953
Excess (deficiency) of revenues over (under) expenditures	14,212,704	(1,356,964)	(13,336,925)
Other financing sources (uses):			
Transfers in (note 21)	26,931,281	1,026,725	16,889,307
Transfers out (note 21)	(47,756,165)	(1,929,160)	(194,376)
Total other financing sources (uses)	(20,824,884)	(902,435)	16,694,931
Change in fund balances	(6,612,180)	(2,259,399)	3,358,006
Fund balances (deficits) at beginning of year, as restated (note 28)	53,177,187	(30,796,681)	(1,391,065)
Fund balances (deficits) at end of year	\$ 46,565,007	(33,056,080)	1,966,941

See accompanying notes to the basic financial statements.

Non-Major Governmental Funds	Totals	
	2011	2010
13,005,983	153,531,708	148,794,360
4,591,945	7,063,489	6,737,272
39,829,262	61,459,104	63,398,047
8,705,010	40,819,825	41,489,076
-	6,362,032	5,135,244
2,356,059	25,331,857	28,087,957
3,527,851	4,601,271	4,687,405
5,810,039	8,431,206	6,650,912
<u>1,607,276</u>	<u>2,928,183</u>	<u>841,863</u>
<u>79,433,425</u>	<u>310,528,675</u>	<u>305,822,136</u>
140,444	39,417,830	36,975,940
3,325,194	100,534,613	101,078,106
10,868,649	33,894,918	33,037,791
3,782,112	3,782,112	3,697,150
11,027,480	11,027,480	11,049,228
11,429,562	25,213,529	25,154,701
31,902,544	42,043,483	52,599,759
57,902	21,611,855	34,374,083
19,596,598	21,174,344	21,552,758
<u>12,447,847</u>	<u>37,454,603</u>	<u>37,066,727</u>
<u>104,578,332</u>	<u>336,154,767</u>	<u>356,586,243</u>
<u>(25,144,907)</u>	<u>(25,626,092)</u>	<u>(50,764,107)</u>
51,103,371	95,950,684	112,078,455
<u>(27,358,495)</u>	<u>(77,238,196)</u>	<u>(96,168,241)</u>
<u>23,744,876</u>	<u>18,712,488</u>	<u>15,910,214</u>
(1,400,031)	(6,913,604)	(34,853,893)
<u>171,255,138</u>	<u>192,244,579</u>	<u>227,098,472</u>
<u>169,855,107</u>	<u>185,330,975</u>	<u>192,244,579</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, 2011

Net change in fund balances - total governmental funds \$ (6,913,604)

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	21,611,855
Depreciation	(11,343,588)
Capital Projects Completed	89,202,957

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (100,637,613)

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	2,861,000
To bond, certificate, and note holders	<u>21,815,106</u>
Net adjustment	24,676,106

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (262,849)

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. (216,253)

Interest payable related to debt services or long term liabilities. This is the net change in interest payable expense for the current period. 3,578,723

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. (9,902,313)

Change in net assets of governmental activities \$ 9,793,421

See accompanying notes to the basic financial statements.

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CITY OF PASADENA
Statement of Net Assets
Proprietary Funds
June 30, 2011

	<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)	\$ 112,469,736	1,640,449	3,129,063	466,217
Accounts receivable, net (note 3)	20,562,604	7,837,426	452,120	257,349
Notes receivable (note 4)	4,516,250	-	-	-
Due from other funds (note 5)	3,800,000	-	-	-
Inventories	10,034,302	11,643,805	-	-
Prepays and other assets	933,249	386,246	239,178	213,908
Total current assets	<u>152,316,141</u>	<u>21,507,926</u>	<u>3,820,361</u>	<u>937,474</u>
Noncurrent assets:				
Restricted assets - cash and investments:				
To finance stranded investments (note 18)	63,651,067	-	-	-
Other restricted cash and investments	4,930,494	30,677,733	2,356,585	2,020,740
Advances to other funds (note 6)	-	-	-	-
Less allowance for long-term receivable (note 6)	-	-	-	-
Accounts receivable from Independent System Operator (ISO), net	17,000,000	-	-	-
Notes receivable (note 4)	57,487,917	-	-	-
Property held for resale	-	-	-	-
Prepaid long term assets	28,209,626	1,407,539	958,760	268,890
Deferred outflow (note 16)	-	-	-	-
Capital assets (note 7)	639,459,108	212,193,179	24,111,350	30,811,369
Less accumulated depreciation	<u>(286,950,419)</u>	<u>(65,456,250)</u>	<u>(9,103,471)</u>	<u>(5,987,287)</u>
Net property, plant and equipment	<u>352,508,689</u>	<u>146,736,929</u>	<u>15,007,879</u>	<u>24,824,082</u>
Total noncurrent assets	<u>523,787,793</u>	<u>178,822,201</u>	<u>18,323,224</u>	<u>27,113,712</u>
Total assets	<u>676,103,934</u>	<u>200,330,127</u>	<u>22,143,585</u>	<u>28,051,186</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	6,782,789	6,555,514	575,760	378,011
Deposits	806,253	161,151	316,990	34,878
Insurance claims payable - current (note 22)	-	-	-	-
Due to other funds (note 5)	-	3,800,000	-	-
Deferred revenue (note 8)	1,053,032	22,121	-	-
Compensated absences	-	-	-	-
Notes payable - current (notes 9 and 10)	-	-	137,714	-
Revenue bonds - current (notes 9 and 13)	7,945,000	2,390,000	-	500,000
Certificates of participation - current (notes 9 and 14)	-	-	1,529,260	-
Capitalized lease obligations - current (notes 9 and 15)	-	-	-	-
Total current liabilities	<u>16,587,074</u>	<u>12,928,786</u>	<u>2,559,724</u>	<u>912,889</u>
Long-term liabilities:				
Insurance claims payable - long-term (note 22)	-	-	-	-
OPEB liability - long-term (note 9 and 27)	-	-	-	-
Advances from other funds (note 6)	-	-	1,736,545	4,704,101
Derivative instrument liability (note 16)	-	-	-	-
Notes payable - long-term (notes 9 and 10)	-	-	1,283,965	-
Revenue bonds - long-term (notes 9 and 13)	142,900,000	82,455,000	-	27,000,000
Certificates of participation - long-term (notes 9 and 14)	-	-	11,464,557	-
Capitalized lease obligations - long-term (notes 9 and 15)	-	-	-	-
Unamortized premium (discount)	2,319,432	358,412	139,072	(747,821)
Total long-term liabilities	<u>145,219,432</u>	<u>82,813,412</u>	<u>14,624,139</u>	<u>30,956,280</u>
Total liabilities	<u>161,806,506</u>	<u>95,742,198</u>	<u>17,183,863</u>	<u>31,869,169</u>
Net Assets				
Invested in capital assets, net of related debt	204,274,751	92,211,250	2,809,896	92,643
Restricted:				
Contribution	12,688,412	2,772,634	-	-
Stranded investments (note 18 and 25)	133,914,544	-	-	-
Other purposes	2,496,442	-	-	-
Unrestricted	<u>160,923,279</u>	<u>9,604,045</u>	<u>2,149,826</u>	<u>(3,910,626)</u>
Total net assets	<u>\$ 514,297,428</u>	<u>104,587,929</u>	<u>4,959,722</u>	<u>(3,817,983)</u>

See accompanying notes to the basic financial statements.

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds	Totals	
			2011	2010
6,799,140	124,504,605	13,592,081	138,096,686	135,953,279
2,157,452	31,266,951	257,523	31,524,474	33,463,491
-	4,516,250	-	4,516,250	4,289,583
-	3,800,000	878,573	4,678,573	6,153,607
-	21,678,107	215,946	21,894,053	20,957,853
-	1,772,581	234,461	2,007,042	2,076,260
<u>8,956,592</u>	<u>187,538,494</u>	<u>15,178,584</u>	<u>202,717,078</u>	<u>202,894,073</u>
-	63,651,067	-	63,651,067	62,816,322
2,779,599	42,765,151	811,371	43,576,522	20,683,250
4,704,101	4,704,101	3,472,080	8,176,181	7,519,199
-	-	(1,289,064)	(1,289,064)	(813,009)
-	17,000,000	-	17,000,000	11,984,556
-	57,487,917	-	57,487,917	62,004,167
-	-	3,714,391	3,714,391	3,714,391
-	30,844,815	-	30,844,815	32,221,013
-	-	-	-	10,769,776
27,715,414	934,290,420	34,607,702	968,898,122	943,652,006
<u>(14,317,994)</u>	<u>(381,815,421)</u>	<u>(19,703,836)</u>	<u>(401,519,257)</u>	<u>(390,410,969)</u>
<u>13,397,420</u>	<u>552,474,999</u>	<u>14,903,866</u>	<u>567,378,865</u>	<u>553,241,037</u>
<u>20,881,120</u>	<u>768,928,050</u>	<u>21,612,644</u>	<u>790,540,694</u>	<u>764,140,702</u>
<u>29,837,712</u>	<u>956,466,544</u>	<u>36,791,228</u>	<u>993,257,772</u>	<u>967,034,775</u>
586,976	14,879,050	3,196,760	18,075,810	22,528,660
2,574,327	3,893,599	-	3,893,599	3,985,045
-	-	12,420,760	12,420,760	11,648,472
-	3,800,000	1,673,427	5,473,427	6,587,532
-	1,075,153	-	1,075,153	2,452,017
-	-	9,991,594	9,991,594	10,042,824
-	137,714	-	137,714	131,231
-	10,835,000	-	10,835,000	7,705,000
2,100,000	3,629,260	-	3,629,260	3,341,199
32,924	32,924	504,947	537,871	1,276,353
<u>5,294,227</u>	<u>38,282,700</u>	<u>27,787,488</u>	<u>66,070,188</u>	<u>69,698,333</u>
-	-	15,262,731	15,262,731	13,017,804
-	-	9,607,745	9,607,745	6,970,436
2,959,136	9,399,782	-	9,399,782	9,568,855
-	-	-	-	10,769,776
-	1,283,965	-	1,283,965	1,421,679
-	252,355,000	-	252,355,000	232,950,000
2,300,000	13,764,557	-	13,764,557	17,393,817
78,829	78,829	3,832,531	3,911,360	4,449,279
-	2,069,095	-	2,069,095	3,169,698
<u>5,337,965</u>	<u>278,951,228</u>	<u>28,703,007</u>	<u>307,654,235</u>	<u>299,711,344</u>
<u>10,632,192</u>	<u>317,233,928</u>	<u>56,490,495</u>	<u>373,724,423</u>	<u>369,409,677</u>
11,665,266	311,053,806	11,377,759	322,431,565	300,385,868
-	15,461,046	-	15,461,046	15,306,596
-	133,914,544	-	133,914,544	138,057,658
-	2,496,442	-	2,496,442	2,093,865
<u>7,540,254</u>	<u>176,306,778</u>	<u>(31,077,026)</u>	<u>145,229,752</u>	<u>141,781,111</u>
<u>19,205,520</u>	<u>639,232,616</u>	<u>(19,699,267)</u>	<u>619,533,349</u>	<u>597,625,098</u>

CITY OF PASADENA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	<u>Light and Power</u>	<u>Water</u>	<u>Old Pasadena Parking</u>	<u>Paseo Colorado Parking</u>
Operating revenues:				
Charges for services:				
Utilities	\$ 186,993,299	47,137,004	-	-
Plaza Las Fuentes parking	-	-	-	-
Refuse collection	-	-	-	-
Old Pasadena parking	-	-	5,427,789	-
Paseo Colorado parking	-	-	-	3,893,714
Telecommunication	-	-	-	-
Del Mar Goldline Parking Garage	-	-	-	-
Computing and communication services	-	-	-	-
Building maintenance	-	-	-	-
Fleet maintenance	-	-	-	-
Employee benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
Total operating revenues	<u>186,993,299</u>	<u>47,137,004</u>	<u>5,427,789</u>	<u>3,893,714</u>
Operating expenses:				
Utility production	107,822,043	20,249,117	-	-
Utility transmission and distribution	13,645,945	5,291,526	-	-
Utility commercial and general	21,494,360	5,939,532	-	-
Plaza Las Fuentes parking	-	-	-	-
Refuse collection	-	-	-	-
Old Pasadena parking	-	-	2,602,592	-
Paseo Colorado parking	-	-	-	3,433,367
Telecommunications	-	-	-	-
Del Mar Goldline Parking Garage	-	-	-	-
Computing and communication services	-	-	-	-
Building maintenance	-	-	-	-
Fleet maintenance	-	-	-	-
Depreciation	18,184,297	4,800,816	623,305	676,134
Benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
Total operating expenses	<u>161,146,645</u>	<u>36,280,991</u>	<u>3,225,897</u>	<u>4,109,501</u>
Operating income (loss)	<u>25,846,654</u>	<u>10,856,013</u>	<u>2,201,892</u>	<u>(215,787)</u>
Nonoperating revenues (expenses):				
Taxes	-	-	-	-
Intergovernmental revenues	29,929	439,204	-	-
Investment earnings	6,055,485	215,955	214,367	48,412
Miscellaneous revenues	-	-	46,415	-
Interest expense	(6,021,433)	(3,679,994)	(921,435)	(440,530)
Gain (loss) on disposal of assets	(274,371)	(140,438)	-	-
Other nonoperating revenues (expenses)	5,911,770	3,037,891	(259,509)	(239,396)
Total nonoperating revenues (expenses)	<u>5,701,380</u>	<u>(127,382)</u>	<u>(920,162)</u>	<u>(631,514)</u>
Income (loss) before transfers and contributions	31,548,034	10,728,631	1,281,730	(847,301)
Capital contributions	1,731,889	749,003	-	-
Transfers in (note 21)	494,376	-	-	-
Transfers out (note 21)	<u>(13,492,353)</u>	<u>(3,104,243)</u>	-	-
Net income (loss)	20,281,946	8,373,391	1,281,730	(847,301)
Net assets (deficit) at beginning of year, as restated (note 28)	<u>494,015,482</u>	<u>96,214,538</u>	<u>3,677,992</u>	<u>(2,970,682)</u>
Net assets (deficit) at end of year	<u>\$ 514,297,428</u>	<u>104,587,929</u>	<u>4,959,722</u>	<u>(3,817,983)</u>

See accompanying notes to the basic financial statements.

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental		
		Activities- Internal Service Funds	Totals	
			2011	2010
-	234,130,303	-	234,130,303	227,192,442
2,081,499	2,081,499	-	2,081,499	1,999,656
10,918,207	10,918,207	-	10,918,207	11,050,382
-	5,427,789	-	5,427,789	5,528,754
-	3,893,714	-	3,893,714	4,776,271
681,148	681,148	-	681,148	628,639
349,448	349,448	-	349,448	253,011
-	-	9,778,565	9,778,565	8,179,505
-	-	10,273,226	10,273,226	8,693,507
-	-	9,020,837	9,020,837	9,185,994
-	-	31,319,435	31,319,435	27,406,806
-	-	13,060,062	13,060,062	10,975,639
-	-	1,113,812	1,113,812	1,004,331
-	-	424,676	424,676	430,665
<u>14,030,302</u>	<u>257,482,108</u>	<u>74,990,613</u>	<u>332,472,721</u>	<u>317,305,602</u>
-	128,071,160	-	128,071,160	115,609,048
-	18,937,471	-	18,937,471	17,877,613
-	27,433,892	-	27,433,892	29,215,734
1,929,360	1,929,360	-	1,929,360	1,725,766
12,759,635	12,759,635	-	12,759,635	12,524,324
-	2,602,592	-	2,602,592	2,548,129
-	3,433,367	-	3,433,367	3,404,608
379,751	379,751	-	379,751	452,297
293,671	293,671	-	293,671	258,954
-	-	10,138,357	10,138,357	8,329,692
-	-	9,626,226	9,626,226	8,352,527
-	-	7,532,003	7,532,003	7,465,888
831,812	25,116,364	2,079,493	27,195,857	26,226,407
-	-	36,193,980	36,193,980	34,567,851
-	-	15,503,734	15,503,734	11,206,646
-	-	1,300,724	1,300,724	1,088,380
-	-	409,369	409,369	428,995
<u>16,194,229</u>	<u>220,957,263</u>	<u>82,783,886</u>	<u>303,741,149</u>	<u>281,282,859</u>
<u>(2,163,927)</u>	<u>36,524,845</u>	<u>(7,793,273)</u>	<u>28,731,572</u>	<u>36,022,743</u>
4,321,563	4,321,563	-	4,321,563	4,562,527
151,036	620,169	-	620,169	1,017,199
376,362	6,910,581	310,373	7,220,954	9,972,304
-	46,415	-	46,415	66,681
(30,162)	(11,093,554)	(197,631)	(11,291,185)	(11,720,073)
-	(414,809)	47,564	(367,245)	(71,895)
179,166	8,629,922	227,682	8,857,604	10,131,998
<u>4,997,965</u>	<u>9,020,287</u>	<u>387,988</u>	<u>9,408,275</u>	<u>13,958,741</u>
2,834,038	45,545,132	(7,405,285)	38,139,847	49,981,484
-	2,480,892	-	2,480,892	3,962,337
85,000	579,376	744,916	1,324,292	3,450,979
<u>(198,240)</u>	<u>(16,794,836)</u>	<u>(3,241,944)</u>	<u>(20,036,780)</u>	<u>(24,648,114)</u>
2,720,798	31,810,564	(9,902,313)	21,908,251	32,746,686
16,484,722	607,422,052	(9,796,954)	597,625,098	564,878,412
<u>19,205,520</u>	<u>639,232,616</u>	<u>(19,699,267)</u>	<u>619,533,349</u>	<u>597,625,098</u>

CITY OF PASADENA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2011

	<u>Light and Power</u>	<u>Water</u>	<u>Old Pasadena Parking</u>	<u>Paseo Colorado Parking</u>
Cash flows from operating activities:				
Cash received from customers	\$ 184,000,966	44,458,870	5,466,582	4,065,371
Cash payments to suppliers for goods and services	(108,166,723)	(18,038,870)	(2,433,883)	(2,979,829)
Cash payments to employees for services	(33,381,125)	(12,830,629)	(107,014)	(138,325)
Cash payments to other funds for services	(1,950,837)	(1,228,975)	(25,363)	(105,874)
Cash payments from other funds for services	187,650	89,870	-	-
Other nonoperating revenues (expenses)	7,210,368	2,948,021	(213,094)	(239,396)
Net cash provided by (used for) operating activities	<u>47,900,299</u>	<u>15,398,287</u>	<u>2,687,228</u>	<u>601,947</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	494,376	-	-	-
Transfers to other funds	(13,492,353)	(3,104,243)	-	-
Cash received (paid) on loans from other funds	-	(1,200,000)	-	180,927
Cash received (paid) on loans to other funds	1,200,000	-	(350,000)	-
Taxes received	-	-	-	-
Intergovernmental revenues	29,929	439,204	-	-
Net cash provided by (used for) noncapital financing activities	<u>(11,768,048)</u>	<u>(3,865,039)</u>	<u>(350,000)</u>	<u>180,927</u>
Cash flows from capital and related financing activities:				
Proceeds from long-term debt	35,392,640	30,000,000	-	-
Acquisition and construction of capital assets	(25,155,423)	(11,544,205)	(399,459)	-
Proceeds from sale of capital assets	-	-	-	-
Cash received from developers	1,731,889	749,003	-	-
Principal paid on debt	(40,985,000)	(2,300,000)	(1,711,307)	(500,000)
Interest paid on debt	(6,261,036)	(3,518,154)	(921,435)	(440,530)
Net cash used for capital and related financing activities	<u>(35,276,930)</u>	<u>13,386,644</u>	<u>(3,032,201)</u>	<u>(940,530)</u>
Cash flows from investing activities:				
Purchase of investments	(79,547,933)	(12,074,980)	-	-
Proceeds from sale of investments	68,062,235	-	-	-
Investment earnings	5,541,667	336,482	217,305	53,686
Loans made to suppliers	-	-	-	-
Payments received from loans made to suppliers	4,289,583	-	-	-
Net cash provided by investing activities	<u>(1,654,448)</u>	<u>(11,738,498)</u>	<u>217,305</u>	<u>53,686</u>
Net increase (decrease) in cash and cash equivalents	(799,127)	13,181,394	(477,668)	(103,970)
Cash and cash equivalents at beginning of year	<u>122,492,555</u>	<u>2,382,125</u>	<u>5,963,316</u>	<u>2,590,927</u>
Cash and cash equivalents at end of year	<u>\$ 121,693,428</u>	<u>15,563,519</u>	<u>5,485,648</u>	<u>2,486,957</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Assets:				
Cash and investments	\$ 112,469,736	1,640,449	3,129,063	466,217
Stranded investments	63,651,067	-	-	-
Other restricted cash and investments	4,930,494	30,677,733	2,356,585	2,020,740
Less non-cash equivalents	(59,357,869)	(16,754,663)	-	-
Cash and cash equivalents at end of year	<u>\$ 121,693,428</u>	<u>15,563,519</u>	<u>5,485,648</u>	<u>2,486,957</u>

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds	Totals	
			2011	2010
14,157,621	252,149,410	-	252,149,410	246,991,868
(7,531,816)	(139,151,121)	(25,160,394)	(164,311,515)	(148,886,227)
(5,659,197)	(52,116,290)	(50,971,900)	(103,088,190)	(98,134,096)
(2,575,659)	(5,886,708)	(1,393,308)	(7,280,016)	(7,466,349)
-	277,520	75,333,527	75,611,047	71,257,917
179,166	9,885,065	227,682	10,112,747	9,883,907
<u>(1,429,885)</u>	<u>65,157,876</u>	<u>(1,964,393)</u>	<u>63,193,483</u>	<u>73,647,020</u>
85,000	579,376	744,916	1,324,292	3,450,979
(198,240)	(16,794,836)	(3,241,944)	(20,036,780)	(24,648,114)
-	(1,019,073)	-	(1,019,073)	1,173,969
(180,927)	669,073	(275,034)	394,039	(840,480)
4,321,563	4,321,563	-	4,321,563	4,562,527
151,036	620,169	-	620,169	1,017,199
<u>4,178,432</u>	<u>(11,623,728)</u>	<u>(2,772,062)</u>	<u>(14,395,790)</u>	<u>(15,283,920)</u>
-	65,392,640	-	65,392,640	41,420,029
(2,028,908)	(39,127,995)	(2,644,686)	(41,772,681)	(65,422,435)
-	-	71,752	71,752	16,868
-	2,480,892	-	2,480,892	3,962,337
(2,302,585)	(47,798,892)	(734,939)	(48,533,831)	(53,577,783)
(30,162)	(11,171,317)	(197,631)	(11,368,948)	(10,103,646)
<u>(4,361,655)</u>	<u>(30,224,672)</u>	<u>(3,505,504)</u>	<u>(33,730,176)</u>	<u>(83,704,630)</u>
-	(91,622,913)	-	(91,622,913)	(53,346,435)
-	68,062,235	-	68,062,235	66,587,916
291,961	6,441,101	73,223	6,514,324	9,913,497
-	-	-	-	-
-	4,289,583	-	4,289,583	3,726,250
<u>291,961</u>	<u>(12,829,994)</u>	<u>73,223</u>	<u>(12,756,771)</u>	<u>26,881,228</u>
(1,321,147)	10,479,482	(8,168,736)	2,310,746	1,539,698
<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>
<u>9,578,739</u>	<u>154,808,291</u>	<u>14,403,452</u>	<u>169,211,743</u>	<u>166,900,997</u>
6,799,140	124,504,605	13,592,081	138,096,686	135,953,279
-	63,651,067	-	63,651,067	62,816,322
2,779,599	42,765,151	811,371	43,576,522	20,683,250
-	(76,112,532)	-	(76,112,532)	(52,551,854)
<u>9,578,739</u>	<u>154,808,291</u>	<u>14,403,452</u>	<u>169,211,743</u>	<u>166,900,997</u>

(continued)

CITY OF PASADENA
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2011

	<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)	\$ 25,846,654	10,856,013	2,201,892	(215,787)
Adjustments to reconcile operating income (loss) to net				
Depreciation	18,184,297	4,800,816	623,305	676,134
Amortization of prepaid long term assets	1,257,195	-	-	-
Amortization of premium and discount	-	-	(31,907)	27,784
Other non-operating revenues (expenses)	5,911,770	3,037,891	(213,094)	(239,396)
(Increase) decrease in accounts receivable	3,374,346	(1,221,865)	70,700	171,657
Increase (decrease) in allowance for uncollectible accounts	(4,991,761)	31,925	-	-
(Increase) decrease in due to other funds	-	-	-	-
(Increase) decrease in inventories	(363,536)	(560,997)	-	-
(Increase) decrease in prepaids and other assets	(33,434)	(6,772)	(11,227)	1,675
(Increase) decrease in prepaid long term assets	-	(114,010)	222,638	10,375
Increase (decrease) in accounts payable and accrued liabilities	(1,428,762)	78,375	(179,962)	178,651
Increase (decrease) in insurance claims payable	-	-	-	-
Increase (decrease) in deferred charges	111,330	(1,488,194)	-	-
Increase (decrease) in compensated absences	-	-	-	-
Increase (decrease) in deposits payable	32,200	(14,895)	4,883	(9,146)
	<u>22,053,645</u>	<u>4,542,274</u>	<u>485,336</u>	<u>817,734</u>
Net cash provided by (used for) operating activities	<u>\$ 47,900,299</u>	<u>15,398,287</u>	<u>2,687,228</u>	<u>601,947</u>
Non-cash investing, capital and financing related activity				
Non-cash changes in fair value of investments	<u>\$ (348,277)</u>	<u>9,447</u>	<u>(3,970)</u>	<u>1,230</u>

See accompanying notes to the basic financial statements

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds	Totals	
			2011	2010
<u>(2,163,927)</u>	<u>36,524,845</u>	<u>(7,793,273)</u>	<u>28,731,572</u>	<u>36,022,743</u>
831,812	25,116,364	2,079,493	27,195,857	26,226,407
-	1,257,195	-	1,257,195	1,598,480
38,761	34,638	-	34,638	34,640
179,166	8,676,337	227,682	8,904,019	10,160,600
124,505	2,519,343	67,880	2,587,223	1,457,651
2,814	(4,957,022)	-	(4,957,022)	(16,308)
-	-	635,963	635,963	(812,653)
-	(924,533)	(11,667)	(936,200)	(1,407,192)
-	(49,758)	118,976	69,218	(82,467)
-	119,003	-	119,003	325,189
(331,873)	(1,683,571)	(2,892,741)	(4,576,312)	(3,491,475)
-	-	3,017,215	3,017,215	678,540
-	(1,376,864)	2,637,309	1,260,445	3,062,345
-	-	(51,230)	(51,230)	359,290
<u>(111,143)</u>	<u>(98,101)</u>	<u>-</u>	<u>(98,101)</u>	<u>(468,770)</u>
<u>734,042</u>	<u>28,633,031</u>	<u>5,828,880</u>	<u>34,461,911</u>	<u>37,624,277</u>
<u>(1,429,885)</u>	<u>65,157,876</u>	<u>(1,964,393)</u>	<u>63,193,483</u>	<u>73,647,020</u>
<u>7,644</u>	<u>(333,926)</u>	<u>1,082,919</u>	<u>748,993</u>	<u>2,478,295</u>

CITY OF PASADENA
Statement of Net Assets
Fiduciary Funds
June 30, 2011

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents (note 2)	\$ 191,184,274	3,278,077
Receivables:		
Accounts receivable	-	438,365
Interest	200,421	-
Total receivables	<u>200,421</u>	<u>438,365</u>
Other assets	-	1,022,556
Investments, at fair value (note 2):		
Government and agencies	22,206,282	-
Corporate obligations	16,518,383	-
Real estate investment trust (REIT)	9,660,250	-
Corporate stocks	53,693,510	-
Total investments	<u>102,078,425</u>	<u>-</u>
Total assets	<u>293,463,120</u>	<u>4,738,998</u>
Liabilities		
Accounts payable and accrued liabilities	65,514	698,949
Due to other governments	-	2,863,314
Due to bondholders	-	1,176,735
Total liabilities	<u>65,514</u>	<u>4,738,998</u>
Net assets held in trust for employees' pension benefits	<u>\$ 293,397,606</u>	<u>-</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Statement of Changes in Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 8,036,000
Plan members	<u>14,016,063</u>
Total contributions	<u>22,052,063</u>
Net investment income:	
Investment earnings	42,688,837
Dividends	<u>898,571</u>
Gross investment income (loss)	43,587,408
Less investment expenses	<u>(365,264)</u>
Net investment income (loss)	<u>43,222,144</u>
Total additions	<u>65,274,207</u>
Deductions:	
Benefits paid to participants	26,675,878
Administrative expenses	<u>241,635</u>
Total deductions	<u>26,917,513</u>
Net increase (decrease)	38,356,694
Net assets held in trust for employees' pension benefits:	
Beginning of year	<u>255,040,912</u>
End of year	<u>\$ 293,397,606</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Discretely Presented Component Units
Statement of Net Assets
June 30, 2011

	Rose Bowl	Pasadena Center	Totals	
	Operating Company	Operating Company	2011	2010
Assets				
Current assets:				
Cash and investments (note 2)	\$ 12,186,788	856,295	13,043,083	11,288,333
Cash and investments restricted (note 2)	132,979,245	-	132,979,245	-
Accounts receivable, net	2,308,938	1,109,779	3,418,717	1,405,318
Prepays and other assets	81,210	129,835	211,045	198,685
Other receivable	-	-	-	55,397
Total current assets	<u>147,556,181</u>	<u>2,095,909</u>	<u>149,652,090</u>	<u>12,947,733</u>
Noncurrent assets:				
Restricted assets - cash and investments (note 2)	3,112,125	18,174,408	21,286,533	24,264,175
Other receivable	-	-	-	9,233
Unamortized bond issuance costs	2,379,016	542,225	2,921,241	777,039
Deferred outflow (note 16)	2,930,332	24,752,211	27,682,543	19,741,308
Capital assets (note 7):				
Land	-	2,423,473	2,423,473	2,423,473
Construction in progress	29,332,164	1,080,963	30,413,127	4,503,099
Other capital assets, net	44,239,137	155,182,642	199,421,779	206,099,591
Total noncurrent assets	<u>81,992,774</u>	<u>202,155,922</u>	<u>284,148,696</u>	<u>257,817,918</u>
Total assets	<u>229,548,955</u>	<u>204,251,831</u>	<u>433,800,786</u>	<u>270,765,651</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	8,522,027	1,164,103	9,686,130	3,195,789
Deposits	33,518	745,640	779,158	856,908
Interest payable	3,286,277	607,043	3,893,320	983,192
Deferred revenue (note 8)	1,443,480	814,317	2,257,797	1,952,857
Advances from primary government - current (note 6)	-	74,221	74,221	70,644
Current portion of compensated absences	51,988	-	51,988	1,251
Current portion of long-term debt (notes 9, 13 and 14)	1,875,000	1,301,358	3,176,358	3,900,795
Total current liabilities	<u>15,212,290</u>	<u>4,706,682</u>	<u>19,918,972</u>	<u>10,961,436</u>
Noncurrent liabilities:				
Compensated absences	127,973	-	127,973	159,160
Derivative instrument liability (note 16)	311,029	20,885,468	21,196,497	28,676,921
Advances from primary government - long-term (note 6)	-	690,519	690,519	764,740
Long-term debt (notes 9, 13 and 14)	187,492,881	172,407,079	359,899,960	187,976,191
Unamortized premium (discount)	(86,731)	(364,301)	(451,032)	(542,464)
Total noncurrent liabilities	<u>187,845,152</u>	<u>193,618,765</u>	<u>381,463,917</u>	<u>217,034,548</u>
Total liabilities	<u>203,057,442</u>	<u>198,325,447</u>	<u>401,382,889</u>	<u>227,995,984</u>
Net Assets				
Invested in capital assets, net of related debt	22,901,211	9,504,991	32,406,202	38,535,011
Restricted	136,091,370	14,090,026	150,181,396	1,937,809
Unrestricted	(132,501,068)	(17,668,633)	(150,169,701)	2,296,847
Total net assets	<u>\$ 26,491,513</u>	<u>5,926,384</u>	<u>32,417,897</u>	<u>42,769,667</u>

See accompanying notes to the basic financial statements.

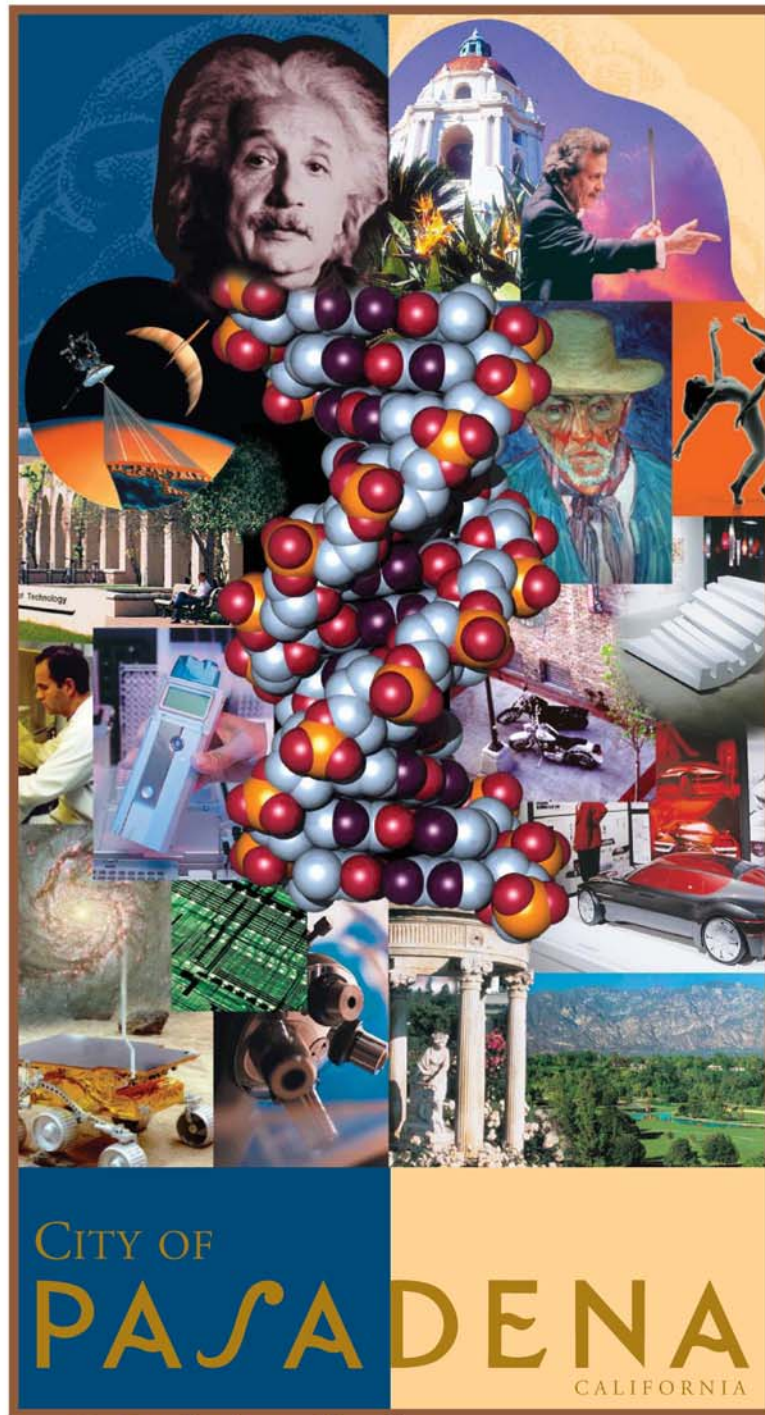
CITY OF PASADENA
Discretely Presented Component Units
Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2011

	Rose Bowl	Pasadena Center	Totals	
	Operating Company	Operating Company	2011	2010
Operating revenues:				
Charges for services:				
Golf course	\$ 10,534,676	-	10,534,676	14,855,801
Rose Bowl	2,164,662	-	2,164,662	2,304,458
Pasadena Center Operating Company	-	4,976,545	4,976,545	4,873,249
Total operating revenues	<u>12,699,338</u>	<u>4,976,545</u>	<u>17,675,883</u>	<u>22,033,508</u>
Operating expenses:				
Golf course	8,677,890	-	8,677,890	10,816,040
Rose Bowl	713,213	-	713,213	821,327
Pasadena Center Operating Company	-	7,149,532	7,149,532	7,489,262
Depreciation	3,240,537	4,229,836	7,470,373	7,551,255
Total operating expenses	<u>12,631,640</u>	<u>11,379,368</u>	<u>24,011,008</u>	<u>26,677,884</u>
Operating income	<u>67,698</u>	<u>(6,402,823)</u>	<u>(6,335,125)</u>	<u>(4,644,376)</u>
Nonoperating revenues (expenses):				
Transient occupancy taxes, net	-	5,165,432	5,165,432	4,701,040
Tourism business improvement district tax	-	2,153,155	2,153,155	1,989,897
Investment earnings	1,564,159	746,877	2,311,036	439,963
Interest expense	(7,714,436)	(8,895,121)	(16,609,557)	(8,669,920)
Other nonoperating revenues (expenses)	761,268	170,277	931,545	667,757
Total nonoperating revenues (expenses)	<u>(5,389,009)</u>	<u>(659,380)</u>	<u>(6,048,389)</u>	<u>(871,263)</u>
Income (loss) before operating transfers	<u>(5,321,311)</u>	<u>(7,062,203)</u>	<u>(12,383,514)</u>	<u>(5,515,639)</u>
Contribution to City	-	(441,651)	(441,651)	(442,913)
Capital contributions	2,359,773	113,622	2,473,395	824,464
Change in net assets	(2,961,538)	(7,390,232)	(10,351,770)	(5,134,088)
Net assets at beginning of year	<u>29,453,051</u>	<u>13,316,616</u>	<u>42,769,667</u>	<u>47,903,755</u>
Net assets at end of year	<u>\$ 26,491,513</u>	<u>5,926,384</u>	<u>32,417,897</u>	<u>42,769,667</u>

See accompanying notes to the basic financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS



CITY OF PASADENA

Notes to the Basic Financial Statements

Year Ended June 30, 2011

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CITY OF PASADENA

Notes to the Basic Financial Statements

Year Ended June 30, 2011

(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, 2011

(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, 2011

(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, 2011

(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 separate Special Revenue, Debt Service, and Capital Projects Funds.

In June 2011 the State Legislature enacted Assembly Bills 1X 26 and 27, which created uncertainty regarding Redevelopment in California. Please see Footnote 30 for additional information.

Complete financial statements are 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, has 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. RBOC was audited in accordance with Generally Accepted Governmental Auditing Standards. Additional information is available at www.rosebowlstadium.com.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

(a) Reporting Entity, (Continued)

Discretely Presented Component Units, (Continued)

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 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. PCOC was audited in accordance with Generally Accepted Governmental Auditing Standards. Additional information is available at www.pasadenacenter.com.

Jointly Governed Organizations

The following organizations are considered to be jointly governed organizations of the City:

Bob Hope Airport

The Bob Hope Airport is under the governance of the Burbank-Glendale-Pasadena Airport Authority (Airport Authority). The Airport Authority is a separate agency created in 1977 under a joint powers agreement between the three cities for the sole purpose of owning and operating the Bob Hope Airport. Three commissioners from each city, appointed by each city's respective city council, make up the nine members of the Airport Authority. There is no ongoing financial interest or responsibility by the participating governments. Additional information is available at www.burbankairport.com.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

(a) Reporting Entity, (Continued)

Jointly Governed Organizations, (Continued)

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.

(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 discreetly 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, 2011

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

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

Government-wide Financial Statements, (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 are recognized in accordance with various GASB Statements.

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 another 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, 2011

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

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

Fund Financial Statements, (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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

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

Governmental Funds, (Continued)

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 noncurrent receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are reflected in nonspendable fund balance.

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

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

Proprietary Funds, (Continued)

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.

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

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

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

The City reports the following major proprietary funds:

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

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, workers’ 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, 2011

(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, 2011

(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, 2011.

(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, 2011

(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, 2011

(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	2 to 10 years	Equipment	2 to 10 years
Infrastructure	8 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, 2011

(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 in FY2011 and FY2010 were 90% and 97% of prior year accruals.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(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) Post-employment Benefits Other Than Pension Obligation

The City provides other post-employment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. In accordance with the requirements of GASB Statement No. 45, the City requires accrual accounting for the expensing of OPEB. The expense is generally accrued over the working career of employees. The City adopted GASB 45 accounting commencing in its fiscal year ending June 30, 2008. See Note 27.

(q) 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.

(r) Fund Equity

In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance is the portion of fund balance that cannot be spent due to form. Examples include inventories, prepaid amounts, long-

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

(r) Fund Equity, (Continued)

term loans, notes receivable, and property held for resale, unless the proceeds are restricted, committed or assigned. Also, amounts that must be maintained intact legally or contractually, such as the principal of a permanent fund are reported within the nonspendable category.

- Restricted fund balance is the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.
- Committed fund balance is the portion of fund balance that is subject to self-imposed constraints due to formal action of the City Council, as they have the highest level of decision-making authority.
- Assigned fund balance is the portion of fund balance that is constrained by the City's intent to utilize fund balance for a specific purpose. The authority to assign fund balance has been delegated by City Council to the finance director.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications. Unassigned fund balances also include amounts that are in Special Revenue, Capital Projects, Debt Service and Permanent Funds in excess of assigned amounts.

The accounting policies of the City consider restricted fund balance to have been spent first when expenditures are incurred for purposes for which both the restricted and unrestricted fund balance is available. Similarly, when expenditures are incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned and then unassigned amounts.

(s) 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, 2011

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

(s) Comparative Data/Reclassifications, (Continued)

In the current year, there were no special revenue funds reclassified to the general fund.

(t) 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, 2011

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

(u) 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. 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.

(v) Interest Expense

During 2011, the Pasadena Community Development Commission and City more formally documented their pre-existing promissory notes. In some cases this resulted in a change in interest calculation and amortization schedules.

(w) Implementation of New GASB Pronouncement

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This new accounting standard enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(2) Cash and Investments

Primary Government (excluding FPRS Cash and Investments)

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$309,473,578
Restricted cash and investments	107,227,589
Fiduciary funds:	
Cash and cash equivalents	<u>191,741,286</u>
Total cash and investments	<u>\$608,442,453</u>

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$ 93,052
Deposits with financial institutions	3,282,690
Investments	<u>605,066,711</u>
Total cash and investments	<u>\$608,442,453</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(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.

+ With the exception of the Power Reserve and Bond Reserve Funds with consent of the bond insurers, these types of investments can mature for more than 5 years.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(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, 2011

(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 is, 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 to 60 Months</u>	<u>More Than 60 Months</u>
Corporate Bonds	\$44,483,105	201,284	4,326,509	39,955,312	-
Federal Agency Securities	205,528,752	-	3,959,539	198,115,591	3,453,622
Municipal Bonds	19,798,143	5,908,536	-	7,441,236	6,448,371
Money Market Funds	43,248,835	43,248,835	-	-	-
Repurchase Agreements	9,508,582	9,508,582	-	-	-
Mortgage-backed Securities	191	-	191	-	-
State Investment Pool	61,534,436	61,534,436	-	-	-
Held by Bond Trustee:					
Federal Agency Securities	17,945,388	-	-	16,077,273	1,868,115
Money Market Funds	3,648,192	3,648,192	-	-	-
Investment Contracts	10,907,878	-	-	-	10,907,878
Deferred Compensation Plan:					
Mutual Funds (Money Market Funds)	<u>188,463,209</u>	<u>188,463,209</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$605,066,711</u>	<u>312,513,074</u>	<u>8,286,239</u>	<u>261,589,412</u>	<u>22,677,986</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Total</u>	Minimum Legal <u>Rating</u>	<u>Rating as of Year End</u>			<u>Not Rated</u>
			<u>AAA</u>	<u>Aa</u>	<u>A</u>	
Corporate Bonds	\$44,483,105	A	9,175,332	27,630,064	7,677,709	-
Federal Agency Securities	205,528,752	N/A	205,528,752	-	-	-
Municipal Bonds	19,798,143	N/A	4,726,277	2,210,227	11,963,127	898,512
Money Market Funds	43,248,835	N/A	43,248,835	-	-	-
Repurchase Agreements	9,508,582	-	-	-	-	9,508,582
Mortgage-backed Securities	191	AA	191	-	-	-
State Investment Pool	61,534,436	N/A	-	-	-	61,534,436
Held by Bond Trustee:						
Federal Agency						
Securities	17,945,388	N/A	17,945,388	-	-	-
Money Market Funds	3,648,192	A	3,648,192	-	-	-
Investment Contracts	10,907,878	N/A	-	-	-	10,907,878
Deferred Compensation						
Plan:						
Mutual Funds	<u>188,463,209</u>	N/A	-	<u>188,463,209</u>	-	-
Total	<u>\$605,066,711</u>		<u>284,272,967</u>	<u>218,303,500</u>	<u>19,640,836</u>	<u>82,849,408</u>

N/A Not applicable

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(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	\$ 83,687,818
Federal Farm Credit Bank	Federal Agency Securities	49,069,557
Federal National Mortgage Assn.	Federal Agency Securities	87,257,791
East West Bank	Money Market Funds	30,246,644
Local Agency Investment Fund	State Investment Pool	64,993,406
Hartford Life	Mutual Fund	188,462,652

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		
Goldman Financial Square Prime Obligations Fund	Money Market Fund	\$330,435
Federal Farm Credit Bank	Federal Agency Securities	983,380

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(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		
GE Capital Corp	Corporate Bonds	\$3,524,810
Federal Home Loan Bank	Federal Agency Securities	18,459,388
Federal National Mortgage Assn	Federal Agency Securities	29,101,117
State of California GO Bonds	Municipal Bonds	5,642,600
Local Agency Investment Fund	State Investment pool	6,226,530
Water Fund		
East West Bank	Money Market Fund	4,161,576
Federal Home Loan Mortgage Corp	Federal Agency Securities	2,500,725
Federal Farm Credit Bank	Federal Agency Securities	2,233,764
Federal Home Loan Bank	Federal Agency Securities	4,471,770
Local Investment Pool Fund	State investment pool	9,376,809
Federal National Mortgage Assn	Federal Agency Securities	1,868,115
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 Farm Credit Bank	Federal Agency Securities	2,000,740
Non-Major Governmental Fund		
Debit Service Fund		
Goldman Financial Square Prime Obligations Fund	Money Market Fund	1,987,944
Sun Trust Leasing-Corp Agency	Money Market Fund	811,371
Federal Farm Credit Bank	Federal Agency Securities	9,575,958
Ford Credit AR Owner Trust Discount	Investment Contracts	2,673,817

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(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	\$2,500,780
Federal National Mortgage Assn	Federal Agency Securities	3,499,014
Federal Home Loan Bank	Federal Agency Securities	1,000,359
East West Bank	Money Market Fund	2,073,376
Charter Capital Projects Fund		
East West Bank	Money Market Fund	1,571,966
Federal Home Loan Bank	Federal Agency Securities	1,000,359
Federal National Mortgage Assn	Federal Agency Securities	992,456
Non-Major Enterprise Funds		
Plaza Las Fuentes Parking Fund		
Goldman Financial Square Prime Obligations	Money Market Fund	2,706,966

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Entity's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2011, \$116,779 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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Investment in State Investment Pool, (Continued)

entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Pasadena Fire and Police Retirement System (FPRS)

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

Authorized Investments

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.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(2) Cash and Investments, (Continued)

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

Authorized Investments, (Continued)

The Board oversees and guides the System 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 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.

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)
- Private real estate
- Treasury Inflation Protected Securities

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(2) Cash and Investments, (Continued)

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

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 Statement No. 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 Statement No. 40 requires the disclosure of the following specific risks that apply to the Systems investments:

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

GASB Statement No. 40 also requires the disclosure of deposit or investment policies (or the lack thereof) that relate to the investment 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 Statement 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 June 16, 2011. The revision adjusted the strategic allocation ranges for equities and fixed income following the adoption of a new asset allocation mix on May 19, 2011. The policy added allocations to Treasury Inflation Protected Securities and Private

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(2) Cash and Investments, (Continued)

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

State of Investment Policy, (Continued)

Real Estate and deleted the allocation to the Real Estate Investment Trust. At the end of June 30, 2011, the System had seven 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, and June 16, 2011 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:

- 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.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(2) Cash and Investments, (Continued)

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

Credit Risk and Market Value of Investments, (Continued)

The Statement of Investment Policy encompasses the following asset classes and the asset allocation goals:

- Domestic Core Fixed Income – 30%
- Large Cap Domestic Equity – 27% (13.5% Large Cap Value, 13.5% Large Cap Growth-Passive)
- Small-Mid Cap Core Equity – 5%
- International Equity - 20%
- Private Real Estate – 10%
- TIPS (Treasury Inflation Protected Securities) – 5%
- Cash – STIF 3%

The System requires \$1,350,000 monthly to cover the benefit payments and administrative costs. When an asset class exceeds the allocation goal, 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.

Credit Risk

Credit Risk is the risk that the issuer of a debt security or other counterparty to an investment will not fulfill its obligations. The individual investment guidelines for the fixed income investment manager describe applicable restrictions on credit risk. The System seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the fund at an acceptable level of risk within this asset class. The credit quality ratings of investments in fixed income

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(2) Cash and Investments, (Continued)

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

Credit Risk, (Continued)

securities by a nationally recognized statistical rating organization, the Standard & Poor's ("S & P"), as of June 30, 2011 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	\$ 7,161,593	18.49%
AA	1,533,653	3.96%
A	4,180,652	10.80%
BBB	2,897,531	7.48%
BB	806,924	2.08%
B	800,629	2.07%
CCC	550,168	1.42%
D	95,569	0.25%
Not Rated/Quality Rating NA*	3,282,155	8.48%
Rating Not Determined**	17,415,791	44.97%
Total	\$ 38,724,665	100.00%

* Minus: Not rated: STIF of \$1,548,168 and commercial paper of \$624,905.

**Minus: Not rated: N/A

**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.

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

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(2) Cash and Investments, (Continued)

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

Custodial Credit Risk-Deposits, (Continued)

collateralized. As of June 30, 2011, 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 the 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). The Board's investment policies and guidelines permit investments in numerous specified asset classes to take advantage of professional investment management advice and a well-diversified portfolio. As of June 30, 2011, the System held investments in two Federal agencies, Federal National Mortgage Association and Federal Home Loan Mortgage Association that exceed a 5% threshold. However, these issuers have an implicit guarantee from the Federal government.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(2) Cash and Investments, (Continued)

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

Concentration of Credit Risk, (Continued)

Fixed Income Securities
As of June 30, 2011

<u>Issuer</u>	<u>Market Value</u>	<u>% of Total MV</u>
Federal National Mortgage Association	\$ 5,892,185	5.78%
Federal Home Loan Mortgage Corporation	\$ 5,731,436	5.62%

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 U.S. 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.

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:

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

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(2) Cash and Investments, (Continued)

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

Highly Sensitive Investments, (Continued)

such information as embedded options, coupon multipliers, benchmark indexes, and reset dates. The System's asset-backed investments have embedded prepayment options that will typically cause prepayments by the obligees of the underlying investments when interest rates fall. Prepayments eliminate the stream of future interest payments and, therefore, diminish the fair value of the asset-backed investment. The following table shows the fair value of the System's asset-backed investments by investment type:

<u>Investment Type</u>	<u>Amount</u>
Government Mortgage Backed Securities	\$ 11,773,924
Asset Backed Securities	2,612,438
Commercial Mortgage Backed Securities	2,461,812
Non-Government Backed Commercial Mortgage Obligations	<u>4,057,628</u>
Total	<u>\$ 20,905,802</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, 2011

(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, 2011 are as follows:

<u>Foreign Currency Type – Corporate Bonds</u>	<u>Market Value In USD</u>	<u>% of Total MV</u>
Guernsey, Channel Islands	\$ 138,309	0.14
United Kingdom	657,987	0.65
Switzerland	312,508	0.31
New Zealand	174,365	0.17
Total Foreign Currency	<u>\$ 1,283,169</u>	<u>1.27</u>

Foreign Currency Type –Equities

International Region	\$ 20,488,520	20.10
Total Foreign Currency	<u>\$ 20,488,520</u>	<u>20.10</u>

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

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
	<u>(In Thousands)</u>	
Unrestricted Pooled Cash	\$ 1,711	\$ 369
Restricted Pooled Cash	1,350	1,350
Cash with Fiscal Agent	2,173	7,562
Investments – Held by Trustee	102,078	85,112
	<u>\$ 107,312</u>	<u>\$ 94,393</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(2) Cash and Investments, (Continued)

Discretely Presented Component Units

Rose Bowl Operating Company (RBOC)

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 12,186,788
Cash and investments restricted	132,979,245
Cash and investments held by fiscal agent	<u>3,112,125</u>
 Total cash and investments	 <u>\$ 148,278,158</u>

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$ 1,000
Deposits with financial institutions	4,813,196
Investment in City of Pasadena investment pool	140,351,837
Investments held by fiscal agent	<u>3,112,125</u>
 Total cash and investments	 <u>\$ 148,278,158</u>

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

Disclosures Relating to Interest Rate Risk

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 to 60 Months</u>	<u>More Than 60 Months</u>
City of Pasadena Pool Held by Fiscal Agent:	\$ 140,351,837	140,351,837	-	-
Federal Agency Securities	3,057,264	-	3,057,264	-
Money Market Funds	<u>54,861</u>	<u>54,861</u>	<u>-</u>	<u>-</u>
Total	\$ 143,463,962	140,406,698	3,057,264	-

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 Held by Fiscal Agent:	\$ 140,351,837	N/A	-	-	140,351,837
Federal Agency Securities:	3,057,264	N/A	3,057,264	-	-
Money Market Funds	<u>54,861</u>	A	<u>54,861</u>	<u>-</u>	<u>-</u>
Total	\$ 143,463,962		3,112,125	-	140,351,837

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(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	\$3,057,264

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, 2011

(2) Cash and Investments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC)

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 856,295
Investments	7,124,948
Cash and investments with fiscal agent	<u>11,049,460</u>
 Total cash and investments	 <u>\$ 19,030,703</u>

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$ 7,300
Deposits with financial institutions	848,995
City of Pasadena Investment Pool	7,124,948
Cash and investments with fiscal agent:	
Federal Agency Securities	10,718,568
Money Market Mutual Funds	<u>330,892</u>
 Total cash and investments	 <u>\$ 19,030,703</u>

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, 2011

(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 to 60 Months</u>	<u>More Than 60 Months</u>
City of Pasadena Pool	\$ 7,124,948	7,124,948	-	-
Federal Agency Securities	10,718,568	-	10,718,568	-
Money Market Funds	<u>330,892</u>	<u>330,892</u>	-	-
Total	\$ <u>18,174,408</u>	<u>7,455,840</u>	<u>10,718,568</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	\$ 7,124,948	N/A	-	7,124,948
Federal Agency Securities	10,718,568	N/A	10,718,568	-
Money Market Funds	<u>330,892</u>	Aaa	<u>330,892</u>	-
Total	\$ <u>18,174,408</u>		<u>11,049,460</u>	<u>7,124,948</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(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	\$10,718,568

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, 2011

(3) Accounts Receivable

As of June 30, 2011, 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	\$ 1,182,216	-	1,219,067	1,280,464	180,581
Accrued revenue receivable	10,222,754	-	1,346,756	8,395,611	10,599
Interest receivable	220,334	1,442,804	-	482,555	66,343
Paramedics receivable	6,770,517	-	-	-	-
Utility receivable	<u>1,305,542</u>	<u>-</u>	<u>-</u>	<u>526,750</u>	<u>-</u>
	19,701,363	1,442,804	2,565,823	10,685,380	257,523
Less: allowance for uncollectible amounts	<u>(2,568,437)</u>	<u>(28,591)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$17,132,926</u>	<u>1,414,213</u>	<u>2,565,823</u>	<u>10,685,380</u>	<u>257,523</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	\$ 33,233	471,095	174,279	29,958	19,237
Accounts receivable from Independent System Operator (ISO)	19,591,119	-	-	-	-
Accrued revenue receivable	9,710,188	4,579,747	264,795	221,630	1,376,089
Interest receivable	1,159,883	44,526	13,046	5,761	43,644
Utility receivable	<u>10,272,021</u>	<u>2,915,898</u>	<u>-</u>	<u>-</u>	<u>763,702</u>
	40,766,444	8,011,266	452,120	257,349	2,202,672
Less: allowance for uncollectible amounts	(612,721)	(173,840)	-	-	(45,220)
Less: allowance for uncollectible amounts from ISO	<u>(2,591,119)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$37,562,604</u>	<u>7,837,426</u>	<u>452,120</u>	<u>257,349</u>	<u>2,157,452</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(4) Notes Receivable – Primary Government

The notes receivable in the Governmental Funds amounted to \$40,622,433 at June 30, 2011. These are primarily PCDC and Housing and Community Development notes receivable, which arose from the sale of land to project developers and other agencies, and the provision of loan assistance under the agency's affordable housing programs, subject to approved redevelopment plans. These notes have various terms, including maturities ranging from 2 to 45 years and interest rates ranging from 3.5% to 11%. Due to the uncertainty of their collectability at June 30, 2011, the City has recorded an allowance for uncollectible long-term receivables of \$47,883,232 of which \$14,059,628 pertains to notes receivable and \$33,823,604 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 \$14,059,628.

In January 2009, Light and Power utilized \$80.0 million of Reserves 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, 2011 is \$62,004,167.

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(5) Due From and To Other Funds

Current interfund receivable and payable balances at June 30, 2011 are as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	(a) PCDC Debt Service	\$ 1,102,335
	(b) Internal Service Funds	794,854
	(c) Non-Major Governmental Funds	<u>6,685,330</u>
	Subtotal	<u>8,582,519</u>
Non-Major Governmental Funds	(d) Non-Major Governmental Funds	1,388,078
	(e) PCDC Debt Service	<u>400,445</u>
	Subtotal	<u>1,788,523</u>
Internal Service Funds	(f) Internal Service Funds	878,573
Light and Power Fund	(g) Water Fund	<u>3,800,000</u>
	Total	<u><u>\$15,049,615</u></u>

Generally, the above balances result from:

- (a) The \$1,102,335 due from PCDC Debt Service Fund to the General Fund is for incremental property tax received in July and August 2011.
- (b) The \$794,854 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 \$6,685,330 due from Non-Major Government Funds to General Fund is due to negative cash balances at the end of this fiscal year, including \$1,249,200 from Housing and Community Development Funds, \$528,393 from Health Fund, \$749,799 from Parking Fund, \$17,041 from Transportation Fund, \$1,532,830 from Public Safety Fund, \$22,851 from Air Quality Improvement Fund and \$2,585,216 from Building Services Fund.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

- (d) The \$1,388,078 within Pasadena Community Commission Fund has \$1,298,554 due from the Fair Oaks Capital Project Fund to the Old Pasadena Capital Project Fund to finance overrun of costs during the litigation and purchase of land within the Fair Oaks Project Area. The \$58,774 due from Old Pasadena Capital Project Fund to Orange Grove Debt Service Fund is to cover negative cash balance at the end of the fiscal year. The \$30,750 from PCDC Capital Funds to PCDC Low and Moderate Income Housing Trust Fund is the 20% to 30% set aside incremental property tax received in July and August 2011.
- (e) The \$400,445 due from PCDC Debt Service includes \$60,589 due to PCDC Low and Moderate Income Housing Trust Fund for the 20% to 30% set aside incremental property tax received in July and August 2011. The balance of \$339,856 is due to PCDC to cover a negative cash balance at the end of the fiscal year.
- (f) The \$878,573 due from the Building Maintenance Fund to the Fleet Maintenance Fund is to cover a negative cash balance at the end of the fiscal year.
- (g) The \$3,800,000 is an approved short term loan from Light and 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, 2011 are as follows:

<u>Advances from other funds</u>	<u>Advances to other funds</u>	<u>Amount</u>
PCDC Debt Service	General Fund	\$ 7,824,331
	Internal Service Funds	3,472,080
	Non-Major Governmental Funds	<u>26,626,999</u>
	Subtotal	<u>37,923,410</u>
Old Pasadena Parking	General Fund	<u>1,736,545</u>
Non-Major Governmental Funds	General Fund	<u>5,771,322</u>
Non-Major Enterprise Funds	Non-Major Governmental Funds	<u>2,959,136</u>
Paseo Colorado Parking	Non-Major Enterprise Funds	<u>4,704,101</u>
	Total	<u>\$ 53,094,514</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

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

Primary Government, (Continued)

**Outstanding at
June 30, 2011**

General Fund

The General Fund has agreements with PCDC providing for the advance of funds to finance redevelopment activities within the project areas. Reimbursement to the General Fund is due from any and all funds legally available to PCDC. An allowance for uncollectible long-term receivables has been recorded for \$10,000,845 at June 30, 2011.

\$13,595,653

The General Fund also has an agreement with Old Pasadena Parking providing for advance of funds to finance parking activities. The annual reimbursement to the General Fund is \$350,000.

1,736,545

Housing and Community Development

The Community Development Fund has agreements with PCDC providing for the advance of funds to finance redevelopment activities within the Fair Oaks and Washington Project Areas. Reimbursement to the Community Development Fund is due from any and all funds legally available to PCDC. An allowance for uncollectible long-term receivables has been recorded for \$18,493,047 as of June 30, 2011.

18,493,047

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. Reimbursement to the New Development Fund is due from any and all funds legally available to PCDC.

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. An allowance for uncollectible long-term receivables of \$3,084,005 has been recorded as of June 30, 2011.

7,011,304

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

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

Primary Government, (Continued)

	<u>Outstanding at June 30, 2011</u>
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. An allowance for uncollectible long-term receivables has been recorded for \$1,289,064 as of June 30, 2011.	3,472,080
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.	<u>4,704,101</u>
Total primary government advances	<u>\$53,094,514</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

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

Discretely Presented Component Units

Long-term interfund advance balances between the primary government and discretely presented component units as of June 30, 2011 are as follows:

<u>Advances To</u>	<u>Advances From Primary Government</u>	<u>Amount</u>
<u>Component Units</u>		
General Fund	Pasadena Center Operating Company	<u>\$764,740</u>
		<u>Outstanding at</u>
		<u>June 30, 2011</u>

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.

\$764,740

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(7) Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2011 is as follows:

Governmental activities	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
Depreciable assets:				
Buildings and improvements	\$ 277,608,942	14,250,340	(1,057,895)	290,801,387
Machinery and equipment	55,522,121	3,351,043	(6,806,016)	52,067,148
Infrastructure	<u>230,741,216</u>	<u>81,074,592</u>	<u>(3,020,588)</u>	<u>308,795,220</u>
Total cost of depreciable assets	<u>563,872,279</u>	<u>98,675,975</u>	<u>(10,884,499)</u>	<u>651,663,755</u>
Less accumulated depreciation:				
Buildings and improvements	(95,701,953)	(6,230,438)	626,836	(101,305,555)
Machinery and equipment	(32,004,187)	(3,470,493)	4,294,035	(31,180,645)
Infrastructure	<u>(108,013,029)</u>	<u>(3,722,150)</u>	<u>2,801,722</u>	<u>(108,933,457)</u>
Total accumulated depreciation	<u>(235,719,169)</u>	<u>(13,423,081)</u>	<u>7,722,593</u>	<u>(241,419,657)</u>
Net depreciable assets	328,153,110	85,252,894	(3,161,906)	410,244,098
Capital assets not depreciated:				
Land	55,467,474	975,000	-	56,442,474
Construction in progress	<u>105,941,777</u>	<u>17,232,105</u>	<u>(100,923,476)</u>	<u>22,250,406</u>
Capital assets, net	<u>\$ 489,562,361</u>	<u>103,459,999</u>	<u>(104,085,382)</u>	<u>488,936,978</u>

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

General government	\$6,761,735
Public safety	1,285,817
Transportation	4,540,898
Health	152,832
Culture and leisure	334,064
Community development	<u>347,735</u>
	<u>\$13,423,081</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(7) Capital Assets, (Continued)

Primary Government, (Continued)

Business-type activities:	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
Depreciable assets:				
Buildings and improvements	\$ 116,572,161	909,014	(1,695,131)	115,786,044
Utility lines, machinery and equipment	<u>704,701,944</u>	<u>24,316,463</u>	<u>(12,445,006)</u>	<u>716,573,401</u>
Total cost of depreciable assets	<u>821,274,105</u>	<u>25,225,477</u>	<u>(14,140,137)</u>	<u>832,359,445</u>
Less accumulated depreciation:				
Buildings and improvements	(27,526,890)	(2,616,724)	1,509,610	(28,634,004)
Utility lines, machinery and equipment	<u>(342,897,497)</u>	<u>(22,499,640)</u>	<u>12,215,720</u>	<u>(353,181,417)</u>
Total accumulated depreciation	<u>(370,424,387)</u>	<u>(25,116,364)</u>	<u>13,725,330</u>	<u>(381,815,421)</u>
Net depreciable assets	450,849,718	109,113	(414,807)	450,544,024
Capital assets not depreciated:				
Land	6,243,715	-	-	6,243,715
Construction in progress	<u>81,784,744</u>	<u>36,607,111</u>	<u>(22,704,595)</u>	<u>95,687,260</u>
Capital assets, net	<u>\$ 538,878,177</u>	<u>36,716,224</u>	<u>(23,119,402)</u>	<u>552,474,999</u>

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

Electric	\$18,184,297
Water	4,800,816
Refuse	384,939
Parking	<u>1,746,312</u>
	<u>\$25,116,364</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(8) Deferred Revenue

Deferred revenue consists of the following at June 30, 2011:

	General	Project Management Capital	Light and Power	Water Fund	Non-Major Governmental
	<u>Fund</u>	<u>Project</u>	<u>Power</u>	<u>Fund</u>	<u>Governmental</u>
(a) Revenues not "available"	\$ 313,227	849,587	-	-	2,526,343
(b) Rental income	433,500	-	-	-	-
(c) Miscellaneous revenue collected	154,096	1,292,595	1,053,032	22,121	2,316,447
(d) Interest Rate Swap	<u>1,888,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$2,789,463</u>	<u>2,142,182</u>	<u>1,053,032</u>	<u>22,121</u>	<u>4,842,790</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: \$1,457,324 of Health grants, \$905,617 of Metropolitan Transit Authority, Department of Transportation and Small Business Administration grants, \$600,362 of Home Land Security funds, \$468,656 of Housing grants and \$257,198 in miscellaneous false alarms and RBOC invoices.
- (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 \$433,500.
- (c) Miscellaneous deferred revenue consists of other miscellaneous revenue collected of which, revenue recognition criteria have not been met.
- (d) In fiscal year 2003, the City received \$6,925,000 in interest from an interest rate swap agreement. Of this amount, \$629,545 is amortized annually over a period of 11 years. The current balance is \$1,888,640.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(9) Long-Term Debt and Other Liabilities

Primary Government

Changes in long-term debt and other liabilities for the year ended June 30, 2011 are as follows:

Governmental Activities:	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2011</u>	<u>Due Within One Year</u>
Notes payable	\$4,020,056	-	(599,334)	3,420,722	315,000
Pension bonds:					
1999 Taxable Pension Funding Bonds	78,445,000	-	(5,265,000)	73,180,000	5,985,000
2004 Taxable Pension Funding Bonds	33,080,000	-	(2,325,000)	30,755,000	2,327,772
Total Pension Bonds	<u>111,525,000</u>	<u>-</u>	<u>(7,590,000)</u>	<u>103,935,000</u>	<u>8,312,772</u>
Tax allocation bonds:					
1991 Tax Allocation Bonds, Low Moderate Housing	373,412	-	(373,412)	-	-
2000 Tax Allocation Refunding Revenue Bonds (Orange Grove Redevelopment Project)	1,029,000	-	(234,000)	795,000	249,000
2000 Tax Allocation Refunding Revenue Bonds (Villa-Parke Redevelopment Project)	665,000	-	(151,000)	514,000	161,000
2006 Tax Allocation Revenue Bonds (Housing Set-Aside Revenues - Townhouse Project Refunding)	1,280,000	-	(235,000)	1,045,000	245,000
2006 Tax Allocation Revenue Bonds (Fair Oaks Redevelopment Project & Public Improvement Program Refunding)	2,095,000	-	(135,000)	1,960,000	140,000
2006 Tax Allocation Revenue Bonds (Villa-Parke Redevelopment Project Refunding)	360,000	-	(80,000)	280,000	90,000
2006 Tax Allocation Revenue Bonds (Lake/Washington Redevelopment Project & Total tax allocation bonds)	<u>620,000</u>	<u>-</u>	<u>(65,000)</u>	<u>555,000</u>	<u>70,000</u>
	<u>6,422,412</u>	<u>-</u>	<u>(1,273,412)</u>	<u>5,149,000</u>	<u>955,000</u>

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(9) Long-Term Debt and Other Liabilities, (Continued)

Primary Government, (Continued)

Governmental Activities (Continued):	<u>Balance at</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2011</u>	<u>Due Within</u> <u>One Year</u>
Certificates of participation:					
1993 Certificates of Participation (Refunding and Capital Projects)	20,400,000	-	(4,700,000)	15,700,000	4,960,000
2001 Certificates of Participation (Refunding)	2,472,098	-	(2,472,098)	-	-
2008 COP Series B Refunding 2004 A&B	23,879,984	-	(2,288,801)	21,591,183	2,380,740
2008 COP Series C Refunding 2003 COP	<u>67,685,000</u>	<u>-</u>	<u>(1,325,000)</u>	<u>66,360,000</u>	<u>1,390,000</u>
Total certificates of participation	<u>114,437,082</u>	<u>-</u>	<u>(10,785,899)</u>	<u>103,651,183</u>	<u>8,730,740</u>
Revenue Bonds:					
2006 Revenue Bonds	<u>8,910,000</u>	<u>-</u>	<u>(505,000)</u>	<u>8,405,000</u>	<u>525,000</u>
Total Revenue Bonds	<u>8,910,000</u>	<u>-</u>	<u>(505,000)</u>	<u>8,405,000</u>	<u>525,000</u>
Capitalized lease obligations	<u>9,992,672</u>	<u>-</u>	<u>(1,796,401)</u>	<u>8,196,271</u>	<u>935,579</u>
Unamortized issuance premium (discount)	<u>(1,331,395)</u>	<u>-</u>	<u>355,658</u>	<u>(975,737)</u>	<u>(210,202)</u>
Other:					
Arbitrage rebate liability	<u>170,785</u>	<u>-</u>	<u>(139,405)</u>	<u>31,380</u>	<u>-</u>
Compensated absences	<u>10,042,824</u>	<u>8,976,070</u>	<u>(9,027,300)</u>	<u>9,991,594</u>	<u>9,991,594</u>
Other Post Employment Benefits Liability (OPEB)	<u>6,970,436</u>	<u>3,053,485</u>	<u>(416,176)</u>	<u>9,607,745</u>	<u>-</u>
Insurance claims payable	<u>24,666,276</u>	<u>12,219,641</u>	<u>(9,202,426)</u>	<u>27,683,491</u>	<u>12,420,761</u>
Net pension obligation	<u>49,318,000</u>	<u>5,175,000</u>	<u>(8,036,000)</u>	<u>46,457,000</u>	<u>-</u>
Total governmental activity long-term liabilities	<u>\$345,144,148</u>	<u>29,424,196</u>	<u>(49,015,695)</u>	<u>325,552,649</u>	<u>41,976,244</u>

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CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(9) Long-Term Debt and Other Liabilities, (Continued)

Primary Government, (Continued)

Business-Type Activities:	Balance at			Balance at	Due Within
	June 30, 2010	Additions	Reductions	June 30, 2011	One Year
Notes payable	\$ 1,552,910	-	(131,231)	1,421,679	137,714
Revenue bonds:					
1998 Electric Revenue/Refunding Bonds	5,000	-	-	5,000	-
2002 Electric Revenue Bonds	51,555,000	-	(38,950,000)	12,605,000	3,450,000
2003 Electric Revenue Bonds	6,940,000	-	(455,000)	6,485,000	475,000
2003 Water Revenue Bonds	36,825,000	-	(1,855,000)	34,970,000	1,930,000
2007 Water Revenue Bonds	20,320,000	-	(445,000)	19,875,000	460,000
2008 Electric Revenue Bonds	56,355,000	-	(1,165,000)	55,190,000	1,215,000
2008 Paseo Colorado Taxable Revenue Bonds	28,000,000	-	(500,000)	27,500,000	500,000
2009 Electric Revenue Refunding Bonds	40,655,000	-	-	40,655,000	2,625,000
2010 Electric Revenue Refunding Bonds	-	36,320,000	(415,000)	35,905,000	180,000
2010A Water Revenue Bonds (Taxable Build America)	-	25,425,000	-	25,425,000	-
2010B Water Revenue Bonds (Tax-Exempt)	-	4,575,000	-	4,575,000	-
Total revenue bonds	<u>240,655,000</u>	<u>66,320,000</u>	<u>(43,785,000)</u>	<u>263,190,000</u>	<u>10,835,000</u>
Certificates of participation:					
1987 Certificates of Participation (Los Robles Avenue Parking Facility)	6,300,000	-	(1,900,000)	4,400,000	2,100,000
1993 Refunding Certificates of Participation (Old Pasadena Parking)	13,640,000	-	(1,365,000)	12,275,000	1,450,000
2008 COP Series B Refunding 2004A&B	795,016	-	(76,199)	718,817	79,260
Total certificates of participation	<u>20,735,016</u>	<u>-</u>	<u>(3,341,199)</u>	<u>17,393,817</u>	<u>3,629,260</u>
Capitalized lease obligations	653,215	-	(541,461)	111,754	32,924
Unamortized issuance premium (discount)	3,169,698	2,250,945	(3,351,549)	2,069,094	-
Total business-type activity long-term liabilities	<u>\$266,765,839</u>	<u>68,570,945</u>	<u>(51,150,440)</u>	<u>284,186,344</u>	<u>14,634,898</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(9) Long-Term Debt and Other Liabilities, (Continued)

Primary Government, (Continued)

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

Discretely Presented Component Units

Changes in discretely presented component unit's long-term debt and other liabilities for the year ended June 30, 2011 are as follows:

Discretely Presented Component Units	Balance at June 30, 2010	Additions Including Accretion	Reductions	Balance at June 30, 2011	Due Within One Year
Certificates of participation:					
2001 Certificates of Participation (Refunding and Capital Projects)	\$ 52,903	-	(52,903)	-	-
2006 Certificates of Participation (Conference Center Project)	31,146,027	1,416,919	(800,000)	31,762,946	1,095,000
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>165,918,930</u>	<u>1,416,919</u>	<u>(852,903)</u>	<u>166,482,946</u>	<u>1,095,000</u>
Revenue Bonds:					
2006 Revenue Bonds	<u>31,790,000</u>	<u>-</u>	<u>(1,795,000)</u>	<u>29,995,000</u>	<u>1,875,000</u>
2010A Revenue Bonds-Tax Exempt	-	37,214,857	-	37,214,857	-
2010B Revenue Bonds-Taxable Build America Bonds	-	106,660,000	-	106,660,000	-
2010C Revenue Bonds-Taxable	-	5,005,000	-	5,005,000	-
2010D Revenue Bonds-Taxable Recovery Zone Economic	<u>-</u>	<u>7,400,000</u>	<u>-</u>	<u>7,400,000</u>	<u>-</u>
Total 2010 Revenue Bonds (Rose Bowl Renovation)	<u>-</u>	<u>156,279,857</u>	<u>-</u>	<u>156,279,857</u>	<u>-</u>
Total Revenue Bonds	<u>31,790,000</u>	<u>156,279,857</u>	<u>(1,795,000)</u>	<u>186,274,857</u>	<u>1,875,000</u>
Unamortized issuance premium (discount)	<u>(542,464)</u>	<u>514,424</u>	<u>77,945</u>	<u>49,905</u>	<u>-</u>
Deferred Refunding Charges (PCOC)	<u>(10,033,032)</u>	<u>421,238</u>	<u>-</u>	<u>(9,611,794)</u>	<u>-</u>
Derivative Instrument Deferred Borrowing	<u>-</u>	<u>16,686,604</u>	<u>(217,189)</u>	<u>16,469,415</u>	<u>-</u>
Arbitrage rebate liability	<u>1,201,088</u>	<u>-</u>	<u>(1,201,088)</u>	<u>-</u>	<u>-</u>
Energy Conservation Loan	<u>3,000,000</u>	<u>-</u>	<u>(40,043)</u>	<u>2,959,957</u>	<u>206,358</u>
Compensated absences	<u>160,411</u>	<u>65,890</u>	<u>(46,340)</u>	<u>179,961</u>	<u>51,988</u>
Total discretely presented component units long-term liabilities	<u>\$191,494,933</u>	<u>175,384,932</u>	<u>(4,074,618)</u>	<u>362,805,247</u>	<u>3,228,346</u>

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(10) Notes Payable

Primary Government

**Outstanding at
June 30, 2011**

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.

\$1,000,000

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.

1,421,679

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

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 \$4,842,401

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(10) Notes Payable, (Continued)

Primary Government, (Continued)

The annual requirements to amortize notes payable as of June 30, 2011 are as follows:

Year Ending June 30	Primary Government			
	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2012	\$315,000	112,131	137,714	69,827
2013	335,000	97,332	144,899	62,643
2014	350,000	81,074	152,262	55,280
2015	1,420,722	43,078	159,999	47,542
2016	1,000,000	26,548	168,028	39,514
2017-2020	<u>0</u>	<u>0</u>	<u>658,777</u>	<u>67,775</u>
Total Notes Payable	<u>\$ 3,420,722</u>	<u>360,163</u>	<u>1,421,679</u>	<u>342,581</u>

(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, 2011 was \$73,180,000.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

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, 2011 was \$30,755,000.

The annual requirements to amortize pension bonds as of June 30, 2011 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 8,312,772	5,525,335
2013	9,115,808	5,076,591
2014	9,983,916	4,570,262
2015	25,317,504	4,001,617
2016	5,860,000	3,753,327
2017-2021	36,390,000	11,661,664
2022	<u>8,955,000</u>	<u>656,402</u>
Total Payments	<u>\$103,935,000</u>	<u>35,245,198</u>

(12) Tax Allocation Bonds - Primary Government

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

**Outstanding at
June 30, 2011**

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

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, 2011 was \$280,100. \$795,000

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

On October 17, 2000, PCDC issued \$1,814,000 of 2000 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, 2011 was \$181,401. 514,000

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 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, 2011 the balance held in reserve account is \$96,761. 280,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

**Outstanding at
June 30, 2011**

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, 2011 the balance held in reserve account is \$243,888.

1,960,000

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, 2011 the balance held in reserve account is \$81,305.

555,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

**Outstanding at
June 30, 2011**

**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, 2011 the balance held in reserve account is \$195,435.

1,045,000

Total tax allocation bonds

\$5,149,000

The annual requirements to amortize outstanding tax allocation bonds as of June 30, 2011 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 955,000	247,045
2013	1,000,000	197,443
2014	1,064,000	144,564
2015	510,000	88,020
2016	250,000	71,070
2017-2021	1,145,000	183,263
2022-2023	<u>225,000</u>	<u>5,512</u>
Total Payments	<u>\$5,149,000</u>	<u>936,917</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(13) Revenue Bonds - Primary Government

**Outstanding at
June 30, 2011**

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 were 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

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. A portion of the bonds were advance refunded by Electric Revenue/Refunding Bonds, 2010A Series, on August 3, 2010. 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.

12,605,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

**Outstanding at
June 30, 2011**

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.

6,485,000

2003 Water Revenue Bonds

On August 4, 2003, the City issued \$47,425,000 of 2003 Water Revenue and Refunding Bonds to finance the costs of acquisition and construction of certain capital improvements to the Water System, and 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.

34,970,000

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

**Outstanding at
June 30, 2011**

2006 Revenue Bonds, (Continued)

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, 2011 was \$3,770,235. The principal balance outstanding at June 30, 2011 was \$38,400,000 of which \$29,995,000 has been recorded on the component unit statement of net assets of the Rose Bowl Operating Company.

8,405,000

2007 Water Revenue Bonds

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

19,875,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

**Outstanding at
June 30, 2011**

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.

55,190,000

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, 2011 was \$2,000,000.

27,500,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

**Outstanding at
June 30, 2011**

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

2010 Electric Revenue/Refunding Bonds

On August 3, 2010, the City issued \$36,320,000 of 2010A Series Electric Revenue/Refunding Bonds, to refund a portion of the outstanding 2002 Electric Revenue Bonds and pay the issuance costs of the 2010 Electric Revenue/Refunding Bonds. The refunding has generated a net present value savings of \$3.18 million or 8.9% savings of the refunded Bonds. Interest is payable semi-annually on June 1 and December 1 commencing December 1, 2010 at rates varying from 2.0% to 4.0% per annum. Principal is payable in annual installments ranging from \$180,000 to \$5,000,000 commencing June 1, 2011 and ending June 1, 2021. 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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

**Outstanding at
June 30, 2011**

2010 Electric Revenue /Refunding Bonds, (Continued)

undertaken to reduce total debt service payments over the next 11 years by \$4.19 million and resulted in an economic gain of \$3.18 million.

35,905,000

2010 Water Revenue Bonds

On December 23, 2010, the City issued \$30,000,000 of 2010 Water Revenue Bonds consisting of \$25,425,000 of 2010A Series Taxable Build America Bonds ("2010A Bonds") and \$4,575,000 of 2010B Series Tax-Exempt ("2010B Bonds"). The 2010 Water Revenue Bonds were issued 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 Bonds. Interest on the 2010A Bonds, which varies from 6.0% to 7.3% per annum, is payable semi-annually on June 1 and December 1 commencing June 1, 2011. Principal is payable in annual installments ranging from \$775,000 to \$1,910,000 commencing June 1, 2021 and ending June 1, 2040. Interest on the 2010B Bonds, with rates varying from 3.0% to 5.0% per annum, is payable semi-annually on June 1 and December 1 commencing June 1, 2011. Principal is payable in annual installments ranging from \$585,000 to \$740,000 commencing June 1, 2014 and ending June 1, 2020. 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.

30,000,000

Total revenue bonds – Primary Government

\$271,595,000

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

The annual requirements to amortize outstanding revenue bonds as of June 30, 2011 are as follows:

Year ending June 30	<u>Primary Government</u>			
	<u>Governmental Activity</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 525,000	73,474	10,835,000	10,902,345
2013	545,000	68,885	11,840,000	10,440,670
2014	570,000	64,120	12,530,000	9,958,495
2015	590,000	59,138	12,925,000	9,487,201
2016	615,000	53,980	13,480,000	8,941,239
2017-2021	3,285,000	187,467	70,615,000	36,750,821
2022-2026	2,275,000	40,386	44,140,000	24,174,706
2027-2031	-	-	34,465,000	16,522,437
2032-2036	-	-	38,265,000	8,542,446
2037-2041	-	-	<u>14,095,000</u>	<u>1,543,340</u>
Total payments	<u>\$8,405,000</u>	<u>547,450</u>	<u>263,190,000</u>	<u>137,263,700</u>

Revenue Bonds – Discretely Presented Component Units

2010 Rose Bowl Lease Revenue Bonds

On November 18, 2010, the City issued four series of lease revenue bonds, Series 2010A through D (Rose Bowl Renovation Project) in the aggregate amount of \$155,873,265. Series A in the amount of \$36,808,265 contain \$25,220,000 of current interest bonds maturing between fiscal year 2019-2020 and fiscal year 2026-2027, with the remaining \$11,588,265 in the form of Capital Appreciation Bonds maturing serially from fiscal year 2026-2027 to 2032-2033. Series B contained \$106,660,000 of Taxable Build America Bonds. These bonds are in two coupons, the initial series maturing during fiscal year 2033-2034 and the final maturing during fiscal year 2042-2043. Series C contained \$5,005,000 of Taxable Bonds. These bonds mature serially from fiscal year 2014-2015 to fiscal year 2019-2020. Finally, Series D contained \$7,400,000 of Taxable Recovery Zone Economic Development Bonds that have one maturity during fiscal year 2042-2043. Bonds, except for the capital appreciation bonds in Series 2010A, commenced interest payments on March 1, 2011 and are payable semiannually. RBOC received \$154,878,301 of the proceeds from the bonds. The bonds were issued to finance improvements to the Rose Bowl Stadium, to fund capitalized interest on a portion of the 2010 Bonds, to

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(13) Revenue Bonds – Discretely Presented Component Units, (Continued)

2010 Rose Bowl Lease Revenue Bonds, (Continued)

fund a Bond Reserve Fund, and to pay the costs of issuance of the 2010 Bonds. Renovations of the existing Rose Bowl Stadium are proposed to continue to allow use by the UCLA Bruins football team, the Rose Bowl Game, Bowl Championship Series (“BCS”) games, soccer matches, concerts, and special events as well as to bring certain building systems up to current City Building Code requirements and improve public safety.

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

The 2010D bonds were issued for purposes of the American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009 (the “Recovery Act”). Pursuant to the Recovery Act, the City expects to receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable by the City on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the Treasury under the Recovery Act. Any cash subsidy payments received by the City do not constitute revenues that can offset interest expense and are not pledged under the indenture to secure the 2010 bonds.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(14) Certificates of Participation

The certificates of participation outstanding at June 30, 2011 are as follows:

	Primary Government		Discretely Presented Component Units
	Governmental Activities	Business- type Activities	
1987 Certificates of Participation (Los Robles Avenue Parking Facilities)	\$ -	4,400,000	-
1993 Refunding Certificates of Participation (Old Pasadena Parking Facilities Project)	-	12,275,000	-
1993 Certificates of Participation (Refunding and Capital Projects)	15,700,000	-	-
2006 Certificates of Participation Series A (Conference Center Project)	-	-	31,762,946
2008 Refunding Certificates of Participation-Series A and B	21,591,183	718,817	134,720,000
2008 Refunding Certificates of Participation-Series C	<u>66,360,000</u>	<u>-</u>	<u>-</u>
Total Certificates of Participation	<u>\$103,651,183</u>	<u>17,393,817</u>	<u>166,482,946</u>

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, 2011 was \$2,700,000. The balance outstanding at June 30, 2011 was \$4,400,000.

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(14) Certificates of Participation, (Continued)

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

\$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, 2011 was \$2,302,759. The balance outstanding at June 30, 2011 was \$12,275,000.

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, 2011 the aggregated market value of parity reserve was \$20,736,375. The balance outstanding at June 30, 2011 was \$15,700,000.

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

On August 23, 2006, the City issued the 2006 Certificates of Participation, Series 2006 A 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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(14) Certificates of Participation, (Continued)

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

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, 2011 the aggregated market value of parity reserve was \$20,736,375. The balance outstanding at June 30, 2011 was \$31,762,946.

2008 Certificates of Participation Series A - PCOC

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. 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, 2011 the aggregated market value of parity reserve was \$20,736,375. The balance outstanding at June 30, 2011 was \$134,720,000.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(14) Certificates of Participation, (Continued)

2008 Certificates of Participation Series B

On May 15, 2008, the City issued the 2008 Fixed Rate Refunding Certificates of Participation, Series 2008B in the amount of \$27,650,000. These certificates were issued to refund the City's Auction Rate Refunding Certificates of Participation Series 2004A and 2004B and finance the costs of execution of the 2008B Certificates of Participation. The refunded certificates are considered to be defeased and the liability has been removed from the governmental/business-type activities column of the statement of net assets. Interest on 2008B is due semi-annually and the rate varies from 3.00% to 5.25%. Principal is payable in annual installments ranging from \$700,000 to \$3,285,000 commencing February 1, 2009 and ending February 1, 2019. The legal reserve of this COP is in parity with the 1993 COP (Refunding and Capital Projects), 2006A, 2008A and 2008C reserve requirements. As of June 30, 2011 the aggregated market value of parity reserve was \$20,736,375. The balance outstanding at June 30, 2011 was \$22,310,000.

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, 2011 the aggregated market value of parity reserve was \$20,736,375. The balance outstanding at June 30, 2011 was \$66,360,000.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(14) Certificates of Participation, (Continued)

The annual requirements to amortize outstanding certificates of participation as of June 30, 2011 are as follows:

Year ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 8,730,740	4,887,700	3,629,260	899,203
2013	9,147,518	4,471,511	3,927,482	721,840
2014	9,182,989	4,035,072	1,712,011	604,345
2015	4,240,913	3,582,485	1,824,087	498,605
2016	4,422,047	3,399,469	1,942,953	386,158
2017-2021	18,421,976	14,067,803	4,358,024	410,871
2022-2026	11,705,000	10,867,330	-	-
2027-2031	14,730,000	7,839,800	-	-
2032-2036	14,645,000	4,176,200	-	-
2037-2038	<u>8,425,000</u>	<u>605,500</u>	<u>-</u>	<u>-</u>
Total payments	<u>\$103,651,183</u>	<u>57,932,870</u>	<u>17,393,817</u>	<u>3,521,022</u>

(15) Capitalized Lease Obligations

**Outstanding at
June 30, 2011**

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, 2020.

\$2,028,319

Equipment Leases

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(15) Capitalized Lease Obligations, (Continued)

**Outstanding at
June 30, 2011**

Primary Government, (Continued)

Equipment Leases, (Continued)

is 3.496%. Principal installments range from \$12,676 to \$16,392 commencing November 10, 2007 and ending August 10, 2014. 201,388

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 of Information Technology. 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. 4,337,478

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. 1,740,840

Total primary government capitalized lease obligations \$ 8,308,025

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>6,772,259</u>	<u>224,630</u>
Total	<u>\$10,772,259</u>	<u>224,630</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(15) Capitalized Lease Obligations, (Continued)

Primary Government, (Continued)

Future minimum lease payment requirements under capitalized lease obligations as of June 30, 2011 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>
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	9,098	87
2016	245,939	73,322	832,331	117,307	-	-
2017-2020	<u>911,564</u>	<u>161,007</u>	<u>2,234,796</u>	<u>139,299</u>	<u>-</u>	<u>-</u>
Total payments	<u>\$2,028,319</u>	<u>640,558</u>	<u>6,167,952</u>	<u>1,050,087</u>	<u>111,754</u>	<u>7,627</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 cost 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 swap, the City pays the counterpart 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, 2011

(16) Derivative Instruments, (Continued)

Primary Government, (Continued)

Governmental activities, (Continued)

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011, 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, 2011</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	\$(131,936)	Debt	\$(616,013)	\$8,405,760

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, 2011, 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	\$8,405,760	2/23/2006	12/01/2023	Pay 3.285%; receives 65% LIBOR index	A+/AA-

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, 2011, was (\$616,013). 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, 2011

(16) Derivative Instruments, (Continued)

Primary Government, (Continued)

Governmental activities, (Continued)

Interest rate risk: The Company 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 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 City pays on its hedged variable-rate debt, which is remarketed every 30 days. As of June 30, 2011, the weighted-average interest rate on the Company's hedged variable-rate debt is 0.87%, while 65 percent of LIBOR is 0.73%.

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, 2011

(16) Derivative Instruments, (Continued)

Primary Government, (Continued)

Governmental activities, (Continued)

On May 3, 2011, the City entered into a new agreement to take advantage of a more advantageous interest rate adjustment mode than the 2006 previously had. As a result, the former derivative instrument terminated and the new instrument has off-market terms. As a result, an up-front payment was received. The up-front payment is reported as a borrowing. The borrowing is amortized over the life of the swap and amortizes using the effective interest method for the life of the swap with adjustments to interest expense during each fiscal year. The original balance of the borrowing was \$734,044. As of the year ending June 30, 2011, the balance was \$726,415.

The annual amortization and balance of the borrowing as of June 30, 2011 are as follows:

<u>June 30</u>	<u>Beginning Balance</u>	<u>Accrued Interest</u>	<u>Payment</u>	<u>Ending Balance</u>
2012	\$726,415	17,689	(113,461)	630,643
2013	630,643	15,258	(105,989)	539,912
2014	539,912	12,969	(98,212)	454,669
2015	454,669	10,828	(90,129)	375,368
2016	375,368	8,845	(81,741)	302,472
2017	302,472	7,035	(73,201)	236,306
2018	236,306	5,401	(64,509)	177,198
2019	177,198	3,956	(55,511)	125,643
2020	125,643	2,713	(46,209)	82,147
2021	82,147	1,686	(36,601)	47,232
2022	47,232	887	(26,688)	21,431
2023	21,431	333	(16,318)	5,446
2024	5,446	44	(5,490)	-

Hedging derivative instruments and hedged debt. As of June 30, 2011, aggregate debt service payments for the City hedged debt and net receipts/payments on associated derivative instruments are as follows. The amount assume current interest rates on variable bonds and the current reference rates of hedging derivative instruments will remain the same for the their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(16) Derivative Instruments, (Continued)

Primary Government, (Continued)

Business-type activities

On July 1, 2009, the Pasadena Water Power Department (PWP) adopted Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). As a result, the PWP recorded congestion revenue rights (CRRs) associated with power transmission within the California Independent System Operator (CAISO) as derivative instruments on the Statement of Net Assets in FY 2010. The accounting treatment of the derivative instruments was changed in FY 2011 according to a supplement to 2010-2011 Comprehensive Implementation Guide issued by GASB in December 2010. The CRRs are considered normal purchase or normal sales and are not required to be recorded and deferred the fair value of the CRRs. The transactions recorded in FY 2010 were reversed in FY 2011.

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, 2011 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	Deferred				
rate swaps	outflow	\$(343,715)	Debt	\$(2,930,332)	\$29,994,240

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(16) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

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, 2011, 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	\$29,994,240	2/23/2006	12/01/2023	Pay 3.285%; receives 65% LIBOR index	A+/AA-

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, 2011, was (\$2,930,332). 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.

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 30 days. As of June 30, 2011, the weighted-average interest rate on the Company's hedged variable-rate debt is .87%, while 65 percent of LIBOR is .073%.

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(16) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

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.

On May 3, 2011, the City entered into a new agreement to take advantage of a more advantageous interest rate adjustment mode than the 2006 previously had. As a result, the former derivative instrument terminated and the new instrument has off-market terms. As a result, an up-front payment was received. The up-front payment is reported as a borrowing. The borrowing is amortized over the life of the swap and amortizes using the effective interest method for the life of the swap with adjustments to interest expense during each fiscal year. The original balance of the borrowing was \$2,619,308. As of the year ending June 30, 2011, the balance was \$2,592,087.

The annual amortization and balance of the borrowing as of June 30, 2011 are as follows:

<u>June 30</u>	<u>Beginning Balance</u>	<u>Accrued Interest</u>	<u>Payment</u>	<u>Ending Balance</u>
2012	\$ 2,592,087	63,096	(404,865)	2,250,318
2013	2,250,318	54,447	(378,200)	1,926,565
2014	1,926,565	46,278	(350,447)	1,622,369
2015	1,622,396	38,636	(321,606)	1,339,426
2016	1,339,426	31,564	(291,677)	1,079,313
2017	1,079,313	25,101	(261,203)	843,211
2018	843,211	19,272	(230,185)	632,298
2019	632,298	14,117	(198,079)	448,336
2020	448,336	9,683	(164,884)	293,135
2021	293,135	6,016	(130,601)	168,550
2022	168,550	3,166	(95,230)	76,486
2023	76,486	1,185	(58,226)	19,445
2024	19,445	144	(19,590)	-

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(16) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

Hedging derivative instruments and hedged debt. As of June 30, 2011, aggregate debt service payments for the City hedged debt and net receipts/payments on associated derivative instruments are as follows. The amount assume current interest rates on variable bonds and the current reference rates of hedging derivative instruments will remain the same for the their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

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 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 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. The refunded certificates are considered to be defeased and the liability has been removed from the component unit's column of the statement of net assets. Interest on 2008A certificates was issued at a variable rate with the reassignment of the synthetic fixed rate swap of 3.536%.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(16) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

Derivative Instrument Liability

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2011, 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, 2011</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	\$24,752,211	Debt	\$20,885,468	\$133,000,000

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, 2011, 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 COP's	\$133,000,000	9/18/2006	2/01/2034	Pay 3.536%; receives 65% LIBOR index	BBB/A-

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(16) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (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, 2011, was \$24,752,211. 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.

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 30 days. As of June 30, 2011, the weighted-average interest rate on the Company's hedged variable-rate debt is .2707%, while 64 percent of LIBOR is .4669%.

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.

During the fiscal year ending June 30, 2011, the Company entered into a new agreement to take advantage of a more advantageous interest rate adjustment mode than the 2008 Series Bonds previously had. As a result, the former derivative instrument terminated and the new instrument has off-market terms. As a result, an up-front payment was received. The up-front payment is reported as a borrowing. The borrowing is amortized over the life of the swap and amortizes using the effective interest method for the life of the swap with adjustments to interest expense during each fiscal year. The original balance of the borrowing was \$13,877,329. As of the year ended June 30, 2011, the balance was \$13,410,059.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(16) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

The annual amortization and balance of the borrowing as of June 30, 2011 are as follows:

<u>June 30</u>	<u>Beginning Balance</u>	<u>Accrued Interest</u>	<u>Payment</u>	<u>Ending Balance</u>
2012	\$13,877,329	672,540	(1,139,810)	13,410,059
2013	13,410,059	649,017	(1,139,810)	12,919,266
2014	12,919,266	624,309	(1,139,810)	12,403,765
2015	12,403,765	598,358	(1,139,810)	11,862,313
2016	11,862,313	571,101	(1,139,810)	11,293,604
2017	11,293,604	542,471	(1,139,810)	10,696,265
2018	10,696,265	512,400	(1,139,810)	10,068,855
2019	10,068,855	480,815	(1,139,810)	9,409,860
2020	9,409,860	447,641	(1,139,810)	8,717,691
2021	8,717,691	412,796	(1,139,810)	7,990,677
2022	7,990,677	376,197	(1,139,810)	7,227,064
2023	7,227,064	337,755	(1,139,810)	6,425,009
2024	6,425,009	297,498	(1,120,456)	5,602,051
2025	5,602,051	257,409	(1,060,395)	4,799,065
2026	4,799,065	218,464	(994,120)	4,023,409
2027	4,023,409	181,047	(921,204)	3,283,252
2028	3,283,252	145,571	(841,431)	2,587,392
2029	2,587,392	112,491	(754,231)	1,945,652
2030	1,945,652	82,314	(659,104)	1,368,862
2031	1,368,862	55,598	(555,479)	868,981
2032	868,981	32,956	(442,855)	459,082
2033	459,082	15,062	(320,589)	153,555
2034	153,555	2,848	(156,403)	-

(17) Fund Balance and Net Assets

Fund balances, Governmental Funds

On the Balance Sheet – Governmental Funds, the fund balances are reported in the aggregate in the classifications defined by Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. *Fund Balances by classification for the year ended June 30, 2011*, were as follows:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(17) Fund Balance and Net Assets, (Continued)

Fund balances, Governmental Funds, (Continued)

	<u>General Fund</u>	<u>PCDC Debt Service</u>	<u>Project Management Capital Project</u>	<u>Non-Major Governmental Funds</u>
Fund Balances				
Nonspendable:				
City/Agency Advances	\$ -	-	-	4,282,789
Notes Receivable	52,397	-	-	27,990,995
Permanent Fund Principal	-	-	-	8,912,230
Property Held for Resale	-	-	-	3,200,000
Restricted for:				
Air Quality Improvement	-	-	-	13,911
City Charter/Capital Projects	-	-	231,395	3,800,844
Community Development	-	-	-	1,232,551
Culture and Leisure	-	-	-	1,342,111
Debt Service	-	-	-	51,180,040
Health	-	-	-	353,771
Low and Mod Housing	-	-	-	5,984,400
Other Purposes	-	-	-	2,238,070
Public Safety	-	-	-	914,018
Transportation	-	-	-	9,544,488
Committed to:				
Capital Projects	9,905,564	-	8,641,454	9,382,727
City/Agency Advances	5,331,353	-	-	-
Component Unit/PCOC	764,740	-	-	599,228
General Government	23,319,242	-	-	-
Libraries	-	-	-	1,453,831
Low and Mod Housing	-	-	-	2,715,117
Public Art	-	-	-	772,086
Sewer Construction and Maintenance	-	-	-	4,093,984
Transportation	-	-	-	2,126,814
Underground Utilities	-	-	-	32,891,198

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(17) Fund Balance and Net Assets, (Continued)

Fund balances, Governmental Funds, (Continued)

	<u>General Fund</u>	<u>PCDC Debt Service</u>	<u>Project Managemen t Capital Project</u>	<u>Non-Major Governmental Funds</u>
Assigned to:				
Community Development	\$3,834,416	-	-	-
General Government	794,854	-	-	-
Health	528,393	-	-	-
PCDC Debt Service	1,102,335	-	-	-
Public Safety	1,532,830	-	-	-
Transportation	789,691	-	-	-
Unassigned:	<u>(1,390,808)</u>	<u>(33,056,080)</u>	<u>(6,905,908)</u>	<u>(5,140,096)</u>
Total fund balances	<u>\$46,565,007</u>	<u>(33,056,080)</u>	<u>(1,966,941)</u>	<u>169,855,107</u>

Net Assets

On the government-wide Statement of Net Assets, the net assets are reported in one of three classifications; Investment in capital assets, net of related debt, Restricted, or Unrestricted. Net assets by classifications as of June 30, 2011 are:

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(17) Fund Balance and Net Assets, (Continued)

Net Assets, Governmental Funds, (Continued)

	Primary Government			Component Units		
	Governmental Activities	Business- Type Activities	Total Primary Government	Rose Bowl Operating Company	Pasadena Center Operating Company	Total Component Units
Invested in capital assets, net of related debt	\$375,202,010	311,053,806	686,255,816	22,901,211	9,504,991	32,406,202
Restricted:						
Expendable:						
Cultural and leisure	3,536,169	-	3,536,169	-	-	-
Capital projects	-	-	-	136,091,370	14,090,026	150,181,396
Community development	1,305,117	-	1,305,117	-	-	-
Contributions	-	15,461,046	15,461,046	-	-	-
Debt service	40,502,909	-	40,502,909	-	-	-
Low Moderate Housing	37,791,554	-	37,791,554	-	-	-
Stranded investments (note 18 and 25)	-	133,914,544	133,914,544	-	-	-
Transportation	9,544,488	-	9,544,488	-	-	-
Other purposes	-	2,496,442	2,496,442	-	-	-
Nonexpendable:	2,116,493	-	2,116,493	-	-	-
Unrestricted	<u>(69,585,226)</u>	<u>176,306,778</u>	<u>106,721,552</u>	<u>(132,501,068)</u>	<u>(17,668,633)</u>	<u>(150,169,701)</u>
Total net assets	<u>\$400,413,514</u>	<u>639,232,616</u>	<u>1,039,646,130</u>	<u>26,491,513</u>	<u>5,926,384</u>	<u>32,417,897</u>

(18) Restricted Net Assets – Stranded Investments

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, 2011

(18) Restricted Net Assets – Stranded Investments, (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, 2011, the Stranded Investment Reserve balance was \$133.9 million. The details of the additions and subtractions from the Reserve that occurred during fiscal year 2011 are shown below.

Restricted Cash and Investment

Beginning balance	\$ 62,816,322
Interest earnings	1,070,365
Market gain/losses	<u>(235,620)</u>
Restricted cash and investment ending balance	<u>63,651,067</u>

IPA Subordinated Notes

	<u>Balance at</u> <u>June 30, 2010</u>	<u>Reduction</u>	<u>Balance at</u> <u>June 30, 2011</u>
Notes Receivable	\$ 66,293,750	(4,289,583)	62,004,167
Premium/Discount	8,763,587	(674,122)	8,089,465
Cost of Issuance	<u>183,999</u>	<u>(14,154)</u>	<u>169,845</u>
Total IPA Subordinated Notes	<u>\$ 75,241,336</u>	<u>(4,977,859)</u>	<u>70,263,477</u>

Restricted for Stranded Investments at June 30, 2011 \$133,914,544

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(19) Accumulated Fund Deficits

The following funds reported accumulated deficits in their respective fund balances / net assets at June 30, 2011:

	<u>Accumulated Deficit</u>
Governmental Activities:	
PCDC Debt Service	\$(33,056,080)
Special Revenue Funds:	
Building Services	(2,882,505)
Internal Service Funds:	
Building Maintenance	(1,336,073)
Benefits	(21,065,684)
General Liability	(3,030,737)
Workers Compensation	(7,569,424)
Printing Services	(381,305)
Business-type Activities:	
Del Mar Gold Line Parking Garage Fund	(434,752)
Paseo Colorado Parking	(3,817,983)

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

PCDC Debt Service

This deficit reflects cash advances made by the City's General Fund in order to fund start-up costs of the Commission. In addition, the City advanced funds to the Fair Oaks Redevelopment Project Area in order to cover costs associated with the development of the Fair Oaks Renaissance Plaza project. The City's General Fund has built in a \$10 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.

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. Although expenditures have been reduced, they could not be aligned quickly enough to match the drop in revenue, resulting in the negative fund balance. Extensive staff cuts have been made over the past several years and two additional positions will be moved out of the Building Fund in FY2012 to further reduce expenses. In addition, it is anticipated that as a result

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(19) Accumulated Fund Deficits, (Continued)

of a comprehensive fees study being conducted by the City fees will be adjusted to increase cost recovery.

Building Maintenance

The accumulated fund deficit in the Building Maintenance Fund is attributed to personnel expenses recoverable through scheduled capital projects and tenant improvements; however, there was not enough project work during the fiscal year and as a result, personnel expenses were charged to the Building Maintenance Fund. In fiscal year 2011, management developed a five-year recovery plan designed to eliminate the deficit and achieve a positive fund balance. Implementation of this plan begins in fiscal year 2012.

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 to an appropriate recovery level and keep the deficit low.

General Liability

The city has established a General Liability Fund to provide for the potential claim and cost expenditures for general liability claims against the City. In addition to any monies held in this fund, the City makes an annual appropriation based upon its estimate of claim and expense payments during the fiscal year. Management is reviewing the deficit and plans to correct the situation through an increase in rates charged as part of the annual budget process.

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, 2011

(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 58.98% of the claims payable liability which is generally consistent with the position of the fund last year.

Printing Services

During the past year, City Departments have been identifying ways to reduce cost in response to citywide cost reductions. Consequently, Print Services has experienced significant reductions in work orders as departments cut back on reproductive services by reducing quantities of printed materials. Print Services has acquired the printing contract for the Pasadena Unified School System (PUSD) in an effort to augment this production gap. Additionally, Print Services has expanded its graphic design capabilities to include HTML e-mails and web page design. As a result of these expanded services, it is anticipated that additional revenues will be generated. Management will continue to explore ways to provide additional services to non-profit businesses 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 is working with Economic Development and exploring additional options to develop more retail spaces. Additionally, staff is exploring ways to modifying staffing needs through programming and equipment acquisition.

Paseo 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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(19) Accumulated Fund Deficits, (Continued)

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. Most recently, the Developer is undertaking significant tenant improvements and there are a large number of retail vacancies in the facility. The POMA limits our ability to generate/market to potential customers that operate outside of the mall. The mall developer is working to attract high-end retail companies. In order to increase parking rates, the POMA would have to be reopened and the changes negotiated with the other parties to the agreement.

(20) 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 debt 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 where required) (in thousands)</u>	<u>Annual Debt Services Payment (in thousands)</u>	<u>Debt Services as a Percentage of Pledged Revenue</u>
Tax Increment (Downtown)	\$22,948	\$21,121	92%
Tax Increment (Other Projects)	8,247	1,589	19%
Light and Power Revenues	49,047	11,581	24%
Water Revenues	15,873	5,818	37%

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(21) Transfers

Primary Government

The following is a summary of transfers in and out for the year ended June 30, 2011:

Transfers From	Transfers To	Amount
General Fund	Internal Service Funds	\$ 744,916
	Non-Major Governmental Funds	46,397,008 (1)
	Project Management Fund	529,241
	Non-Major Enterprise Funds	<u>85,000</u>
		<u>47,756,165</u>
Project Management Fund	Light and Power Fund	<u>194,376</u>
PCDC Debt Service Funds	Non-Major Governmental Funds	<u>1,929,160 (2)</u>
Light and Power Fund	General Fund	12,742,353
	Project Management Fund	<u>750,000</u>
		<u>13,492,353 (3)</u>
Water Fund	General Fund	<u>3,104,243 (4)</u>
Non-Major Governmental Fund	General Fund	8,767,153
	PCDC	1,026,725
	Non-Major Governmental Funds	2,777,203
	Light and Power	300,000
	Project Management Fund	<u>14,487,414</u>
		<u>27,358,495 (5)</u>
Non-Major Enterprise Funds	General Fund	<u>198,240</u>
Internal Service Funds	General Fund	2,119,292
	Project Management Fund	<u>1,122,652</u>
		<u>3,241,944 (6)</u>
Total		<u>\$ 97,274,976</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(21) Transfers, (Continued)

Primary Government, (Continued)

- (1) Transfers from the General Fund to Non-Major Governmental Funds consist in part of the following:
 - a) \$34,441,883 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) \$9,201,246 transferred to the Library Services Fund to support the City of Pasadena Libraries.
 - c) \$1,425,214 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 2011.
 - d) \$1,328,665 was transferred from the General Fund to various Transportation, Parking and other Non-Major governmental funds to support their operations.
- (2) The PCDC Debt Service Funds transferred \$1,929,160 to Non-Major governmental funds, of which \$1,553,641 was transferred to Affordable Housing Fund as a housing set aside for affordable housing.
- (3) Light and Power contributed \$12,742,353 to the General Fund for the payment of interest and principal on City bonds, municipal improvements and other purposes; \$750,000 was transferred to the Project Management Fund for capital improvements.
- (4) The Water Fund transferred \$3,104,243 to the General Fund. Of this amount, \$2,564,243 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) Non-Major Governmental Funds transferred \$27,358,495 to various funds including:
 - a) \$8,036,000 to the General Fund from the 1999 Pension Bond Debt Service Fund as an additional City Contribution to the Fire and Police Retirement System.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(21) Transfers, (Continued)

Primary Government, (Continued)

- b) \$14,487,414 to fund various capital improvement projects, including \$5,893,347 from capital project funds, \$2,889,366 from Underground Utility fund, \$2,278,191 from various Transportation funds and \$3,426,510 from other Non-major governmental funds.
- (6) \$3,241,944 was transferred from Internal Service Funds, of which, \$2,119,292 is a one-time transfer to cover anticipated shortfall of revenues in the General Fund and \$1,122,652 funded various capital improvement projects.

(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, 2011, excess liability insurance has been purchased with limits of \$20 million excess of a \$5 million self insured retention. No excess insurance for workers' compensation has been purchased.

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

The Office of the City Attorney, primarily using staff counsel, controls litigated liability claims. Claims were processed for \$3.1 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 one claim for fire damage caused by a power line malfunction that could cost the City about \$1 million; no other pending liability claims appear to have sufficient damages and liability to develop into a "catastrophe" claim with future payment in excess of \$1 million.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(22) Self-Insurance, (Continued)

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.

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(22) Self-Insurance, (Continued)

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, 2011, claims payable amounted to \$27,683,491, of which \$12,420,761 is estimated to be paid within one year.

	Beginning Fiscal Year Liability	Current Year Claims and Prior Year Changes in Estimates	<u>Claim Payments</u>	Ending Fiscal Year Liability
2009-10	\$23,987,736	9,350,857	8,672,317	24,666,276
2010-11	24,666,276	12,219,641	9,202,426	27,683,491

(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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(23) Deferred Compensation Plan, (Continued)

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 who is responsible for the day to day administration. The Plan Administrator has authority to sign all legal agreements with approved plan providers, and ensures proper amounts are withheld, immediately transferred to the trust, and invested in accordance with participants' directions.

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

	<u>2011</u>	<u>2010</u>
Assets, beginning of year (market value)	\$163,124,578	144,689,613
Deferrals of compensation	14,016,063	14,313,653
Earnings and adjustments to market value	23,616,921	11,788,556
Payments to eligible employees	<u>(12,294,353)</u>	<u>(7,667,244)</u>
Assets, end of year (market value)	<u>\$188,463,209</u>	<u>\$163,124,578</u>

(24) Pension Plans

Each full-time employee and each part-time employee (with 1,000 hours or more of service) of the City is a member of either the 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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(24) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Plan Description, (Continued)

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.

Deposits and Investment Risk

The Board adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures – an amendment to GASB Statement No. 3, effective July 1, 2004. The statement 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. The statement also requires the disclosure of the following specific risks that apply to the plan's investments: (1) Credit Risk and Market Value of Investments, (2) Custodial Credit Risk – Deposits and Investments, (3) Concentration of Credit Risk, (4) Interest Rate Risk, (5) Highly Sensitive Investments, (6) Foreign Currency Risk, and (7) Cash and Investments.

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(24) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Funding Policy, (Continued)

In October 2011, the Board and the City approved an Amended and Restated Contribution Agreement 20,823 (Amended Contribution Agreement), which permanently changes actuarial methodology used to calculate the plan's funded percentage by adopting assumed interest rate and inflation assumptions for the June 30, 2011 valuation and for future valuations. The Amended Contribution Agreement 20,823 also requires the City to issue the pension obligation bonds that would yield approximately \$46.6 million in net proceeds to the plan by March 31, 2012, which will meet the plan's funding requirement if they are paid by that date because the net proceeds will be treated as if they had been assets of the plan as of June 30, 2011, and the City no longer owes supplemental contribution to the plan for fiscal year 2011/2012. If the net proceeds are not paid by March 31, 2012, then the City will be required to make a \$9,079,000 supplemental contribution as of June 30, 2011 with interest at the actuarially assumed interest rate of 6% from January 3, 2012. The stipulations of Contribution Agreement 16,900 will apply to future supplemental contributions. However, the changes in actuarial methodology will remain in effect.

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 requirement 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 2011, the City's annual pension cost was \$5,175,000 for FPRS. The City's required and actual fiscal year contributions were \$13,582,000 and \$8,036,000 respectively. The required contribution was determined as part of the June 30, 2011 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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(24) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Annual Pension Cost, (Continued)

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, 2011.

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>
6/30/09	\$ 3,630	956	26.3%	48,534
6/30/10	5,766	4,982	86.4%	49,318
6/30/11	5,175	8,036	155.3%	46,457

<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>
6/30/09	\$ 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
6/30/11	105,811	179,284	73,473	59.0%	0	N/A

As of June 30, 2009, no active employees are in the closed plan.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2011

(24) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Changes in the Net Pension Obligation (NPO) during the fiscal year ended June 30, 2011 are as follows:

Beginning of year net pension obligation	\$49,318,000
Pension Cost:	
Annual required contribution	13,582,000
Interest on beginning of year NPO less interest on mid year City contribution	3,945,000
Amortization of beginning of year NPO	<u>(12,352,000)</u>
Total pension costs	5,175,000
Less: City contribution	<u>(8,036,000)</u>
End of year net pension obligation	<u>\$46,457,000</u>

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.

The City received notice from CalPERS advising the City's increases in its employer contribution rates.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(24) Pension Plans, (Continued)

California Public Employees' Retirement System, (Continued)

The table shown below represents a five-year plan for the employer's actual and future contribution rates.

Employer Contribution Rate (Five-Year Plan)

<u>Fiscal Year</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Superfunded?</u>
6/30/2011	23.599%	11.422%	No
6/30/2012	26.559%	15.484%	No
6/30/2013	25.621%	16.227%	No
6/30/2014	25.9% (projected)	16.5% (projected)	No
6/30/2015	26.2% (projected)	16.8% (projected)	N/A

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, 2010 to June 30, 2011 has been determined by an actuarial valuation of the plan as of June 30, 2008. The contribution rate indicated for the period is 23.599% of payroll for the safety plan and 11.422% 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, 2011, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2010 to June 30, 2011.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(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, 2008	N/A	June 30, 2008
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	19 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, 2011

(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.

Three-Year Trend Information (in thousands)

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Valuation of Assets (AVA)</u>	<u>Unfunded Liability (UL)</u>	<u>Funded Ratios</u>		<u>Annual Covered Payroll</u>	<u>UL As a % of Payroll</u>
				<u>AVA</u>	<u>Market Value</u>		
<i>Retirement Program - Safety</i>							
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%
06/30/10	373,670	307,056	66,614	82.2%	64.7%	45,643	145.9%
<i>Retirement Program - Miscellaneous</i>							
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%
06/30/10	773,302	635,455	137,847	82.2%	64.4%	115,289	119.6%

*Information for the 6/30/11 disclosures was not available at the time of printing.

Annual Pension Cost (Employer Contribution)

<u>Fiscal Year</u>	<u>Safety</u>	<u>Miscellaneous</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 12,580	9,916	100%	-
6/30/10	12,566	10,459	100%	-
6/30/11	12,518	10,346	100%	-

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(24) Pension Plans, (Continued)

California Public Employees' Retirement System, (Continued)

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, 2011, was \$3,022,406. Both the City and the covered employees made the total required 7.5% contributions of \$120,896 from the City and \$105,784 from the covered employees.

(25) Commitments and Contingencies

Primary Government

Jointly Governed Organizations

"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, 2011, and its estimated contractual obligations through 2036, based on projected energy prices (in millions) are as follows:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

	(in millions)							
	SCPPA Projects							
	IPA Project	Palo Verde	STS	Mead- Adelanto	Mead- Phoenix	Magnolia	Milford I	Prepaid Natural Gas
Bonds and Notes								
sold (outstanding)	\$ 2,415	80	848	177	56	358	237	333
Interest	<u>698</u>	<u>7</u>	<u>339</u>	<u>40</u>	<u>12</u>	<u>191</u>	<u>135</u>	<u>286</u>
Combined total								
debt service	3,113	87	1,187	217	68	549	372	619
City percentage	<u>6.0%</u>	<u>4.4%</u>	<u>5.9%</u>	<u>8.6%</u>	<u>13.9%</u>	<u>6.4%</u>	<u>2.5%</u>	<u>16.5%</u>
City obligations	<u>\$ 187</u>	<u>4</u>	<u>70</u>	<u>19</u>	<u>9</u>	<u>35</u>	<u>9</u>	<u>102</u>

Intermountain Power Authority

The Intermountain Power Authority (IPA), a subdivision of the State of Utah, was formed in January 1974 to finance the construction of a 1,800-MegaWatt (MW) coal-fueled generating plant consisting of two generating units located near 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%. 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, and constructing future power and transmission resources. The Joint Powers Agreement has a term of fifty years. The City entered into seven projects with SCPPA which are listed below:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

Southern California Public Power Authority, (Continued)

Palo Verde Nuclear Generating Station
Southern Transmission System (STS)
Mead-Adelanto Transmission System
Mead-Phoenix Transmission System
Magnolia Project
Milford I Wind Project
Prepaid Natural Gas Project

Natural Gas Development Project

The City participated in the SCPPA Natural Gas Development Project and purchased property and up to a 1,000 MMBtu/day output share of natural gas reserves. The City signed a purchase agreement with Anschutz Pinedale Corp. in Denver to buy a portion of the company's natural gas reserves in Wyoming on July 1, 2005 and later the City signed a purchase agreement with Barnett Shale Formation in Texas on October 26, 2006.

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, 2011, the City's Reserve for Stranded Investment fund balance was approximately \$133.9 million.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(25) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Jointly Governed Organizations, (Continued)

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 information related to IPA and SCPPA is available online from Water and Power Department's website or may be obtained by contacting the 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.

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 a net account receivable of \$17,000,000 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 received the net account receivable in July 2011.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(26) Debt Without Government Commitment – Primary Government

In January 2011 the City served as conduit for the Colorado Educational and Cultural Facilities Authority to issue revenue bonds in an aggregate principal amount not to exceed \$60 million to refinance and refund outstanding bonds. The prior bonds were issued to acquire land, retire debt, constructing, improving and equipping student and faculty housing, and other facilities at Fuller Theological Seminary. The City of Pasadena does not bear any responsibility for the tax exempt status of the bonds, the debt service or any other matter related to the bonds.

In August 2009 the City served as conduit for Polytechnic School, a 501(c)3 non-profit corporation for issuance of California Statewide Communities Development Authority Revenue Bonds, series 2009 in an aggregate principal amount not to exceed \$25 million to finance improvement of 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.

In April 2005 the City served as conduit for the Collis P. and Howard Huntington Memorial Hospital Trust, a 501(c)3 public benefit corporation, for issuance of \$202 million tax exempt bonds to finance expansion 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 not an obligation of the City, and is therefore excluded from the City's financial statements. On November 13, 1997, the City issued \$13.3 million of its Community Facilities District #1 Special Tax Bonds to finance public improvements related to the Civic Center West Project.

Special taxes assessed on the property by means of direct billing are pledged to pay debt service and administrative expenses. The City is not liable for repayments but is only acting as an agent for revenue payers. The bonds are not recorded as liabilities in the accompanying financial statements. Principal payments will commence in fiscal year 2021. As of June 30, 2011, the outstanding balance on the CFD Special Tax Bonds is \$8,865,000.

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(27) 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 \$108.00 or \$27.00 per month depending on the bargaining unit or the unrepresented group the employee was a member of. For fiscal year ended June 30, 2011 the number of employees covered by the subsidy follows:

	\$27.00	\$108.00	
	Per Month	Per Month	
	<u>Group</u>	<u>Group</u>	<u>Total</u>
Active Participants	1,081	832	1,913
Participants receiving subsidy	<u>270</u>	<u>270</u>	<u>540</u>
Total	<u>1,351</u>	<u>1,102</u>	<u>2,453</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, 2011

(27) 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 calendar year 2011, this monthly amount is \$108.00 for certain classes of employees and \$27.00 for remaining employees.

Funding Policy and Annual OPEB Cost. The City contribution requirements have been established at the individual retiree levels of \$108.00 or \$27.00 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, 2011

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

	\$27.00 Per Month Group	\$108.00 Per Month Group	Total
Normal Cost	\$711,257	\$563,815	\$1,275,072
Amortization of UAAL *	<u>818,268</u>	<u>960,145</u>	<u>1,778,413</u>
Annual OPEB Cost	1,529,525	1,523,960	3,053,485
Contributions made	<u>232,150</u>	<u>184,026</u>	<u>416,176</u>
Increase in net OPEB obligation	1,297,375	1,339,934	2,637,309
Net OPEB obligation – beginning of year	<u>2,225,618</u>	<u>4,744,418</u>	<u>6,970,436</u>
Net OPEB obligation – end of year	<u>\$3,522,993</u>	<u>\$6,084,752</u>	<u>\$9,607,745</u>

*UAAL is amortized over an initial 30 years using the level-dollar method on a closed basis. The remaining period at June 30, 2011 is assumed to be 27 years.

Annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY 2011 and the two preceding years are as follows:

<u>Year Ended</u>	<u>Amount Groups Receiving Per Month Benefit</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$101.00	\$1,985,761	14.19%	1,704,076
6/30/2009	23.50	<u>521,071</u>	<u>12.10%</u>	<u>458,014</u>
6/30/2009 Total		<u>2,506,832</u>	<u>13.75%</u>	<u>2,162,090</u>
6/30/2010	105.00	1,502,275	9.98%	1,313,114
6/30/2010	23.50	<u>1,502,169</u>	<u>12.59%</u>	<u>1,352,410</u>
6/30/2010 Total		<u>3,004,444</u>	<u>11.28%</u>	<u>2,665,524</u>
6/30/2011	108.00	1,523,960	12.08%	1,339,934
6/30/2011	27.00	<u>1,529,525</u>	<u>15.18%</u>	<u>1,297,375</u>
6/30/2011 Total		<u>\$3,053,485</u>	<u>13.63%</u>	<u>2,637,309</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

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

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2011 follows:

	\$27.00 Per Month <u>Group</u>	\$108.00 Per Month <u>Group</u>	<u>Total</u>
Actuarial accrued liability	\$14,180,248	\$16,638,908	\$30,819,156
Actuarial value of plan assets	<u>-</u>	<u>-</u>	<u>-</u>
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 Inflation:	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
Medical Inflation Rates:	Assumed to be 4.00% per year

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(27) 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, 2011

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
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%
6/30/11	\$0	\$31,678,052	\$31,678,052	0%	153,898,526	20.6%

(28) Restatement of Beginning Net Assets

Primary Government

The accompanying financial statements reflect adjustments that resulted in the restatement of beginning fund balance of the non-major governmental funds, and net assets of the major, non-major and governmental activities of the Primary Government.

The following schedule summarizes the effect of the prior period adjustment to the beginning fund balance/net asset as of July 1, 2010:

	Governmental Funds	Business-type Activities	Government-Wide Primary Government Governmental Activity	Business-type Activities
Fund Balance / Net Assets at July 1, 2010	\$ 192,494,633	596,136,718	391,554,744	605,914,108
Adjustment to remove duplication of accrued revenues	(250,054)	-	(250,054)	-
Accumulated Depreciation Adjustment	-	1,488,380	(684,597)	1,507,944
Fund Balance / Net Assets at July 1, 2010, as restated	<u>\$ 192,244,579</u>	<u>597,625,098</u>	<u>390,620,093</u>	<u>607,422,052</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(29) Implementation of New Accounting Principles

Governmental Accounting Standards Board Statement No.60

In November of 2010, GASB issued Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The City has elected not to early implement GASB No. 60 and has not determined its effect on the City’s financial statements.

Governmental Accounting Standards Board Statement No.61

In November of 2010, GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34. The objective of this Statement is to improve guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. The City has elected not to early implement GASB No. 60 and has not determined its effect on the City’s financial statements.

Governmental Accounting Standards Board Statement No. 62

Governmental Accounting Standards Board Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements were released in December 2010. The codification incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(29) Implementation of New Accounting Principles, (Continued)

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. No new generally accepted accounting principles were released in this statement. Statement No. 62 is effective for periods beginning after December 15, 2011. The City has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 63

Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position were released in June 2011. Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previously, GASB Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. Statement No. 63 amends the net asset reporting requirements in Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Statement No. 63 is effective for periods beginning after December 15, 2011. The City has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 64

Governmental Accounting Standards Board Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53 was released in June 2011. Statement No. 64 provides guidance for accounting and reporting when interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty's credit support provider, commits or experiences either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty's credit support providers, either by amending existing swap agreements or by entering into new swap agreements. When these swap

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(29) Implementation of New Accounting Principles, (Continued)

agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income. Statement No. 64 clarifies the accounting treatment when this occurs. Statement No. 64 is effective for periods beginning after June 15, 2011. The City has a terminated derivative, but has elected not to early implement this statement.

In addition, GASB released a mid-year supplement to its Comprehensive Implementation Guide. Within this guide, a new question and answer has been included clarifying the disclosure of federal investments that have implicit and explicit subsidies. The City has implemented this treatment in Note 2 - Cash and Investments.

(30) State Assembly Bills 1X 26 and 27

On June 29, 2011 Governor Brown signed Assembly Bills 1X 26 and 27 as part of the State's budget package. Assembly Bill 1X 26 requires that California redevelopment agencies immediately suspend activities and only allows activity to meet existing obligations, preserve its assets and prepare for potential dissolution of the agency. Assembly Bill 1X 27 provides a means for redevelopment agencies to continue to exist and operate via a Voluntary Alternative Redevelopment Program by adopting an ordinance agreeing to make certain payments to help alleviate the State budget crisis in fiscal year 2011-12 and annual payments each fiscal year thereafter.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills 1X 26 and 27 on the grounds that they violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill 1X 27 and most of Assembly Bill 1X 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012."

On August 18, 2011, Ordinance No. 7212 was effective, indicating that the agency will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills 1X 26 and/or 27 are upheld as constitutional. The initial payment by the agency is estimated to

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(30) State Assembly Bills 1X 26 and 27, (Continued)

be \$6.5 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$1.56 million will be due annually. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any new debt is incurred. Assembly Bill 1X 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the agency to assemble sufficient funds to make its initial payments.

During the first quarter of 2011, the City and the Commission also took action transferring a number of properties that had been titled in the name of the Commission to the City. Notes documenting numerous loans and advances that had been made to the Commission from the City over the many years prior were also executed. Because the legislation may ultimately be invalidated as being unconstitutional, the City Manager/Chief Executive Officer was authorized to take any and all actions necessary to transfer back to PCDC all or a portion thereof former real property interests, cash and other assets transferred to the City of Pasadena as a result of the previous transfer to the City.

On December 29, 2011 the California Supreme Court issued an opinion in the California Redevelopment Association v. Matosantos case, upholding Assembly Bill 1X 26 (the "Redevelopment Dissolution" bill) and invalidated Assembly Bill 1X 27 (the "Voluntary Payment" bill). The Court provided a four month extension for all deadlines contained in AB 1X 26 that arise prior to May 1, 2012. As a result, effective February 1, 2012, pending other legislative action, all redevelopment agencies will be dissolved. Payments of existing bonds and other applicable obligations, however, will not be impacted. The City Council has repeatedly expressed its intention to continue the activities of the PCDC despite the state's efforts to curtail redevelopment activities. This includes the passing of an ordinance in August of 2011 committing the City to make the "voluntary" payment to the state which was intended to allow the Commission to continue its operations after the effective date of the two Assembly Bills referenced above.

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CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(31) Subsequent Events

Pasadena Fire and Police Retirement System and City Agreement

On October 20, 2011, the Retirement Board approved an Amended and Restated Contribution Agreement No. 20,823 that was subsequently approved by the City Council on October 24, 2011. The Amended and Restated Contribution Agreement No. 20,823 permanently changes the actuarial methodology used to calculate the System's funded percentage by adopting an interest assumption of 6% and an inflation assumption of 3% for the June 30, 2011 valuation, and thereafter adopting assumed interest rate and inflation assumptions based on analysis performed by the System's actuary and after seeking input from the City and the System's professional investment consultant, rather than basing actuarial assumptions on the assumptions used by certain other California public retirement systems. The Amended and Restated Contribution Agreement No. 20,823 also provides for the issuance of pension obligation bonds by the City, at the City's sole discretion, that would yield approximately \$46.6 million in Net Proceeds to the System if issued. In order to allow the City time to issue such bonds and to complete the attendant bond validation proceeding the January 3, 2012, due date for the City's Supplemental Contribution has been extended until March 31, 2012. If the Net Proceeds are paid to the System by that date, then they will be treated as if they had been assets of the System as of June 30, 2011, and no Supplemental Contribution will be owed to the System by the City for fiscal year 2011/2012. If the bond Net Proceeds are not deposited with the System by March 31, 2012, then the City will be required to make the \$9.079 million Supplemental Contribution with interest at the actuarially assumed rate of 6% from January 3, 2012, and the provisions of Contribution Agreement No. 16,900 will apply to future Supplemental Contributions with the exception of the changed actuarial methodology in the Amended and Restated Contribution Agreement No. 20,823 described above.

2011A Water Revenue Refunding Bonds

On November 14, 2011, the City Council approved the issuance of Water Revenue Refunding Bonds and authorized a not-to-exceed amount of \$35 million in bonds. On December 12, 2011, the City sold on a competitive basis \$29,770,000 Water Revenue Refunding Bonds, 2011A Series (2011A Bonds). The bonds were issued to refund a portion of the City's Water Revenue and Refunding Bonds, 2003 Series and pay for the cost of issuance of the 2011A Bonds. The purpose of the refunding was for pure economic reasons. The City realized a present value savings of \$3.47 million or 11.36% present value savings rate. The true interest cost on the financing was 2.838%.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2011

(31) Subsequent Events, (Continued)

Windstorm 2011

Late November 30, 2011 and early December 1, 2011, the City and neighboring areas experienced gale-force “Santa Ana” winds, which generated significant calls for service for fallen trees, downed power lines, roadway obstructions, traffic light outages, and damage to vehicles, businesses, and homes. The City of Pasadena and Los Angeles County declared a local state of emergency on December 1, 2011. The windstorm caused as much as \$75,000,000 damage primarily in the San Gabriel Valley. Pasadena’s damages have been estimated to be as high as \$30,000,000 dollars if personal and commercial losses are included. The impact on project areas within the City and the availability of any federal or state disaster revenue support has not been determined.

Master Lease Purchase Agreement for Area Rapid Transit System (ARTS) Buses

On December 5, 2011, the City Council approved the purchase of 15 transit vehicles for use in the Pasadena Area Rapid Transit System (ARTS). The cost of this project was estimated at \$4.473 million of which \$2.073 was to be financed. On December 12, 2011, the City Council adopted a resolution authorizing the execution and delivery of a Master Lease Purchase Agreement with Chase Bank to finance the \$2.73 of the project cost. The lease financing is scheduled to close on December 23, 2011. The financing is for a ten year term at a tax-exempt rate of 2.28%.

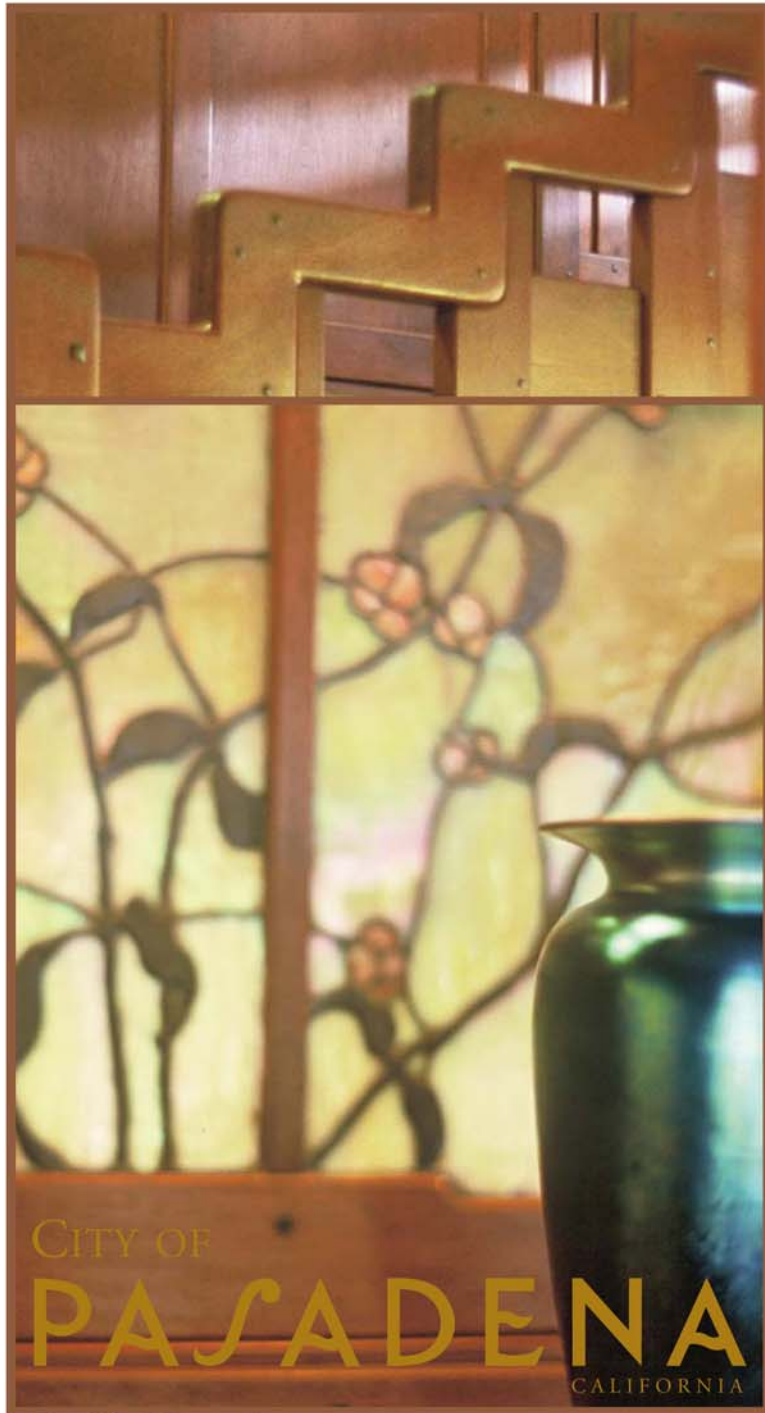
California Supreme Court Ruling on Redevelopment

Please refer to Footnote 30 for information regarding the Court’s opinion of December 29, 2011.

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REQUIRED SUPPLEMENTARY INFORMATION



CITY OF
PASADENA
CALIFORNIA

Gamble House Interior

CITY OF PASADENA

Notes to the Required Supplementary Information

Year Ended June 30, 2011

(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. Some Capital Projects Funds have annual appropriated budgets. Control over some projects is maintained by means of an annual budget; others through 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, 2011:

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
General Fund:			
General government			
City Clerk	2,104,232	2,164,843	(60,611)
City Manager	2,610,783	2,762,385	(151,602)
Finance	8,482,734	8,603,768	(121,034)
Non-departmental	10,995,039	15,427,000	(4,431,961)
Culture and leisure			
Non-departmental-PCOC	4,382,155	4,745,370	(363,215)

CITY OF PASADENA

Notes to the Required Supplementary Information

Year Ended June 30, 2011

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Special Revenue Funds:			
Underground Utilities Fund	41,226	42,051	(825)
Donated Funds	-	206,873	(206,873)

The general government, City Clerk, City Manager and Finance departmental expenditures, exceeded appropriations by \$333,247 due to decrease in personnel use of non-productive hours used to estimate burden allocation.

The general government, non-departmental expenditures exceeded appropriations by \$4,431,961 because expenditures for billable projects do not typically have budgets.

Culture and leisure, non-departmental expenditures exceeded appropriations by \$363,215 due to unanticipated expenditures by PCOC requiring additional transfers of Transient Occupancy Tax to this component unit.

Underground Utilities Fund expenditures exceeded appropriations due to a minor variance from initial budget estimates.

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, 2011

	<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	\$ 116,845,801	116,845,801	113,809,641	(3,036,160)	112,030,511
Licenses and permits	2,660,160	2,660,160	2,471,544	(188,616)	2,640,177
Intergovernmental revenues	13,075,703	14,146,734	14,570,521	423,787	14,004,673
Charges for services	33,169,497	33,194,497	32,092,354	(1,102,143)	32,734,949
Fines and forfeits	6,311,000	6,311,000	6,362,032	51,032	5,135,244
Investment earnings	21,010,000	21,010,000	22,927,674	1,917,674	24,414,991
Rental income	1,126,773	1,126,773	1,073,420	(53,353)	1,010,973
Miscellaneous revenues	2,105,342	2,105,342	2,307,555	202,213	2,441,828
Total revenues	<u>196,304,276</u>	<u>197,400,307</u>	<u>195,614,741</u>	<u>(1,785,566)</u>	<u>194,413,346</u>
Expenditures:					
Current:					
General government:					
City Attorney/City Prosecutor	6,195,146	6,195,146	5,791,888	403,258	6,075,579
City Clerk	2,104,232	2,104,232	2,164,843	(60,611)	1,409,502
City Council	1,952,332	1,952,332	1,923,958	28,374	1,961,143
City Manager	2,610,783	2,610,783	2,762,385	(151,602)	2,787,058
Finance	8,482,734	8,482,734	8,603,768	(121,034)	8,980,605
Human Resources	2,657,744	2,657,744	2,603,544	54,200	2,676,936
Non-departmental	2,559,039	10,995,039	15,427,000	(4,431,961)	12,973,374
Public safety:					
Fire	40,483,104	40,483,104	39,106,917	1,376,187	38,579,680
Police	58,769,556	59,213,660	58,102,502	1,111,158	59,587,577
Transportation:					
Public Works and Transportation	23,612,253	24,353,258	23,026,269	1,326,989	22,370,798
Culture and leisure:					
Human Services, Recreation and Neighborhoods	9,347,240	9,386,710	9,038,597	348,113	9,007,077
Non-departmental - PCOC	4,382,155	4,382,155	4,745,370	(363,215)	4,281,340
Community development:					
Planning and Permitting	8,533,597	8,210,177	8,104,996	105,181	12,761,323
Total expenditures	<u>171,689,915</u>	<u>181,027,074</u>	<u>181,402,037</u>	<u>(374,963)</u>	<u>183,451,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,614,361</u>	<u>16,373,233</u>	<u>14,212,704</u>	<u>(2,160,529)</u>	<u>10,961,354</u>
Other financing sources (uses):					
Transfers in	18,258,197	26,294,197	26,931,281	637,084	30,055,525
Transfers out	<u>(49,201,438)</u>	<u>(51,666,438)</u>	<u>(47,756,165)</u>	<u>3,910,273</u>	<u>(48,222,735)</u>
Total other financing sources (uses)	<u>(30,943,241)</u>	<u>(25,372,241)</u>	<u>(20,824,884)</u>	<u>4,547,357</u>	<u>(18,167,210)</u>
Change in fund balances	(6,328,880)	(8,999,008)	(6,612,180)	2,386,828	(7,205,856)
Fund balances at beginning of year	<u>53,177,187</u>	<u>53,177,187</u>	<u>53,177,187</u>	<u>-</u>	<u>60,383,043</u>
Fund balances at end of year	<u>\$ 46,848,307</u>	<u>44,178,179</u>	<u>46,565,007</u>	<u>2,386,828</u>	<u>53,177,187</u>

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SUPPLEMENTARY INFORMATION

CITY OF PASADENA
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2011

	Special	Debt	Capital	Permanent	Totals	
	Revenue	Service	Projects		Funds	2011
	Funds	Funds	Funds	Funds		
<u>Assets</u>						
Cash and investments	\$ 65,944,669	51,065,796	16,806,677	2,112,946	135,930,088	139,150,888
Accounts receivable	10,035,358	114,244	503,270	4,010	10,656,882	7,812,504
Notes receivable	33,238,538	-	7,331,498	-	40,570,036	36,701,917
Due from other funds	91,339	-	1,697,184	-	1,788,523	1,403,530
Prepays and other assets	3,602	-	2,768	-	6,370	-
Advances to other funds	18,493,047	-	11,093,088	-	29,586,135	28,342,166
Allowance for uncollectible long-term receivables	(26,510,238)	-	(11,372,149)	-	(37,882,387)	(34,830,356)
Property held for resale	7,438,977	-	3,200,000	-	10,638,977	10,638,977
Total assets	\$ 108,735,292	51,180,040	29,262,336	2,116,956	191,294,624	189,219,626
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,295,654	-	152,433	463	2,448,550	3,858,275
Deposits	303,447	-	-	-	303,447	322,463
Due to other funds	6,685,330	-	1,388,078	-	8,073,408	5,274,806
Deferred revenue	4,842,790	-	-	-	4,842,790	3,196,368
Advances from other funds	-	-	5,771,322	-	5,771,322	5,312,576
Total liabilities	14,127,221	-	7,311,833	463	21,439,517	17,964,488
Fund balances:						
Nonspendable	32,660,324	-	10,252,437	1,473,253	44,386,014	41,455,450
Restricted	21,549,308	51,180,040	3,800,844	44,012	76,574,204	78,398,349
Committed	43,280,944	-	10,154,813	599,228	54,034,985	53,031,060
Unassigned	(2,882,505)	-	(2,257,591)	-	(5,140,096)	(1,629,721)
Total fund balances	94,608,071	51,180,040	21,950,503	2,116,493	169,855,107	171,255,138
Total liabilities and fund balances	\$ 108,735,292	51,180,040	29,262,336	2,116,956	191,294,624	189,219,626

CITY OF PASADENA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals	
					2011	2010
Revenues:						
Taxes	\$ 8,186,113	-	4,819,870	-	13,005,983	13,139,989
Licenses and permits	4,591,945	-	-	-	4,591,945	4,097,095
Intergovernmental revenues	39,829,262	-	-	-	39,829,262	37,431,548
Charges for services	8,543,115	-	161,895	-	8,705,010	8,741,847
Investment earnings	787,425	1,221,964	320,914	25,756	2,356,059	3,451,041
Rental income	2,366,627	-	1,161,224	-	3,527,851	3,676,432
Miscellaneous revenues	5,646,759	-	163,280	-	5,810,039	3,845,415
Contributions	329,317	-	402,959	875,000	1,607,276	307,847
Total revenues	70,280,563	1,221,964	7,030,142	900,756	79,433,425	74,691,214
Expenditures:						
Current:						
General government	-	26,276	114,168	-	140,444	111,743
Public safety	3,325,194	-	-	-	3,325,194	2,910,849
Transportation	10,868,649	-	-	-	10,868,649	10,666,993
Sanitation	3,782,112	-	-	-	3,782,112	3,697,150
Health	11,027,480	-	-	-	11,027,480	11,049,228
Culture and leisure	11,428,626	-	-	936	11,429,562	11,866,284
Community development	26,173,189	-	5,729,355	-	31,902,544	35,697,831
Capital outlay	-	-	57,902	-	57,902	12,045
Debt service:						
Principal retirement	295,000	19,301,598	-	-	19,596,598	18,360,074
Interest	52,623	11,697,610	697,614	-	12,447,847	16,003,644
Total expenditures	66,952,873	31,025,484	6,599,039	936	104,578,332	110,375,841
Excess (deficiency) of revenues over (under) expenditures	3,327,690	(29,803,520)	431,103	899,820	(25,144,907)	(35,684,627)
Other financing sources (uses):						
Transfers in	14,341,033	35,471,096	1,291,242	-	51,103,371	59,440,129
Transfers out	(11,428,402)	(8,036,000)	(7,878,158)	(15,935)	(27,358,495)	(43,903,800)
Total other financing sources (uses)	2,912,631	27,435,096	(6,586,916)	(15,935)	23,744,876	15,536,329
Change in fund balances	6,240,321	(2,368,424)	(6,155,813)	883,885	(1,400,031)	(20,148,298)
Fund balances at beginning of year, as restated	88,367,750	53,548,464	28,106,316	1,232,608	171,255,138	191,403,436
Fund balances at end of year	\$ 94,608,071	51,180,040	21,950,503	2,116,493	169,855,107	171,255,138

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SPECIAL REVENUE FUNDS



Earth Day 2011

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. In a governmental fund other than the general fund, expenditures incurred for a specific purpose might exceed the amounts in the fund that are restricted, committed, and assigned to that purpose and a negative residual balance for that purpose may result. If that occurs, amount assigned to other purposes in that fund should be reduced to eliminate the deficit. If the remaining deficit eliminates all other assigned amounts in the fund, or if there are no amounts assigned to other purposes, the negative residual amount should be classified as unassigned fund balance.

Public Safety Fund - to account for revenue received from State AB3229 funds, the 1/2-cent sales tax approved by the voters in November 1993, money received by the Police Department from forfeited cash and other tangible property seized under the Federal Comprehensive Crime Control Act of 1984 and grants received from the Homeland Security Grant Program..

Health Fund - to account for all grants received for the provision of health services which are restricted by grant award agreements.

Building Services Fund - to account for fees collected and restricted to the operations of the Permit Center.

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

Underground Utilities Fund - to account for revenue received from the underground surtax on sales of electric energy restricted for the extension, conversion, replacement and repair of underground utility lines.

Transportation Fund - to account for the use of revenue derived from the 1/2-cent sales tax approved by voters, state gasoline tax, sales tax collected for bikeways and pedestrian facilities, and State AB2928 traffic congestion relief, all of which are restricted for construction, maintenance, preservation 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 others sources restricted by the donors to deliver quality human services to Pasadena residents.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

(Continued)

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 and restricted for Library use.

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. These funds are restricted for use in the various enterprise zones of the City.

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 in accordance with the California Government Code (AB2766).

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

Donated Funds - to account for principal and interest on funds donated to the City for expressed and expendable purposes.

Low and Moderate Income Housing Fund - to account for property tax increments and inclusionary housing fees legally restricted for increasing or improving housing for low and moderate income households.

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CITY OF PASADENA
Non-Major Governmental Funds
Special Revenue Funds
Combining Balance Sheet
June 30, 2011

	Public		Building	Sewer	and	Underground	
	Safety	Health	Services	Construction	Maintenance	Utilities	Transportation
<u>Assets</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Cash and investments	\$ 1,343,766	-	-	3,475,980	32,281,536	8,986,459	
Accounts receivable	1,718,047	2,936,287	8,425	629,678	609,662	1,216,875	
Prepays and other assets	-	-	-	-	-	3,602	
Notes receivable	-	-	-	-	-	-	
Due from other funds	-	-	-	-	-	-	
Advances to other funds	-	-	-	-	-	-	
Allowance for uncollectible long-term receivables	-	-	-	-	-	-	
Property held for resale	-	-	-	-	-	-	
Total assets	<u>\$ 3,061,813</u>	<u>2,936,287</u>	<u>8,425</u>	<u>4,105,658</u>	<u>32,891,198</u>	<u>10,206,936</u>	
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 12,387	235,358	28,155	11,254	-	645,407	
Deposits	2,216	8,369	277,559	-	-	-	
Due to other funds	1,532,830	528,393	2,585,216	-	-	17,041	
Deferred revenue	600,362	1,810,396	-	420	-	-	
Advances from other funds	-	-	-	-	-	-	
Total liabilities	<u>2,147,795</u>	<u>2,582,516</u>	<u>2,890,930</u>	<u>11,674</u>	<u>-</u>	<u>662,448</u>	
Fund balances:							
Nonspendable	-	-	-	-	-	-	
Restricted	914,018	353,771	-	-	-	9,544,488	
Committed	-	-	-	4,093,984	32,891,198	-	
Unassigned	-	-	(2,882,505)	-	-	-	
Total fund balances (deficit)	<u>914,018</u>	<u>353,771</u>	<u>(2,882,505)</u>	<u>4,093,984</u>	<u>32,891,198</u>	<u>9,544,488</u>	
Total liabilities and fund balances	<u>\$ 3,061,813</u>	<u>2,936,287</u>	<u>8,425</u>	<u>4,105,658</u>	<u>32,891,198</u>	<u>10,206,936</u>	

Human Services Endowment	Library	Parking	Air Quality Improvement	Housing and Community Development	Donated Funds	Low and Moderate Income Housing	Totals	
							2011	2010
1,340,928	1,408,347	2,961,303	-	1,774,051	2,205,201	10,167,098	65,944,669	61,669,979
3,674	196,317	49,465	36,762	2,167,425	12,092	450,649	10,035,358	7,339,687
-	-	-	-	-	-	-	3,602	-
-	-	-	-	8,089,757	-	25,148,781	33,238,538	29,370,419
-	-	-	-	-	-	91,339	91,339	53,060
-	-	-	-	18,493,047	-	-	18,493,047	17,449,050
-	-	-	-	(26,510,238)	-	-	(26,510,238)	(23,756,854)
-	-	-	-	-	-	7,438,977	7,438,977	7,438,977
<u>1,344,602</u>	<u>1,604,664</u>	<u>3,010,768</u>	<u>36,762</u>	<u>4,014,042</u>	<u>2,217,293</u>	<u>43,296,844</u>	<u>108,735,292</u>	<u>99,564,318</u>
2,491	120,630	123,855	-	979,700	23,235	113,182	2,295,654	3,539,749
-	2,535	10,300	-	1,468	-	1,000	303,447	322,463
-	-	749,799	22,851	1,249,200	-	-	6,685,330	3,899,120
-	27,668	-	-	478,557	-	1,925,387	4,842,790	3,196,368
-	-	-	-	-	-	-	-	238,868
<u>2,491</u>	<u>150,833</u>	<u>883,954</u>	<u>22,851</u>	<u>2,708,925</u>	<u>23,235</u>	<u>2,039,569</u>	<u>14,127,221</u>	<u>11,196,568</u>
-	-	-	-	72,566	-	32,587,758	32,660,324	30,501,592
1,342,111	-	-	13,911	1,232,551	2,194,058	5,954,400	21,549,308	18,624,242
-	1,453,831	2,126,814	-	-	-	2,715,117	43,280,944	40,866,814
-	-	-	-	-	-	-	(2,882,505)	(1,624,898)
<u>1,342,111</u>	<u>1,453,831</u>	<u>2,126,814</u>	<u>13,911</u>	<u>1,305,117</u>	<u>2,194,058</u>	<u>41,257,275</u>	<u>94,608,071</u>	<u>88,367,750</u>
<u>1,344,602</u>	<u>1,604,664</u>	<u>3,010,768</u>	<u>36,762</u>	<u>4,014,042</u>	<u>2,217,293</u>	<u>43,296,844</u>	<u>108,735,292</u>	<u>99,564,318</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, 2011

	Public		Building	Sewer	Underground	
	Safety	Health	Services	Construction	Utilities	Transportation
	and Maintenance					
Revenues:						
Taxes	\$ -	710,827	-	-	5,149,200	-
Licenses and permits	-	897,784	3,694,161	-	-	-
Intergovernmental revenues	3,716,897	7,037,983	-	1,715	-	9,858,813
Charges for services	-	587,197	-	6,540,614	-	860,197
Investment earnings	(654)	-	(68,092)	65,576	606,879	(11,105)
Rental income	-	-	-	-	-	-
Miscellaneous revenues	-	89,724	892	4,000	-	1,645,295
Contributions	-	-	-	-	-	-
Total revenues	3,716,243	9,323,515	3,626,961	6,611,905	5,756,079	12,353,200
Expenditures:						
Current:						
Public safety	3,325,194	-	-	-	-	-
Transportation	-	-	-	-	42,051	8,462,972
Sanitation	-	-	-	3,782,112	-	-
Health	-	11,027,480	-	-	-	-
Culture and leisure	-	-	-	-	-	-
Community development	-	-	4,799,006	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	3,325,194	11,027,480	4,799,006	3,782,112	42,051	8,462,972
Excess (deficiency) of revenues over (under) expenditures	391,049	(1,703,965)	(1,172,045)	2,829,793	5,714,028	3,890,228
Other financing sources (uses):						
Transfers in	-	1,425,214	-	-	-	386,579
Transfers out	-	-	(85,562)	(2,999,581)	(3,238,867)	(2,278,191)
Total other financing sources (uses)	-	1,425,214	(85,562)	(2,999,581)	(3,238,867)	(1,891,612)
Change in fund balances	391,049	(278,751)	(1,257,607)	(169,788)	2,475,161	1,998,616
Fund balances (deficit) at beginning of year, as restated	522,969	632,522	(1,624,898)	4,263,772	30,416,037	7,545,872
Fund balances (deficit) at end of year	\$ 914,018	353,771	(2,882,505)	4,093,984	32,891,198	9,544,488

Human Services Endowment	Library	Parking	Air Quality Improvement	Housing and Community Development	Donated Funds	Low and Moderate Income Housing	Totals	
							2011	2010
-	2,312,627	13,459	-	-	-	-	8,186,113	7,971,975
-	-	-	-	-	-	-	4,591,945	4,097,095
-	134,794	-	169,793	18,866,743	-	42,524	39,829,262	37,431,548
-	11,290	543,817	-	-	-	-	8,543,115	8,674,018
9,920	532	19,536	13	(8,266)	26,422	146,664	787,425	1,335,791
-	855	2,196,245	-	75,843	-	93,684	2,366,627	2,413,628
-	118,132	432	-	1,148,539	164,704	2,475,041	5,646,759	3,656,239
-	-	-	-	-	329,317	-	329,317	20,125
<u>9,920</u>	<u>2,578,230</u>	<u>2,773,489</u>	<u>169,806</u>	<u>20,082,859</u>	<u>520,443</u>	<u>2,757,913</u>	<u>70,280,563</u>	<u>65,600,419</u>
-	-	-	-	-	-	-	3,325,194	2,910,849
-	-	2,363,626	-	-	-	-	10,868,649	10,666,993
-	-	-	-	-	-	-	3,782,112	3,697,150
-	-	-	-	-	-	-	11,027,480	11,049,228
110,877	11,119,765	-	-	-	197,984	-	11,428,626	11,865,369
-	-	-	-	18,631,998	8,889	2,733,296	26,173,189	26,790,598
-	-	-	-	295,000	-	-	295,000	280,000
-	-	-	-	52,623	-	-	52,623	64,093
<u>110,877</u>	<u>11,119,765</u>	<u>2,363,626</u>	<u>-</u>	<u>18,979,621</u>	<u>206,873</u>	<u>2,733,296</u>	<u>66,952,873</u>	<u>67,324,280</u>
<u>(100,957)</u>	<u>(8,541,535)</u>	<u>409,863</u>	<u>169,806</u>	<u>1,103,238</u>	<u>313,570</u>	<u>24,617</u>	<u>3,327,690</u>	<u>(1,723,861)</u>
311,125	9,201,246	149,671	-	-	-	2,867,198	14,341,033	14,800,893
-	-	(895,589)	(186,201)	(483,496)	(295,190)	(965,725)	(11,428,402)	(16,139,197)
<u>311,125</u>	<u>9,201,246</u>	<u>(745,918)</u>	<u>(186,201)</u>	<u>(483,496)</u>	<u>(295,190)</u>	<u>1,901,473</u>	<u>2,912,631</u>	<u>(1,338,304)</u>
210,168	659,711	(336,055)	(16,395)	619,742	18,380	1,926,090	6,240,321	(3,062,165)
<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>88,367,750</u>	<u>91,429,915</u>
<u>1,342,111</u>	<u>1,453,831</u>	<u>2,126,814</u>	<u>13,911</u>	<u>1,305,117</u>	<u>2,194,058</u>	<u>41,257,275</u>	<u>94,608,071</u>	<u>88,367,750</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, 2011

	<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	\$ 1,510,897	4,090,613	3,716,897	(373,716)	3,048,381
Investment earnings	20,600	20,600	(654)	(21,254)	11,112
Miscellaneous revenues	-	-	-	-	1,508
Total revenues	<u>1,531,497</u>	<u>4,111,213</u>	<u>3,716,243</u>	<u>(394,970)</u>	<u>3,061,001</u>
Expenditures:					
Current:					
Public safety	<u>2,533,393</u>	<u>5,113,109</u>	<u>3,325,194</u>	<u>1,787,915</u>	<u>2,910,849</u>
Total expenditures	<u>2,533,393</u>	<u>5,113,109</u>	<u>3,325,194</u>	<u>1,787,915</u>	<u>2,910,849</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,001,896)</u>	<u>(1,001,896)</u>	<u>391,049</u>	<u>1,392,945</u>	<u>150,152</u>
Change in fund balances	<u>(1,001,896)</u>	<u>(1,001,896)</u>	<u>391,049</u>	<u>1,392,945</u>	<u>150,152</u>
Fund balance at beginning of year	<u>522,969</u>	<u>522,969</u>	<u>522,969</u>	<u>-</u>	<u>372,817</u>
Fund balance at end of year	<u>\$ (478,927)</u>	<u>(478,927)</u>	<u>914,018</u>	<u>1,392,945</u>	<u>522,969</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, 2011

	<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	\$ 373,790	373,790	710,827	337,037	680,644
Licenses and permits	833,094	833,094	897,784	64,690	713,620
Intergovernmental revenues	7,812,543	8,549,606	7,037,983	(1,511,623)	7,663,427
Charges for services	679,065	679,065	587,197	(91,868)	777,661
Miscellaneous revenues	421,324	421,324	89,724	(331,600)	131,291
Total revenues	<u>10,119,816</u>	<u>10,856,879</u>	<u>9,323,515</u>	<u>(1,533,364)</u>	<u>9,966,643</u>
Expenditures:					
Current:					
Health	<u>11,494,226</u>	<u>12,231,289</u>	<u>11,027,480</u>	<u>1,203,809</u>	<u>11,049,228</u>
Total expenditures	<u>11,494,226</u>	<u>12,231,289</u>	<u>11,027,480</u>	<u>1,203,809</u>	<u>11,049,228</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,374,410)</u>	<u>(1,374,410)</u>	<u>(1,703,965)</u>	<u>(329,555)</u>	<u>(1,082,585)</u>
Other financing sources (uses):					
Transfers in	1,425,214	1,425,214	1,425,214	-	1,968,946
Transfers out	<u>(50,807)</u>	<u>(50,807)</u>	<u>-</u>	<u>50,807</u>	<u>(200,000)</u>
Total other financing sources (uses)	<u>1,374,407</u>	<u>1,374,407</u>	<u>1,425,214</u>	<u>50,807</u>	<u>1,768,946</u>
Change in fund balances	(3)	(3)	(278,751)	(278,748)	686,361
Fund balance at beginning of year	<u>632,522</u>	<u>632,522</u>	<u>632,522</u>	<u>-</u>	<u>(53,839)</u>
Fund balance (deficit) at end of year	<u>\$ 632,519</u>	<u>632,519</u>	<u>353,771</u>	<u>(278,748)</u>	<u>632,522</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, 2011

	<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	\$ 4,260,000	4,260,000	3,694,161	(565,839)	3,383,475
Investment earnings	60,000	60,000	(68,092)	(128,092)	(17,057)
Miscellaneous revenues	-	-	892	892	3,773
Total revenues	<u>4,320,000</u>	<u>4,320,000</u>	<u>3,626,961</u>	<u>(693,039)</u>	<u>3,370,191</u>
Expenditures:					
Current:					
Community development	<u>4,849,009</u>	<u>4,849,009</u>	<u>4,799,006</u>	<u>50,003</u>	<u>4,907,434</u>
Total expenditures	<u>4,849,009</u>	<u>4,849,009</u>	<u>4,799,006</u>	<u>50,003</u>	<u>4,907,434</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(529,009)</u>	<u>(529,009)</u>	<u>(1,172,045)</u>	<u>(643,036)</u>	<u>(1,537,243)</u>
Other financing sources (uses):					
Transfers out	<u>(301,165)</u>	<u>(668,058)</u>	<u>(85,562)</u>	<u>582,496</u>	<u>(113,305)</u>
Total other financing sources (uses)	<u>(301,165)</u>	<u>(668,058)</u>	<u>(85,562)</u>	<u>582,496</u>	<u>(113,305)</u>
Change in fund balances	(830,174)	(1,197,067)	(1,257,607)	(60,540)	(1,650,548)
Fund balance at beginning of year	<u>(1,624,898)</u>	<u>(1,624,898)</u>	<u>(1,624,898)</u>	<u>-</u>	<u>25,650</u>
Fund balance (deficit) at end of year	<u>\$ (2,455,072)</u>	<u>(2,821,965)</u>	<u>(2,882,505)</u>	<u>(60,540)</u>	<u>(1,624,898)</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, 2011

	<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	\$ -	-	1,715	1,715	-
Charges for services	6,443,679	6,443,679	6,540,614	96,935	6,503,419
Investment earnings	70,483	70,483	65,576	(4,907)	81,671
Miscellaneous revenues	-	-	4,000	4,000	3,500
Total revenues	<u>6,514,162</u>	<u>6,514,162</u>	<u>6,611,905</u>	<u>97,743</u>	<u>6,588,590</u>
Expenditures:					
Current:					
Sanitation	<u>3,976,853</u>	<u>3,999,091</u>	<u>3,782,112</u>	<u>216,979</u>	<u>3,697,150</u>
Total expenditures	<u>3,976,853</u>	<u>3,999,091</u>	<u>3,782,112</u>	<u>216,979</u>	<u>3,697,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,537,309</u>	<u>2,515,071</u>	<u>2,829,793</u>	<u>314,722</u>	<u>2,891,440</u>
Other financing sources (uses):					
Transfers out	<u>(2,931,629)</u>	<u>(2,931,629)</u>	<u>(2,999,581)</u>	<u>(67,952)</u>	<u>(2,931,591)</u>
Total other financing sources (uses)	<u>(2,931,629)</u>	<u>(2,931,629)</u>	<u>(2,999,581)</u>	<u>(67,952)</u>	<u>(2,931,591)</u>
Change in fund balances	(394,320)	(416,558)	(169,788)	246,770	(40,151)
Fund balance at beginning of year	<u>4,263,772</u>	<u>4,263,772</u>	<u>4,263,772</u>	<u>-</u>	<u>4,303,923</u>
Fund balance at end of year	<u>\$ 3,869,452</u>	<u>3,847,214</u>	<u>4,093,984</u>	<u>246,770</u>	<u>4,263,772</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, 2011

	<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	\$ 5,326,368	5,326,368	5,149,200	(177,168)	5,026,086
Investment earnings	1,091,772	1,091,772	606,879	(484,893)	679,061
Total revenues	<u>6,418,140</u>	<u>6,418,140</u>	<u>5,756,079</u>	<u>(662,061)</u>	<u>5,705,147</u>
Expenditures:					
Current:					
Transportation	<u>41,226</u>	<u>41,226</u>	<u>42,051</u>	<u>(825)</u>	<u>41,225</u>
Total expenditures	<u>41,226</u>	<u>41,226</u>	<u>42,051</u>	<u>(825)</u>	<u>41,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,376,914</u>	<u>6,376,914</u>	<u>5,714,028</u>	<u>(662,886)</u>	<u>5,663,922</u>
Other financing sources (uses):					
Transfers out	<u>(4,548,060)</u>	<u>(5,110,060)</u>	<u>(3,238,867)</u>	<u>1,871,193</u>	<u>(3,522,254)</u>
Total other financing sources (uses)	<u>(4,548,060)</u>	<u>(5,110,060)</u>	<u>(3,238,867)</u>	<u>1,871,193</u>	<u>(3,522,254)</u>
Change in fund balances	1,828,854	1,266,854	2,475,161	1,208,307	2,141,668
Fund balance at beginning of year	<u>30,416,037</u>	<u>30,416,037</u>	<u>30,416,037</u>	<u>-</u>	<u>28,274,369</u>
Fund balance at end of year	<u>\$ 32,244,891</u>	<u>31,682,891</u>	<u>32,891,198</u>	<u>1,208,307</u>	<u>30,416,037</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, 2011

	<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	\$ 8,247,233	9,703,233	9,858,813	155,580	8,673,087
Charges for services	944,605	944,605	860,197	(84,408)	839,973
Investment earnings	184,796	184,796	(11,105)	(195,901)	222,172
Miscellaneous revenues	<u>1,567,330</u>	<u>1,567,330</u>	<u>1,645,295</u>	<u>77,965</u>	<u>1,598,401</u>
Total revenues	<u>10,943,964</u>	<u>12,399,964</u>	<u>12,353,200</u>	<u>(46,764)</u>	<u>11,333,633</u>
Expenditures:					
Current:					
Transportation	<u>9,042,557</u>	<u>9,066,545</u>	<u>8,462,972</u>	<u>603,573</u>	<u>8,394,358</u>
Total expenditures	<u>9,042,557</u>	<u>9,066,545</u>	<u>8,462,972</u>	<u>603,573</u>	<u>8,394,358</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,901,407</u>	<u>3,333,419</u>	<u>3,890,228</u>	<u>556,809</u>	<u>2,939,275</u>
Other financing sources (uses):					
Transfers in	386,579	386,579	386,579	-	393,333
Transfers out	<u>(1,791,298)</u>	<u>(5,590,134)</u>	<u>(2,278,191)</u>	<u>3,311,943</u>	<u>(5,809,765)</u>
Total other financing sources (uses)	<u>(1,404,719)</u>	<u>(5,203,555)</u>	<u>(1,891,612)</u>	<u>3,311,943</u>	<u>(5,416,432)</u>
Change in fund balances	496,688	(1,870,136)	1,998,616	3,868,752	(2,477,157)
Fund balance at beginning of year, as restated	<u>7,545,872</u>	<u>7,545,872</u>	<u>7,545,872</u>	<u>-</u>	<u>10,023,029</u>
Fund balance at end of year	<u>\$ 8,042,560</u>	<u>5,675,736</u>	<u>9,544,488</u>	<u>3,868,752</u>	<u>7,545,872</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, 2011

	<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	9,920	(50,080)	28,412
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>9,920</u>	<u>(50,080)</u>	<u>28,412</u>
Expenditures:					
Current:					
Culture and leisure	129,094	129,094	110,877	18,217	123,128
Total expenditures	<u>129,094</u>	<u>129,094</u>	<u>110,877</u>	<u>18,217</u>	<u>123,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(69,094)</u>	<u>(69,094)</u>	<u>(100,957)</u>	<u>(31,863)</u>	<u>(94,716)</u>
Other financing sources (uses):					
Transfers in	311,125	311,125	311,125	-	-
Total other financing sources (uses)	<u>311,125</u>	<u>311,125</u>	<u>311,125</u>	<u>-</u>	<u>-</u>
Change in fund balances	242,031	242,031	210,168	(31,863)	(94,716)
Fund balance at beginning of year	<u>1,131,943</u>	<u>1,131,943</u>	<u>1,131,943</u>	<u>-</u>	<u>1,226,659</u>
Fund balance at end of year	<u>\$ 1,373,974</u>	<u>1,373,974</u>	<u>1,342,111</u>	<u>(31,863)</u>	<u>1,131,943</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, 2011

	<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	\$ 2,273,223	2,273,223	2,312,627	39,404	2,249,604
Intergovernmental revenues	70,314	70,314	134,794	64,480	77,434
Charges for services	14,040	14,040	11,290	(2,750)	97,129
Investment earnings	-	-	532	532	8,124
Rental income	2,500	2,500	855	(1,645)	6,286
Miscellaneous revenues	110,000	110,000	118,132	8,132	123,411
Total revenues	<u>2,470,077</u>	<u>2,470,077</u>	<u>2,578,230</u>	<u>108,153</u>	<u>2,561,988</u>
Expenditures:					
Current:					
Culture and leisure	<u>11,237,904</u>	<u>11,302,663</u>	<u>11,119,765</u>	<u>182,898</u>	<u>11,586,337</u>
Total expenditures	<u>11,237,904</u>	<u>11,302,663</u>	<u>11,119,765</u>	<u>182,898</u>	<u>11,586,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,767,827)</u>	<u>(8,832,586)</u>	<u>(8,541,535)</u>	<u>291,051</u>	<u>(9,024,349)</u>
Other financing sources (uses):					
Transfers in	9,931,228	9,931,228	9,201,246	(729,982)	9,372,824
Transfers out	<u>(400,954)</u>	<u>(776,954)</u>	<u>-</u>	<u>776,954</u>	<u>(103,884)</u>
Total other financing sources (uses)	<u>9,530,274</u>	<u>9,154,274</u>	<u>9,201,246</u>	<u>46,972</u>	<u>9,268,940</u>
Change in fund balances	762,447	321,688	659,711	338,023	244,591
Fund balance at beginning of year	<u>794,120</u>	<u>794,120</u>	<u>794,120</u>	<u>-</u>	<u>549,529</u>
Fund balance at end of year	<u>\$ 1,556,567</u>	<u>1,115,808</u>	<u>1,453,831</u>	<u>338,023</u>	<u>794,120</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, 2011

	<u>Budget</u>			Variance with	Prior
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget	Year
				Positive (Negative)	Actual
Revenues:					
Taxes	\$ 15,000	15,000	13,459	(1,541)	15,641
Charges for services	644,284	644,284	543,817	(100,467)	455,836
Investment earnings	51,462	51,462	19,536	(31,926)	58,909
Rental income	2,259,734	2,259,734	2,196,245	(63,489)	2,229,684
Miscellaneous revenues	500	500	432	(68)	-
Total revenues	<u>2,970,980</u>	<u>2,970,980</u>	<u>2,773,489</u>	<u>(197,491)</u>	<u>2,760,070</u>
Expenditures:					
Current:					
Transportation	<u>2,488,293</u>	<u>2,538,017</u>	<u>2,363,626</u>	<u>174,391</u>	<u>2,231,410</u>
Total expenditures	<u>2,488,293</u>	<u>2,538,017</u>	<u>2,363,626</u>	<u>174,391</u>	<u>2,231,410</u>
Excess (deficiency) of revenues over (under) expenditures	<u>482,687</u>	<u>432,963</u>	<u>409,863</u>	<u>(23,100)</u>	<u>528,660</u>
Other financing sources (uses):					
Transfers in	149,671	149,671	149,671	-	149,671
Transfers out	<u>(1,220,607)</u>	<u>(1,287,979)</u>	<u>(895,589)</u>	<u>392,390</u>	<u>(788,748)</u>
Total other financing sources (uses)	<u>(1,070,936)</u>	<u>(1,138,308)</u>	<u>(745,918)</u>	<u>392,390</u>	<u>(639,077)</u>
Change in fund balances	(588,249)	(705,345)	(336,055)	369,290	(110,417)
Fund balance at beginning of year	<u>2,462,869</u>	<u>2,462,869</u>	<u>2,462,869</u>	<u>-</u>	<u>2,573,286</u>
Fund balance at end of year	<u>\$ 1,874,620</u>	<u>1,757,524</u>	<u>2,126,814</u>	<u>369,290</u>	<u>2,462,869</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, 2011

	<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	\$ 176,091	176,091	169,793	(6,298)	171,091
Investment earnings	-	-	13	13	-
Total revenues	<u>176,091</u>	<u>176,091</u>	<u>169,806</u>	<u>(6,285)</u>	<u>171,091</u>
Expenditures:					
Current:					
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>176,091</u>	<u>176,091</u>	<u>169,806</u>	<u>(6,285)</u>	<u>171,091</u>
Other financing sources (uses):					
Transfers out	<u>(177,328)</u>	<u>(177,328)</u>	<u>(186,201)</u>	<u>(8,873)</u>	<u>(177,328)</u>
Total other financing sources (uses)	<u>(177,328)</u>	<u>(177,328)</u>	<u>(186,201)</u>	<u>(8,873)</u>	<u>(177,328)</u>
Change in fund balances	(1,237)	(1,237)	(16,395)	(15,158)	(6,237)
Fund balance at beginning of year	<u>30,306</u>	<u>30,306</u>	<u>30,306</u>	<u>-</u>	<u>36,543</u>
Fund balance at end of year	<u>\$ 29,069</u>	<u>29,069</u>	<u>13,911</u>	<u>(15,158)</u>	<u>30,306</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, 2011

	<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	\$ 19,350,321	19,350,321	18,866,743	(483,578)	17,722,479
Investment earnings	-	-	(8,266)	(8,266)	27,593
Rental income	81,600	81,600	75,843	(5,757)	85,184
Miscellaneous revenues	710,493	710,493	1,148,539	438,046	469,934
Total revenues	<u>20,142,414</u>	<u>20,142,414</u>	<u>20,082,859</u>	<u>(59,555)</u>	<u>18,305,190</u>
Expenditures:					
Current:					
Community development	20,739,765	20,739,765	18,631,998	2,107,767	18,448,671
Debt service:					
Principal retirement	380,000	380,000	295,000	85,000	280,000
Interest	60,689	60,689	52,623	8,066	64,093
Total expenditures	<u>21,180,454</u>	<u>21,180,454</u>	<u>18,979,621</u>	<u>2,200,833</u>	<u>18,792,764</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,038,040)</u>	<u>(1,038,040)</u>	<u>1,103,238</u>	<u>2,141,278</u>	<u>(487,574)</u>
Other financing sources (uses):					
Transfers out	<u>(95,363)</u>	<u>(95,363)</u>	<u>(483,496)</u>	<u>(388,133)</u>	<u>(34,820)</u>
Total other financing sources (uses)	<u>(95,363)</u>	<u>(95,363)</u>	<u>(483,496)</u>	<u>(388,133)</u>	<u>(34,820)</u>
Change in fund balances	(1,133,403)	(1,133,403)	619,742	1,753,145	(522,394)
Fund balance at beginning of year	<u>685,375</u>	<u>685,375</u>	<u>685,375</u>	<u>-</u>	<u>1,207,769</u>
Fund balance at end of year	<u>\$ (448,028)</u>	<u>(448,028)</u>	<u>1,305,117</u>	<u>1,753,145</u>	<u>685,375</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, 2011

	<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	\$ -	-	26,422	26,422	51,230
Miscellaneous revenue	-	-	164,704	164,704	57,244
Contributions	-	-	329,317	329,317	20,125
Total revenues	<u>-</u>	<u>-</u>	<u>520,443</u>	<u>520,443</u>	<u>128,599</u>
Expenditures:					
Current:					
Culture and leisure	199,944	199,944	197,984	1,960	155,904
Community development	-	-	8,889	(8,889)	-
Total expenditures	<u>199,944</u>	<u>199,944</u>	<u>206,873</u>	<u>(6,929)</u>	<u>155,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(199,944)</u>	<u>(199,944)</u>	<u>313,570</u>	<u>513,514</u>	<u>(27,305)</u>
Other financing sources (uses):					
Transfers out	-	-	(295,190)	(295,190)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(295,190)</u>	<u>(295,190)</u>	<u>-</u>
Change in fund balances	(199,944)	(199,944)	18,380	218,324	(27,305)
Fund balance at beginning of year	<u>2,175,678</u>	<u>2,175,678</u>	<u>2,175,678</u>	<u>-</u>	<u>2,202,983</u>
Fund balance at end of year	<u>\$ 1,975,734</u>	<u>1,975,734</u>	<u>2,194,058</u>	<u>218,324</u>	<u>2,175,678</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, 2011

	<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	\$ -	-	42,524	42,524	75,649
Investment earnings	140,000	140,000	146,664	6,664	184,564
Rental income	93,207	93,207	93,684	477	92,474
Miscellaneous revenues	465,849	465,849	2,475,041	2,009,192	1,267,177
Total revenues	<u>699,056</u>	<u>699,056</u>	<u>2,757,913</u>	<u>2,058,857</u>	<u>1,619,864</u>
Expenditures:					
Current:					
Community development	<u>11,727,476</u>	<u>11,727,476</u>	<u>2,733,296</u>	<u>8,994,180</u>	<u>3,434,493</u>
Total expenditures	<u>11,727,476</u>	<u>11,727,476</u>	<u>2,733,296</u>	<u>8,994,180</u>	<u>3,434,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,028,420)</u>	<u>(11,028,420)</u>	<u>24,617</u>	<u>11,053,037</u>	<u>(1,814,629)</u>
Other financing sources (uses):					
Transfers in	2,976,972	2,976,972	2,867,198	(109,774)	2,916,119
Transfers out	<u>(1,385,290)</u>	<u>(1,385,290)</u>	<u>(965,725)</u>	<u>419,565</u>	<u>(2,457,502)</u>
Total other financing sources (uses)	<u>1,591,682</u>	<u>1,591,682</u>	<u>1,901,473</u>	<u>309,791</u>	<u>458,617</u>
Change in fund balances	(9,436,738)	(9,436,738)	1,926,090	11,362,828	(1,356,012)
Fund balance at beginning of year	<u>39,331,185</u>	<u>39,331,185</u>	<u>39,331,185</u>	<u>-</u>	<u>40,687,197</u>
Fund balance at end of year	<u>\$ 29,894,447</u>	<u>29,894,447</u>	<u>41,257,275</u>	<u>11,362,828</u>	<u>39,331,185</u>

DEBT SERVICE FUNDS



Pasadena Conference Center

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.

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, 2011

	<u>General Debt Service</u>	<u>1993 Certificates of Participation</u>	<u>2001 Certificates of Participation</u>	<u>2006 Lease Revenue Bond Debt Service</u>
<u>Assets</u>				
Cash and investments	\$ 40,388,665	3,710,108	-	825,604
Accounts receivable	<u>114,244</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>40,502,909</u>	<u>3,710,108</u>	<u>-</u>	<u>825,604</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	<u>40,502,909</u>	<u>3,710,108</u>	<u>-</u>	<u>825,604</u>
Total fund balances	<u>40,502,909</u>	<u>3,710,108</u>	<u>-</u>	<u>825,604</u>
Total liabilities and fund balances	<u>\$ 40,502,909</u>	<u>3,710,108</u>	<u>-</u>	<u>825,604</u>

2008 Series B Refunding COP Debt Service	2008 Series C Refunding COP Debt Service	Totals	
		2011	2010
1,246,729	4,894,690	51,065,796	53,698,513
-	-	114,244	-
<u>1,246,729</u>	<u>4,894,690</u>	<u>51,180,040</u>	<u>53,698,513</u>
-	-	-	150,049
-	-	-	150,049
<u>1,246,729</u>	<u>4,894,690</u>	<u>51,180,040</u>	<u>53,548,464</u>
<u>1,246,729</u>	<u>4,894,690</u>	<u>51,180,040</u>	<u>53,548,464</u>
<u>1,246,729</u>	<u>4,894,690</u>	<u>51,180,040</u>	<u>53,698,513</u>

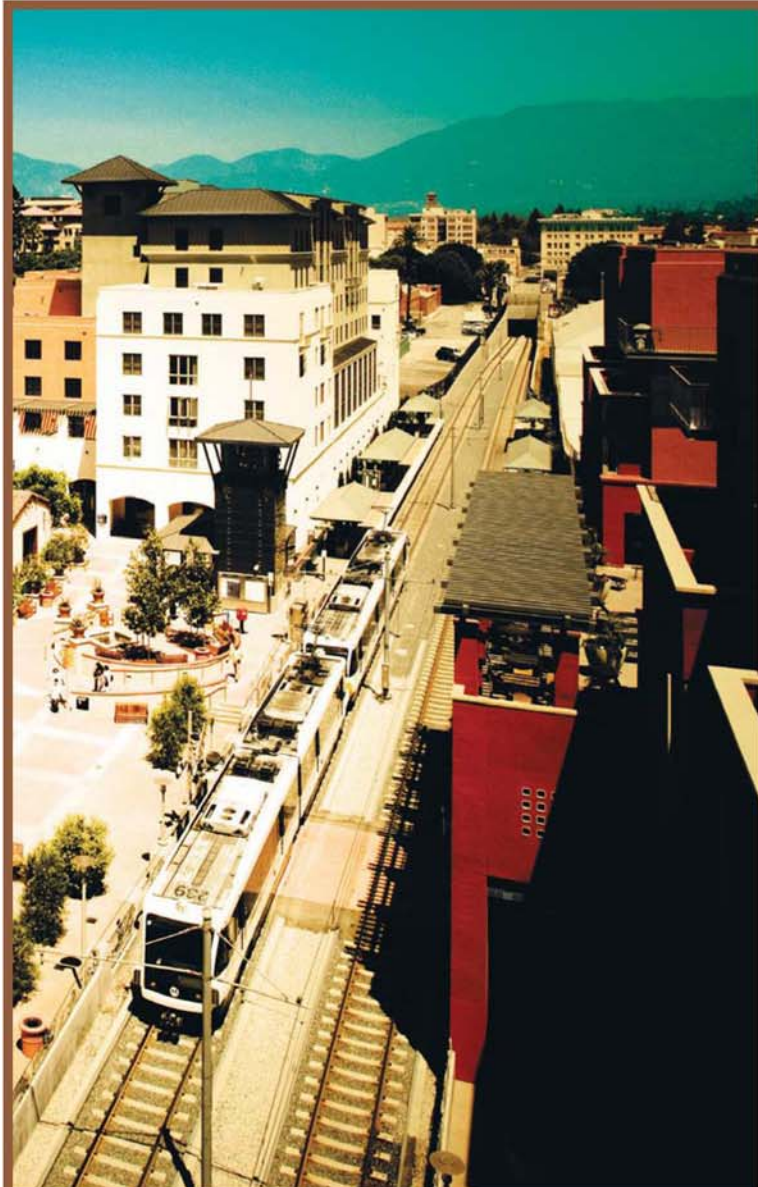
CITY OF PASADENA
Non-Major Governmental Funds
Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	General Debt Service	1993 Certificates of Participation	2001 Certificates of Participation	2006 Lease Revenue Bond Debt Service
Revenues:				
Investment earnings	\$ 1,054,037	95,257	(18,413)	13,247
Total revenues	<u>1,054,037</u>	<u>95,257</u>	<u>(18,413)</u>	<u>13,247</u>
Expenditures:				
Current:				
General government	9,159	1,035	5,550	-
Debt service:				
Principal retirement	8,010,699	4,700,000	2,472,098	505,000
Interest	<u>6,005,870</u>	<u>1,091,400</u>	<u>98,884</u>	<u>295,904</u>
Total expenditures	<u>14,025,728</u>	<u>5,792,435</u>	<u>2,576,532</u>	<u>800,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,971,691)</u>	<u>(5,697,178)</u>	<u>(2,594,945)</u>	<u>(787,657)</u>
Other financing sources (uses):				
Transfers in	21,644,533	5,016,305	395,587	778,511
Transfers out	<u>(8,036,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>13,608,533</u>	<u>5,016,305</u>	<u>395,587</u>	<u>778,511</u>
Change in fund balances	636,842	(680,873)	(2,199,358)	(9,146)
Fund balances at beginning of year	<u>39,866,067</u>	<u>4,390,981</u>	<u>2,199,358</u>	<u>834,750</u>
Fund balances at end of year	<u>\$ 40,502,909</u>	<u>3,710,108</u>	<u>-</u>	<u>825,604</u>

2008 Series B Refunding COP Debt Service	2008 Series C Refunding COP Debt Service	Totals	
		2011	2010
19,927	57,909	1,221,964	1,479,864
19,927	57,909	1,221,964	1,479,864
5,834	4,698	26,276	24,692
2,288,801	1,325,000	19,301,598	18,080,074
1,017,137	3,188,415	11,697,610	12,567,999
3,311,772	4,518,113	31,025,484	30,672,765
(3,291,845)	(4,460,204)	(29,803,520)	(29,192,901)
3,268,260	4,367,900	35,471,096	41,317,855
-	-	(8,036,000)	(17,441,817)
3,268,260	4,367,900	27,435,096	23,876,038
(23,585)	(92,304)	(2,368,424)	(5,316,863)
1,270,314	4,986,994	53,548,464	58,865,327
1,246,729	4,894,690	51,180,040	53,548,464

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CAPITAL PROJECTS FUNDS



CITY OF
PASADENA
CALIFORNIA

Del Mar Station

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 resources identified by the City Council for the acquisition, construction, replacement or repair of municipal improvements where disbursements other than for specific municipal improvement projects can be authorized only by a majority 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.

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.

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

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 industrial, office, retail, and residential development, to insure that transportation improvements 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.

CITY OF PASADENA
Non-Major Governmental Funds

Capital Projects Funds
Combining Balance Sheet

June 30, 2011

	Charter Capital Projects	New Development Impact	Residential Development Impact	1993 Refunding and Capital Project Certificates of Participation	1996 Multi-Purpose Capital Project Certificates of Participation
<u>Assets</u>					
Cash and investments	\$ 3,792,699	946,728	7,903,450	-	-
Accounts receivable	8,145	4,765	26,478	-	-
Notes receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepays and other assets	-	-	-	-	-
Advances to other funds	-	355,490	-	-	7,011,304
Allowance for uncollectible long-term receivables	-	-	-	-	(3,084,005)
Property held for resale	-	-	-	-	-
Total assets	<u>3,800,844</u>	<u>1,306,983</u>	<u>7,929,928</u>	<u>-</u>	<u>3,927,299</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable	-	355,490	-	-	3,927,299
Restricted	3,800,844	-	-	-	-
Committed	-	951,493	7,929,928	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>3,800,844</u>	<u>1,306,983</u>	<u>7,929,928</u>	<u>-</u>	<u>3,927,299</u>
Total liabilities and fund balances	<u>\$ 3,800,844</u>	<u>1,306,983</u>	<u>7,929,928</u>	<u>-</u>	<u>3,927,299</u>

10% Green Fee Capital Projects	Capital Public Art	2006 Lease			Pasadena Community Development Commission	Totals	
		Revenue Bond Capital Project	Traffic Reduction Transportation Improvement			2011	2010
481,330	769,477	-	17,977	2,895,016	16,806,677	22,550,311	
2,092	2,609	-	-	459,181	503,270	471,744	
-	-	-	-	7,331,498	7,331,498	7,331,498	
-	-	-	-	1,697,184	1,697,184	1,350,470	
-	-	-	-	2,768	2,768	-	
-	-	-	-	3,726,294	11,093,088	10,893,116	
-	-	-	-	(8,288,144)	(11,372,149)	(11,073,502)	
-	-	-	-	3,200,000	3,200,000	3,200,000	
<u>483,422</u>	<u>772,086</u>	<u>-</u>	<u>17,977</u>	<u>11,023,797</u>	<u>29,262,336</u>	<u>34,723,637</u>	
-	-	-	93	152,340	152,433	167,927	
-	-	-	-	1,388,078	1,388,078	1,375,686	
-	-	-	-	5,771,322	5,771,322	5,073,708	
-	-	-	93	7,311,740	7,311,833	6,617,321	
-	-	-	-	5,969,648	10,252,437	10,351,112	
-	-	-	-	-	3,800,844	6,182,946	
483,422	772,086	-	17,884	-	10,154,813	11,577,081	
-	-	-	-	(2,257,591)	(2,257,591)	(4,823)	
<u>483,422</u>	<u>772,086</u>	<u>-</u>	<u>17,884</u>	<u>3,712,057</u>	<u>21,950,503</u>	<u>28,106,316</u>	
<u>483,422</u>	<u>772,086</u>	<u>-</u>	<u>17,977</u>	<u>11,023,797</u>	<u>29,262,336</u>	<u>34,723,637</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, 2011

	Charter Capital Projects	New Development Impact	Residential Development Impact	1993 Refunding and Capital Project Certificates of Participation	1996 Multi-Purpose Capital Project Certificates of Participation
Revenues:					
Taxes	\$ -	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	10,489	11,863	169,800	-	55,001
Rental income	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-
Contributions	-	-	402,959	-	-
Total revenues	10,489	11,863	572,759	-	55,001
Expenditures:					
Current:					
General government	-	-	-	4,798	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Interest	-	-	-	-	-
Total expenditures	-	-	-	4,798	-
Excess (deficiency) of revenues over (under) expenditures	10,489	11,863	572,759	(4,798)	55,001
Other financing sources (uses):					
Transfers in	-	-	-	4,798	-
Transfers out	(1,731,545)	(600,089)	(764,918)	-	(333,759)
Total other financing sources (uses)	(1,731,545)	(600,089)	(764,918)	4,798	(333,759)
Change in fund balances	(1,721,056)	(588,226)	(192,159)	-	(278,758)
Fund balances (deficits) at beginning of year	5,521,900	1,895,209	8,122,087	-	4,206,057
Fund balances (deficits) at end of year	\$ 3,800,844	1,306,983	7,929,928	-	3,927,299

10% Green Fee Capital Projects	Capitla Public Art	2006 Lease			Totals	
		Revenue Bond Capital Project	Traffic Reduction Trans Improvement	Pasadena Community Development Commission	2011	2010
-	-	-	-	4,819,870	4,819,870	5,168,014
-	-	-	161,895	-	161,895	67,829
4,025	15,932	-	2,910	50,894	320,914	606,704
161,446	-	-	-	999,778	1,161,224	1,262,804
-	18,156	-	-	145,124	163,280	189,176
-	-	-	-	-	402,959	287,722
<u>165,471</u>	<u>34,088</u>	<u>-</u>	<u>164,805</u>	<u>6,015,666</u>	<u>7,030,142</u>	<u>7,582,249</u>
-	-	109,370	-	-	114,168	87,051
-	-	-	-	5,729,355	5,729,355	8,907,233
-	57,902	-	-	-	57,902	12,045
-	-	-	-	697,614	697,614	3,371,552
<u>-</u>	<u>57,902</u>	<u>109,370</u>	<u>-</u>	<u>6,426,969</u>	<u>6,599,039</u>	<u>12,377,881</u>
<u>165,471</u>	<u>(23,814)</u>	<u>(109,370)</u>	<u>164,805</u>	<u>(411,303)</u>	<u>431,103</u>	<u>(4,795,632)</u>
-	-	110,925	-	1,175,519	1,291,242	3,321,381
(381,954)	-	-	(143,653)	(3,922,240)	(7,878,158)	(10,322,786)
(381,954)	-	110,925	(143,653)	(2,746,721)	(6,586,916)	(7,001,405)
(216,483)	(23,814)	1,555	21,152	(3,158,024)	(6,155,813)	(11,797,037)
<u>699,905</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>483,422</u>	<u>772,086</u>	<u>-</u>	<u>17,884</u>	<u>3,712,057</u>	<u>21,950,503</u>	<u>28,106,316</u>

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PERMANENT FUNDS



CITY OF
PASADENA
CALIFORNIA

"For dreams and visions, I have the soul of a millionaire"

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.

M. A. Berger Trust Fund - for support and maintenance of the Library's business and economic collections.

CITY OF PASADENA
Non-Major Governmental Funds
Permanent Funds
Combining Balance Sheet
June 30, 2011

	Vroman Art Bequest	Singer Trust	Noble Award	Holmes Bequest
<u>Assets</u>				
Cash and investments	\$ 6,131	42,236	5,626	38,421
Accounts receivable	20	136	18	177
Total assets	\$ 6,151	42,372	5,644	38,598
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Nonspendable	5,000	23,426	1,100	38,598
Restricted	1,151	18,946	4,544	-
Committed	-	-	-	-
Total fund balances	6,151	42,372	5,644	38,598
Total liabilities and fund balances	\$ 6,151	42,372	5,644	38,598

<u>Sheldon Memorial</u>	Pasadena Center Capital		<u>Jankos Trust</u>	<u>Hudson Family Trust</u>	<u>M.A. Berger Trust</u>	<u>Totals</u>	
	<u>Improvement Trust</u>	<u>Cox Trust</u>				<u>2011</u>	<u>2010</u>
	294	996,019				4,818	25,355
<u>1</u>	<u>3,209</u>	<u>16</u>	<u>85</u>	<u>348</u>	<u>-</u>	<u>4,010</u>	<u>1,073</u>
<u>295</u>	<u>999,228</u>	<u>4,834</u>	<u>25,440</u>	<u>108,481</u>	<u>885,913</u>	<u>2,116,956</u>	<u>1,233,158</u>
-	-	-	-	-	463	463	550
-	-	-	-	-	463	463	550
295	400,000	4,834	25,000	100,000	875,000	1,473,253	602,746
-	-	-	440	8,481	10,450	44,012	42,697
-	599,228	-	-	-	-	599,228	587,165
<u>295</u>	<u>999,228</u>	<u>4,834</u>	<u>25,440</u>	<u>108,481</u>	<u>885,450</u>	<u>2,116,493</u>	<u>1,232,608</u>
<u>295</u>	<u>999,228</u>	<u>4,834</u>	<u>25,440</u>	<u>108,481</u>	<u>885,913</u>	<u>2,116,956</u>	<u>1,233,158</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, 2011

	<u>Vroman Art Bequest</u>	<u>Singer Trust</u>	<u>Noble Award</u>	<u>Holmes Bequest</u>
Revenues:				
Investment earnings	\$ 50	309	106	164
Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>50</u>	<u>309</u>	<u>106</u>	<u>164</u>
Expenditures:				
Current:				
Culture and leisure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50</u>	<u>309</u>	<u>106</u>	<u>164</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,935)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,935)</u>
Change in fund balances	50	309	106	(15,771)
Fund balances at beginning of year	<u>6,101</u>	<u>42,063</u>	<u>5,538</u>	<u>54,369</u>
Fund balances at end of year	<u>\$ 6,151</u>	<u>42,372</u>	<u>5,644</u>	<u>38,598</u>

<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>M.A. Berger Trust</u>	<u>Totals</u>	
						<u>2011</u>	<u>2010</u>
(12)	12,063	29	172	2,425	10,450	25,756	28,682
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>875,000</u>	<u>875,000</u>	<u>-</u>
<u>(12)</u>	<u>12,063</u>	<u>29</u>	<u>172</u>	<u>2,425</u>	<u>885,450</u>	<u>900,756</u>	<u>28,682</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>936</u>	<u>-</u>	<u>-</u>	<u>936</u>	<u>915</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>936</u>	<u>-</u>	<u>-</u>	<u>936</u>	<u>915</u>
<u>(12)</u>	<u>12,063</u>	<u>29</u>	<u>(764)</u>	<u>2,425</u>	<u>885,450</u>	<u>899,820</u>	<u>27,767</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,935)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,935)</u>	<u>-</u>
(12)	12,063	29	(764)	2,425	885,450	883,885	27,767
<u>307</u>	<u>987,165</u>	<u>4,805</u>	<u>26,204</u>	<u>106,056</u>	<u>-</u>	<u>1,232,608</u>	<u>1,204,841</u>
<u>295</u>	<u>999,228</u>	<u>4,834</u>	<u>25,440</u>	<u>108,481</u>	<u>885,450</u>	<u>2,116,493</u>	<u>1,232,608</u>

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NON-MAJOR ENTERPRISE FUNDS



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, 2011

	Plaza Las Fuentes Parking	Refuse Collection	Tele- communi- cations	Del Mar Goldline Parking Garage	Totals	
					2011	2010
Assets						
Current assets:						
Cash and investments	\$ 2,091,069	3,320,475	927,674	459,922	6,799,140	8,112,132
Accounts receivable, net	282,417	1,796,493	58,295	20,247	2,157,452	2,200,370
Total current assets	<u>2,373,486</u>	<u>5,116,968</u>	<u>985,969</u>	<u>480,169</u>	<u>8,956,592</u>	<u>10,312,502</u>
Noncurrent assets:						
Restricted assets - cash and investments:						
Other restricted cash and investments	2,728,152	51,447	-	-	2,779,599	2,787,754
Advances to other funds	4,704,101	-	-	-	4,704,101	4,523,174
Capital assets	15,852,268	9,242,710	170,436	2,450,000	27,715,414	26,271,795
Less accumulated depreciation	(7,926,134)	(6,024,360)	-	(367,500)	(14,317,994)	(14,071,471)
Net property, plant and equipment	7,926,134	3,218,350	170,436	2,082,500	13,397,420	12,200,324
Total noncurrent assets	<u>15,358,387</u>	<u>3,269,797</u>	<u>170,436</u>	<u>2,082,500</u>	<u>20,881,120</u>	<u>19,511,252</u>
Total assets	<u>17,731,873</u>	<u>8,386,765</u>	<u>1,156,405</u>	<u>2,562,669</u>	<u>29,837,712</u>	<u>29,823,754</u>
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	3,128	545,426	6,792	31,630	586,976	925,504
Deposits	-	2,567,672	-	6,655	2,574,327	2,678,815
Certificates of participation - current	2,100,000	-	-	-	2,100,000	1,900,000
Capitalized lease obligations - current	-	32,924	-	-	32,924	402,586
Total current liabilities	<u>2,103,128</u>	<u>3,146,022</u>	<u>6,792</u>	<u>38,285</u>	<u>5,294,227</u>	<u>5,906,905</u>
Long-term liabilities:						
Advances from other funds	-	-	-	2,959,136	2,959,136	2,959,136
Certificates of participation - long-term	2,300,000	-	-	-	2,300,000	4,400,000
Capitalized lease obligations - long-term	-	78,829	-	-	78,829	111,752
Unamortized premium (discount)	-	-	-	-	-	(38,761)
Total long-term liabilities	<u>2,300,000</u>	<u>78,829</u>	<u>-</u>	<u>2,959,136</u>	<u>5,337,965</u>	<u>7,432,127</u>
Total liabilities	<u>4,403,128</u>	<u>3,224,851</u>	<u>6,792</u>	<u>2,997,421</u>	<u>10,632,192</u>	<u>13,339,032</u>
Net Assets						
Invested in capital assets, net of related debt	6,254,286	3,158,044	170,436	2,082,500	11,665,266	8,212,501
Unrestricted	7,074,459	2,003,870	979,177	(2,517,252)	7,540,254	8,272,221
Total net assets (deficit)	<u>\$ 13,328,745</u>	<u>5,161,914</u>	<u>1,149,613</u>	<u>(434,752)</u>	<u>19,205,520</u>	<u>16,484,722</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, 2011

	Plaza	Refuse	Tele-	Del Mar	Totals		
	Las Fuentes				Collection	communi-	Goldline
	Parking	Collection	cations	Parking	Garage		
Operating revenues:							
Charges for services:							
Plaza Las Fuentes parking	\$ 2,081,499	-	-	-	-	2,081,499	1,999,656
Refuse collection	-	10,918,207	-	-	-	10,918,207	11,050,382
Telecommunication	-	-	681,148	-	-	681,148	628,639
Del Mar Goldline Parking Garage	-	-	-	349,448	-	349,448	253,011
Total operating revenues	<u>2,081,499</u>	<u>10,918,207</u>	<u>681,148</u>	<u>349,448</u>	<u>-</u>	<u>14,030,302</u>	<u>13,931,688</u>
Operating expenses:							
Plaza Las Fuentes parking	1,929,360	-	-	-	-	1,929,360	1,725,766
Refuse collection	-	12,759,635	-	-	-	12,759,635	12,524,324
Telecommunications	-	-	379,751	-	-	379,751	452,297
Del Mar Goldline Parking Garage	-	-	-	293,671	-	293,671	258,954
Depreciation	324,373	384,939	-	122,500	-	831,812	1,024,331
Total operating expenses	<u>2,253,733</u>	<u>13,144,574</u>	<u>379,751</u>	<u>416,171</u>	<u>-</u>	<u>16,194,229</u>	<u>15,985,672</u>
Operating income (loss)	<u>(172,234)</u>	<u>(2,226,367)</u>	<u>301,397</u>	<u>(66,723)</u>	<u>-</u>	<u>(2,163,927)</u>	<u>(2,053,984)</u>
Nonoperating revenues (expenses):							
Taxes	1,420,729	2,900,834	-	-	-	4,321,563	4,562,527
Intergovernmental revenues	-	151,036	-	-	-	151,036	60,719
Investment earnings	244,558	110,485	11,912	9,407	-	376,362	428,295
Interest expense	(16,678)	(13,484)	-	-	-	(30,162)	(104,615)
Gain (loss) on disposal of assets	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-	29,330
Other nonoperating revenues (expenses)	-	179,166	-	-	-	179,166	(92,159)
Total nonoperating revenues (expenses)	<u>1,648,609</u>	<u>3,328,037</u>	<u>11,912</u>	<u>9,407</u>	<u>-</u>	<u>4,997,965</u>	<u>4,884,097</u>
Income (loss) before transfers and contributions	1,476,375	1,101,670	313,309	(57,316)	-	2,834,038	2,830,113
Transfers:							
Transfers in	-	85,000	-	-	-	85,000	85,000
Transfers out	-	(198,240)	-	-	-	(198,240)	(198,240)
Net income (loss)	1,476,375	988,430	313,309	(57,316)	-	2,720,798	2,716,873
Net assets at beginning of year, as restated	<u>11,852,370</u>	<u>4,173,484</u>	<u>836,304</u>	<u>(377,436)</u>	<u>-</u>	<u>16,484,722</u>	<u>13,767,849</u>
Net assets (deficit) at end of year	<u>\$ 13,328,745</u>	<u>5,161,914</u>	<u>1,149,613</u>	<u>(434,752)</u>	<u>-</u>	<u>19,205,520</u>	<u>16,484,722</u>

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2011

	Plaza	Refuse	Tele-	Del Mar	Totals	
	Las Fuentes Parking		Collection	communi- cations	Goldline Parking	2011
Cash flows from operating activities:						
Cash received from customers	\$ 2,083,710	11,055,976	673,706	344,229	14,157,621	13,722,963
Cash payments to suppliers for goods and services	(1,791,005)	(5,370,206)	(91,182)	(279,423)	(7,531,816)	(7,048,646)
Cash payments to employees for services	(97,930)	(5,275,271)	(285,996)	-	(5,659,197)	(5,443,144)
Cash payments to other funds for services	(1,973)	(2,561,355)	(6,438)	(5,893)	(2,575,659)	(2,649,766)
Other nonoperating revenues (expenses)	-	179,166	-	-	179,166	(53,274)
Net cash provided by (used for) operating activities	<u>192,802</u>	<u>(1,971,690)</u>	<u>290,090</u>	<u>58,913</u>	<u>(1,429,885)</u>	<u>(1,471,867)</u>
Cash flows from noncapital financing activities:						
Transfers to other funds	-	(198,240)	-	-	(198,240)	(198,240)
Transfers from other funds	-	85,000	-	-	85,000	85,000
Cash received (paid) on loans to other funds	(180,927)	-	-	-	(180,927)	(1,394,840)
Cash received (paid) on loans from other funds	-	-	-	-	-	-
Taxes received	1,420,729	2,900,834	-	-	4,321,563	4,562,527
Intergovernmental revenues	-	151,036	-	-	151,036	60,719
Net cash provided by (used for) noncapital financing activities	<u>1,239,802</u>	<u>2,938,630</u>	<u>-</u>	<u>-</u>	<u>4,178,432</u>	<u>3,115,166</u>
Cash flows from capital and related financing activities:						
Proceeds from long-term debt	-	-	-	-	-	732,826
Acquisition and construction of capital assets	-	(1,858,472)	(170,436)	-	(2,028,908)	(331,233)
Principal paid on debt	(1,900,000)	(402,585)	-	-	(2,302,585)	(2,092,391)
Interest paid on debt	(16,678)	(13,484)	-	-	(30,162)	(104,615)
Net cash used for capital and related financing activities	<u>(1,916,678)</u>	<u>(2,274,541)</u>	<u>(170,436)</u>	<u>-</u>	<u>(4,361,655)</u>	<u>(1,795,413)</u>
Cash flows from investing activities:						
Investment earnings (expenses)	224,092	51,936	10,540	5,393	291,961	467,534
Net cash provided by investing activities	<u>224,092</u>	<u>51,936</u>	<u>10,540</u>	<u>5,393</u>	<u>291,961</u>	<u>467,534</u>
Net increase (decrease) in cash and cash equivalents	(259,982)	(1,255,665)	130,194	64,306	(1,321,147)	315,420
Cash and cash equivalents at beginning 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>
Cash and cash equivalents at end of year	<u>\$ 4,819,221</u>	<u>3,371,922</u>	<u>927,674</u>	<u>459,922</u>	<u>9,578,739</u>	<u>10,899,886</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Assets:						
Cash and investments	\$ 2,091,069	3,320,475	927,674	459,922	6,799,140	8,112,132
Other restricted cash and investments	2,728,152	51,447	-	-	2,779,599	2,787,754
Cash and cash equivalents at end of year	<u>\$ 4,819,221</u>	<u>3,371,922</u>	<u>927,674</u>	<u>459,922</u>	<u>9,578,739</u>	<u>10,899,886</u>

(continued)

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Cash Flows, (Continued)
Year Ended June 30, 2011

	Plaza Las Fuentes Parking	Refuse Collection	Tele- communi- cations	Del Mar Goldline Parking	Totals	
					2011	2010
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (172,234)	(2,226,367)	301,397	(66,723)	(2,163,927)	(2,053,984)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	324,373	384,939	-	122,500	831,812	1,024,331
Amortization of bond premiums and discounts	38,761	-	-	-	38,761	38,763
Other non-operating revenues (expenses)	-	179,166	-	-	179,166	(53,274)
(Increase) decrease in accounts receivable	2,211	134,955	(7,442)	(5,219)	124,505	(208,272)
Increase (decrease) in allowance for uncollectible accounts	-	2,814	-	-	2,814	(453)
Increase (decrease) in accounts payable and accrued liabilities	(309)	(336,054)	(3,865)	8,355	(331,873)	246,738
Increase (decrease) in deposits payable	-	(111,143)	-	-	(111,143)	(465,716)
	<u>365,036</u>	<u>254,677</u>	<u>(11,307)</u>	<u>125,636</u>	<u>734,042</u>	<u>582,117</u>
Net cash provided by (used for) operating activities	<u>\$ 192,802</u>	<u>(1,971,690)</u>	<u>290,090</u>	<u>58,913</u>	<u>(1,429,885)</u>	<u>(1,471,867)</u>
Non-cash investing, capital and financing related activity						
Non-cash changes in fair value of investments	<u>\$ 5,307</u>	<u>1,796</u>	<u>214</u>	<u>327</u>	<u>7,644</u>	<u>39,947</u>

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INTERNAL SERVICE FUNDS



Lake Avenue Station

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.

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, 2011

Assets	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits
Current assets:				
Cash and investments	\$ 302,981	-	2,017,830	84,739
Accounts receivable	5,833	29,658	14,160	16,066
Due from other funds	-	-	878,573	-
Inventories	-	-	215,946	-
Prepays and other assets	-	-	-	147,271
Total current assets	<u>308,814</u>	<u>29,658</u>	<u>3,126,509</u>	<u>248,076</u>
Noncurrent assets:				
Restricted assets - cash and investments	811,371	-	-	-
Advances to other funds	-	-	-	-
Less allowance for long-term receivable	-	-	-	-
Property held for resale	-	-	-	-
Capital assets	9,607,314	183,055	23,972,920	2,111
Less accumulated depreciation	<u>(3,383,659)</u>	<u>(135,308)</u>	<u>(15,793,295)</u>	<u>(950)</u>
Net property, plant and equipment	<u>6,223,655</u>	<u>47,747</u>	<u>8,179,625</u>	<u>1,161</u>
Total noncurrent assets	<u>7,035,026</u>	<u>47,747</u>	<u>8,179,625</u>	<u>1,161</u>
Total assets	<u>7,343,840</u>	<u>77,405</u>	<u>11,306,134</u>	<u>249,237</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	321,478	534,905	443,599	1,715,582
Insurance claims payable - current	-	-	-	-
Due to other funds	-	878,573	-	-
Compensated absences	-	-	-	9,991,594
Capitalized lease obligations - current	<u>504,947</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>826,425</u>	<u>1,413,478</u>	<u>443,599</u>	<u>11,707,176</u>
Long-term liabilities:				
Insurance claims payable - long-term	-	-	-	-
OPEB liability	-	-	-	9,607,745
Capitalized lease obligations - long-term	<u>3,832,531</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>3,832,531</u>	<u>-</u>	<u>-</u>	<u>9,607,745</u>
Total liabilities	<u>4,658,956</u>	<u>1,413,478</u>	<u>443,599</u>	<u>21,314,921</u>
Net Assets				
Invested in capital assets, net of related debt	2,697,548	47,747	8,179,625	1,161
Unrestricted	<u>(12,664)</u>	<u>(1,383,820)</u>	<u>2,682,910</u>	<u>(21,066,845)</u>
Total net assets (deficit)	<u>\$ 2,684,884</u>	<u>(1,336,073)</u>	<u>10,862,535</u>	<u>(21,065,684)</u>

<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Printing Services</u>	<u>Mail Services</u>	<u>Totals</u>	
				<u>2011</u>	<u>2010</u>
10,763,709	385,359	-	37,463	13,592,081	20,869,880
33,047	131,090	27,345	324	257,523	88,254
-	-	-	-	878,573	1,153,607
-	-	-	-	215,946	204,279
-	-	-	87,190	234,461	353,437
<u>10,796,756</u>	<u>516,449</u>	<u>27,345</u>	<u>124,977</u>	<u>15,178,584</u>	<u>22,669,457</u>
-	-	-	-	811,371	1,702,308
-	3,472,080	-	-	3,472,080	2,996,025
-	(1,289,064)	-	-	(1,289,064)	(813,009)
-	3,714,391	-	-	3,714,391	3,714,391
-	25,171	752,439	64,692	34,607,702	34,349,442
-	(25,171)	(320,600)	(44,853)	(19,703,836)	(19,986,582)
-	-	431,839	19,839	14,903,866	14,362,860
-	5,897,407	431,839	19,839	21,612,644	21,962,575
<u>10,796,756</u>	<u>6,413,856</u>	<u>459,184</u>	<u>144,816</u>	<u>36,791,228</u>	<u>44,632,032</u>
115,023	12,259	45,635	8,279	3,196,760	6,089,501
9,308,090	3,112,670	-	-	12,420,760	11,648,472
-	-	794,854	-	1,673,427	1,587,532
-	-	-	-	9,991,594	10,042,824
-	-	-	-	504,947	734,890
<u>9,423,113</u>	<u>3,124,929</u>	<u>840,489</u>	<u>8,279</u>	<u>27,787,488</u>	<u>30,103,219</u>
8,943,067	6,319,664	-	-	15,262,731	13,017,804
-	-	-	-	9,607,745	6,970,436
-	-	-	-	3,832,531	4,337,527
<u>8,943,067</u>	<u>6,319,664</u>	<u>-</u>	<u>-</u>	<u>28,703,007</u>	<u>24,325,767</u>
<u>18,366,180</u>	<u>9,444,593</u>	<u>840,489</u>	<u>8,279</u>	<u>56,490,495</u>	<u>54,428,986</u>
-	-	431,839	19,839	11,377,759	10,992,751
<u>(7,569,424)</u>	<u>(3,030,737)</u>	<u>(813,144)</u>	<u>116,698</u>	<u>(31,077,026)</u>	<u>(20,789,705)</u>
<u>(7,569,424)</u>	<u>(3,030,737)</u>	<u>(381,305)</u>	<u>136,537</u>	<u>(19,699,267)</u>	<u>(9,796,954)</u>

CITY OF PASADENA

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Assets

For the Fiscal Year Ended June 30, 2011

	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits
Operating revenues:				
Charges for services:				
Computing and communication services	\$ 9,778,565	-	-	-
Building maintenance	-	10,273,226	-	-
Fleet maintenance	-	-	9,020,837	-
Employee benefits	-	-	-	31,319,435
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
Total operating revenues	<u>9,778,565</u>	<u>10,273,226</u>	<u>9,020,837</u>	<u>31,319,435</u>
Operating expenses:				
Computing and communication services	10,138,357	-	-	-
Building maintenance	-	9,626,226	-	-
Fleet maintenance	-	-	7,532,003	-
Depreciation	772,014	6,810	1,221,962	106
Benefits	-	-	-	36,193,980
Insurance	-	-	-	-
Printing	-	-	-	-
Mail	-	-	-	-
Total operating expenses	<u>10,910,371</u>	<u>9,633,036</u>	<u>8,753,965</u>	<u>36,194,086</u>
Operating income (loss)	<u>(1,131,806)</u>	<u>640,190</u>	<u>266,872</u>	<u>(4,874,651)</u>
Nonoperating revenues (expenses):				
Investment earnings	14,044	(17,702)	(2,234)	64,935
Interest expense	(192,910)	-	-	-
Gain (loss) on disposal of assets	(5,458)	-	53,022	-
Other nonoperating revenues (expenses)	399	227,283	-	-
Total nonoperating revenues (expenses)	<u>(183,925)</u>	<u>209,581</u>	<u>50,788</u>	<u>64,935</u>
Income (loss) before operating transfers	<u>(1,315,731)</u>	<u>849,771</u>	<u>317,660</u>	<u>(4,809,716)</u>
Transfers from (to) other funds:				
Transfers in	488,631	179,201	-	-
Transfers out	-	(901,892)	(220,760)	-
Net income (loss)	<u>(827,100)</u>	<u>127,080</u>	<u>96,900</u>	<u>(4,809,716)</u>
Net assets at beginning of year, as restated	<u>3,511,984</u>	<u>(1,463,153)</u>	<u>10,765,635</u>	<u>(16,255,968)</u>
Net assets (deficit) at end of year	<u>\$ 2,684,884</u>	<u>(1,336,073)</u>	<u>10,862,535</u>	<u>(21,065,684)</u>

<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Printing</u> <u>Services</u>	<u>Mail</u> <u>Services</u>	<u>Totals</u>	
				<u>2011</u>	<u>2010</u>
-	-	-	-	9,778,565	8,179,505
-	-	-	-	10,273,226	8,693,507
-	-	-	-	9,020,837	9,185,994
-	-	-	-	31,319,435	27,406,806
10,157,839	2,902,223	-	-	13,060,062	10,975,639
-	-	1,113,812	-	1,113,812	1,004,331
-	-	-	424,676	424,676	430,665
<u>10,157,839</u>	<u>2,902,223</u>	<u>1,113,812</u>	<u>424,676</u>	<u>74,990,613</u>	<u>65,876,447</u>
-	-	-	-	10,138,357	8,329,692
-	-	-	-	9,626,226	8,352,527
-	-	-	-	7,532,003	7,465,888
-	-	72,929	5,672	2,079,493	1,989,011
-	-	-	-	36,193,980	34,567,851
9,246,955	6,256,779	-	-	15,503,734	11,206,646
-	-	1,300,724	-	1,300,724	1,088,380
-	-	-	409,369	409,369	428,995
<u>9,246,955</u>	<u>6,256,779</u>	<u>1,373,653</u>	<u>415,041</u>	<u>82,783,886</u>	<u>73,428,990</u>
<u>910,884</u>	<u>(3,354,556)</u>	<u>(259,841)</u>	<u>9,635</u>	<u>(7,793,273)</u>	<u>(7,552,543)</u>
225,633	39,225	(13,995)	467	310,373	639,210
-	-	(4,721)	-	(197,631)	(230,655)
-	-	-	-	47,564	16,868
-	-	-	-	227,682	270,030
<u>225,633</u>	<u>39,225</u>	<u>(18,716)</u>	<u>467</u>	<u>387,988</u>	<u>695,453</u>
1,136,517	(3,315,331)	(278,557)	10,102	(7,405,285)	(6,857,090)
-	-	77,084	-	744,916	622,355
<u>(1,389,937)</u>	<u>(685,355)</u>	<u>-</u>	<u>(44,000)</u>	<u>(3,241,944)</u>	<u>(4,410,759)</u>
(253,420)	(4,000,686)	(201,473)	(33,898)	(9,902,313)	(10,645,494)
<u>(7,316,004)</u>	<u>969,949</u>	<u>(179,832)</u>	<u>170,435</u>	<u>(9,796,954)</u>	<u>848,540</u>
<u>(7,569,424)</u>	<u>(3,030,737)</u>	<u>(381,305)</u>	<u>136,537</u>	<u>(19,699,267)</u>	<u>(9,796,954)</u>

CITY OF PASADENA
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2011

	<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	(3,306,316)	(4,490,172)	(6,083,275)	(3,816,250)
Cash payments to employees for services	(6,582,724)	(4,417,584)	(2,121,542)	(31,109,131)
Cash payments to other funds for services	(387,996)	(558,374)	(364,820)	(29,924)
Cash payments from other funds for services	9,787,092	10,266,908	9,293,936	31,394,317
Other nonoperating revenues (expenses)	399	227,283	-	-
Net cash provided by (used for) operating activities	<u>(489,545)</u>	<u>1,028,061</u>	<u>724,299</u>	<u>(3,560,988)</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	488,631	179,201	-	-
Transfers to other funds	-	(901,892)	(220,760)	-
Cash received (paid) on loans to other funds	-	(275,034)	-	-
Net cash provided by (used for) noncapital financing activities	<u>488,631</u>	<u>(997,725)</u>	<u>(220,760)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Proceeds from long-term debt	-	-	-	-
Acquisition and construction of capital assets	(1,579,741)	-	(1,064,945)	-
Proceeds from sale of capital assets	-	-	71,752	-
Principal paid on debt	(520,280)	-	-	-
Interest paid on debt	(192,910)	-	-	-
Net cash used for capital and related financing activities	<u>(2,292,931)</u>	<u>-</u>	<u>(993,193)</u>	<u>-</u>
Cash flows from investing activities:				
Investment earnings (expenses)	(317)	(30,336)	15,172	(26,013)
Net cash provided by investing activities	<u>(317)</u>	<u>(30,336)</u>	<u>15,172</u>	<u>(26,013)</u>
Net increase (decrease) in cash and cash equivalents	(2,294,162)	-	(474,482)	(3,587,001)
Cash and cash equivalents at beginning of year	3,408,514	-	2,492,312	3,671,740
Cash and cash equivalents at end of year	<u>1,114,352</u>	<u>-</u>	<u>2,017,830</u>	<u>84,739</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Assets:				
Cash and investments	302,981	-	2,017,830	84,739
Other restricted cash and investments	811,371	-	-	-
Cash and cash equivalents at end of year	<u>1,114,352</u>	<u>-</u>	<u>2,017,830</u>	<u>84,739</u>

<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Printing Services</u>	<u>Mail Services</u>	<u>Totals</u>	
				<u>2011</u>	<u>2010</u>
(2,905,784)	(4,016,285)	(467,386)	(74,926)	(25,160,394)	(20,828,062)
(5,562,169)	(231,433)	(693,314)	(254,003)	(50,971,900)	(47,544,607)
(45,225)	(138,232)	222,926	(91,663)	(1,393,308)	(1,452,531)
10,226,161	2,849,057	1,090,381	425,675	75,333,527	70,981,224
-	-	-	-	227,682	222,396
<u>1,712,983</u>	<u>(1,536,893)</u>	<u>152,607</u>	<u>5,083</u>	<u>(1,964,393)</u>	<u>1,378,420</u>
-	-	77,084	-	744,916	622,355
(1,389,937)	(685,355)	-	(44,000)	(3,241,944)	(4,410,759)
-	-	-	-	(275,034)	2,047,422
<u>(1,389,937)</u>	<u>(685,355)</u>	<u>77,084</u>	<u>(44,000)</u>	<u>(2,772,062)</u>	<u>(1,740,982)</u>
-	-	-	-	-	32,203
-	-	-	-	(2,644,686)	(5,603,319)
-	-	-	-	71,752	16,868
-	-	(214,659)	-	(734,939)	3,813,318
-	-	(4,721)	-	(197,631)	(230,655)
-	-	(219,380)	-	(3,505,504)	(1,971,585)
<u>124,264</u>	<u>1,620</u>	<u>(10,311)</u>	<u>(856)</u>	<u>73,223</u>	<u>537,615</u>
<u>124,264</u>	<u>1,620</u>	<u>(10,311)</u>	<u>(856)</u>	<u>73,223</u>	<u>537,615</u>
447,310	(2,220,628)	-	(39,773)	(8,168,736)	(1,796,532)
10,316,399	2,605,987	-	77,236	22,572,188	24,368,720
<u>10,763,709</u>	<u>385,359</u>	<u>-</u>	<u>37,463</u>	<u>14,403,452</u>	<u>22,572,188</u>
10,763,709	385,359	-	37,463	13,592,081	20,869,880
-	-	-	-	811,371	1,702,308
<u>10,763,709</u>	<u>385,359</u>	<u>-</u>	<u>37,463</u>	<u>14,403,452</u>	<u>22,572,188</u>

CITY OF PASADENA
Internal Service Funds
Combining Statement of Cash Flows, (Continued)
Year Ended June 30, 2011

	<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)	\$(1,131,806)	640,190	266,872	(4,874,651)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	772,014	6,810	1,221,962	106
Other nonoperating revenues (expenses)	399	227,283	-	-
(Increase) decrease in accounts receivable	8,527	(6,318)	(1,935)	74,882
(Increase) decrease in due from other funds	-	-	275,034	-
(Increase) decrease in inventories	-	-	(11,667)	-
(Increase) decrease in prepaids and other assets	-	-	-	130,278
Increase (decrease) in accounts payable and accrued liabilities	(138,679)	160,096	(1,025,967)	(1,477,682)
Increase (decrease) in insurance claims payable	-	-	-	-
Increase (decrease) in OPEB liability	-	-	-	2,637,309
Increase (decrease) in compensated absences	-	-	-	(51,230)
	<u>642,261</u>	<u>387,871</u>	<u>457,427</u>	<u>1,313,663</u>
Net cash provided by (used for) operating activities	<u>\$ (489,545)</u>	<u>1,028,061</u>	<u>724,299</u>	<u>(3,560,988)</u>
<u>Non-cash investing, capital and financing related activity:</u>				
Non-cash changes in fair value of investments	<u>\$ 44,382</u>	<u>(28,525)</u>	<u>158,990</u>	<u>404,209</u>

<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Printing</u> <u>Services</u>	<u>Mail</u> <u>Services</u>	<u>Totals</u>	
				<u>2011</u>	<u>2010</u>
<u>910,884</u>	<u>(3,354,556)</u>	<u>(259,841)</u>	<u>9,635</u>	<u>(7,793,273)</u>	<u>(7,552,543)</u>
-	-	72,929	5,672	2,079,493	1,989,011
-	-	-	-	227,682	222,396
68,322	(53,166)	(23,431)	999	67,880	6,258,384
-	-	360,929	-	635,963	(812,653)
-	-	-	-	(11,667)	9,704
-	-	-	(11,302)	118,976	(129,976)
(400,736)	(11,873)	2,021	79	(2,892,741)	(2,309,257)
1,134,513	1,882,702	-	-	3,017,215	678,540
-	-	-	-	2,637,309	2,665,524
-	-	-	-	(51,230)	359,290
<u>802,099</u>	<u>1,817,663</u>	<u>412,448</u>	<u>(4,552)</u>	<u>5,828,880</u>	<u>8,930,963</u>
<u>1,712,983</u>	<u>(1,536,893)</u>	<u>152,607</u>	<u>5,083</u>	<u>(1,964,393)</u>	<u>1,378,420</u>
<u>331,730</u>	<u>176,006</u>	<u>(3,913)</u>	<u>40</u>	<u>1,082,919</u>	<u>1,084,906</u>

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FIDUCIARY FUNDS



CITY OF
PASADENA
CALIFORNIA

Pasadena Fire Department

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, 2011

	<u>Deferred</u>	<u>Fire and</u>	<u>Totals</u>	
	<u>Compensation</u>	<u>Police</u>	<u>2011</u>	<u>2010</u>
Assets		<u>Retirement</u>		
		<u>System</u>		
Cash and cash equivalents	\$ 188,463,209	2,721,065	191,184,274	169,812,274
Receivables:				
Interest	-	200,421	200,421	183,072
Total receivables	-	200,421	200,421	183,072
Investments, at fair value:				
Government and agencies	-	22,206,282	22,206,282	14,252,981
Domestic corporate obligations		15,235,215	15,235,215	17,028,652
International corporate obligations	-	1,283,168	1,283,168	1,173,230
Real estate investment trust (REIT)	-	9,660,250	9,660,250	6,134,669
Domestic corporate stocks		33,204,990	33,204,990	36,608,441
International corporate stocks	-	20,488,520	20,488,520	9,914,568
Total investments	-	102,078,425	102,078,425	85,112,541
Total assets	188,463,209	104,999,911	293,463,120	255,107,887
Liabilities				
Accounts payable and accrued liabilities	-	65,514	65,514	66,975
Total liabilities	-	65,514	65,514	66,975
Net assets reserved in trust for employees' pension benefits	<u>\$ 188,463,209</u>	<u>104,934,397</u>	<u>293,397,606</u>	<u>255,040,912</u>

CITY OF PASADENA
Pension Trust Funds
Combining Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2011

	<u>Deferred Compensation</u>	<u>Fire and Police Retirement System</u>	<u>Totals</u>	
			<u>2011</u>	<u>2010</u>
Additions:				
Contributions:				
Employer	\$ -	8,036,000	8,036,000	4,981,704
Plan members	<u>14,016,063</u>	<u>-</u>	<u>14,016,063</u>	<u>14,313,653</u>
Total contributions	<u>14,016,063</u>	<u>8,036,000</u>	<u>22,052,063</u>	<u>19,295,357</u>
Net investment income:				
Investment earnings	23,616,921	19,071,916	42,688,837	26,292,623
Dividends	<u>-</u>	<u>898,571</u>	<u>898,571</u>	<u>774,255</u>
Gross investment income (loss)	23,616,921	19,970,487	43,587,408	27,066,878
Less investment expenses	<u>-</u>	<u>(365,264)</u>	<u>(365,264)</u>	<u>(331,763)</u>
Net investment income (loss)	<u>23,616,921</u>	<u>19,605,223</u>	<u>43,222,144</u>	<u>26,735,115</u>
Total additions	<u>37,632,984</u>	<u>27,641,223</u>	<u>65,274,207</u>	<u>46,030,472</u>
Deductions:				
Benefits paid to participants	12,294,353	14,381,525	26,675,878	22,641,884
Administrative expenses	<u>-</u>	<u>241,635</u>	<u>241,635</u>	<u>246,316</u>
Total deductions	<u>12,294,353</u>	<u>14,623,160</u>	<u>26,917,513</u>	<u>22,888,200</u>
Net increase (decreases)	25,338,631	13,018,063	38,356,694	23,142,272
Net assets reserved in trust for employees' pension benefits:				
Beginning of year	<u>163,124,578</u>	<u>91,916,334</u>	<u>255,040,912</u>	<u>231,898,640</u>
End of year	<u>\$ 188,463,209</u>	<u>104,934,397</u>	<u>293,397,606</u>	<u>255,040,912</u>

CITY OF PASADENA

Agency Funds

Combining Balance Sheet

June 30, 2011

	<u>South Lake Business Improvement District</u>	<u>Lake/ Washington Special Assessment District</u>	<u>Library Equipment Replacement</u>	<u>Workforce Investment Act</u>	<u>Community Facilities District No. 1</u>
<u>Assets</u>					
Cash and investments	\$ 104,766	1,894	1,427,046	162,085	1,429,325
Accounts receivable	-	6	5,043	431,330	-
Other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 104,766</u>	<u>1,900</u>	<u>1,432,089</u>	<u>593,415</u>	<u>1,429,325</u>
<u>Liabilities</u>					
Accounts payable and accrued liabilities	\$ 104,766	-	-	593,415	-
Due to other governments	-	1,900	1,432,089	-	1,429,325
Due to bondholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 104,766</u>	<u>1,900</u>	<u>1,432,089</u>	<u>593,415</u>	<u>1,429,325</u>

Open Space Assessment District	Totals	
	2011	2010
152,961	3,278,077	3,063,551
1,986	438,365	820,307
<u>1,022,556</u>	<u>1,022,556</u>	<u>1,042,862</u>
<u>1,177,503</u>	<u>4,738,998</u>	<u>4,926,720</u>
768	698,949	973,699
-	2,863,314	2,776,286
<u>1,176,735</u>	<u>1,176,735</u>	<u>1,176,735</u>
<u>1,177,503</u>	<u>4,738,998</u>	<u>4,926,720</u>

CITY OF PASADENA
Agency Funds
Combining Statements of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2011

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
<u>SOUTH LAKE BUSINESS IMPROVEMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ 103,175	1,591	-	104,766
Total assets	\$ 103,175	1,591	-	104,766
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 103,175	1,591	-	104,766
Total liabilities	\$ 103,175	1,591	-	104,766
<u>LAKE/WASHINGTON SPECIAL ASSESSEMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ 1,917	27,638	27,661	1,894
Accounts receivable	-	119	113	6
Total assets	\$ 1,917	27,757	27,774	1,900
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 56	-	56	-
Due to other governments	1,861	27,659	27,620	1,900
Total liabilities	\$ 1,917	27,659	27,676	1,900

(Continued)

CITY OF PASADENA

Agency Funds

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

For the Fiscal Year Ended June 30, 2011

	<u>Balance at</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2011</u>
 <u>LIBRARY EQUIPMENT REPLACEMENT</u>				
<u>Assets</u>				
Cash and investments	\$ 1,396,058	134,065	103,077	1,427,046
Accounts receivable	-	30,773	25,730	5,043
Total assets	<u>\$ 1,396,058</u>	<u>164,838</u>	<u>128,807</u>	<u>1,432,089</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 51,809	34,705	86,514	-
Due to other governments	1,344,249	135,635	47,795	1,432,089
Total liabilities	<u>\$ 1,396,058</u>	<u>170,340</u>	<u>134,309</u>	<u>1,432,089</u>
 <u>WORKFORCE INVESTMENT ACT</u>				
<u>Assets</u>				
Cash and investments	\$ -	7,429,857	7,267,772	162,085
Accounts receivable	817,932	5,385,271	5,771,873	431,330
Other assets	-	-	-	-
Total assets	<u>\$ 817,932</u>	<u>12,815,128</u>	<u>13,039,645</u>	<u>593,415</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 817,932	9,556,799	9,781,316	593,415
Total liabilities	<u>\$ 817,932</u>	<u>9,556,799</u>	<u>9,781,316</u>	<u>593,415</u>

(Continued)

CITY OF PASADENA

Agency Funds

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

For the Fiscal Year Ended June 30, 2011

	<u>Balance at</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2011</u>
 <u>COMMUNITY FACILITIES DISTRICT NO. 1</u>				
<u>Assets</u>				
Cash and investments	\$ 1,430,176	1,401,225	1,402,076	1,429,325
Total assets	<u>\$ 1,430,176</u>	<u>1,401,225</u>	<u>1,402,076</u>	<u>1,429,325</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ -	3,411	3,411	-
Due to other governments	1,430,176	466,983	467,834	1,429,325
Total liabilities	<u>\$ 1,430,176</u>	<u>470,394</u>	<u>471,245</u>	<u>1,429,325</u>
 <u>OPEN SPACE ASSESSMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ 132,225	94,360	73,624	152,961
Accounts receivable	2,375	4,302	4,691	1,986
Other assets	1,042,862	72,408	92,714	1,022,556
Total assets	<u>\$ 1,177,462</u>	<u>171,070</u>	<u>171,029</u>	<u>1,177,503</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 727	1,501	1,460	768
Due to bondholders	1,176,735	-	-	1,176,735
Total liabilities	<u>\$ 1,177,462</u>	<u>1,501</u>	<u>1,460</u>	<u>1,177,503</u>

CITY OF PASADENA

Agency Funds

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

For the Fiscal Year Ended June 30, 2011

	<u>Balance at</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2011</u>
 <u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 3,063,551	9,088,736	8,874,210	3,278,077
Accounts receivable	820,307	5,420,465	5,802,407	438,365
Other assets	<u>1,042,862</u>	<u>72,408</u>	<u>92,714</u>	<u>1,022,556</u>
Total assets	<u>\$ 4,926,720</u>	<u>14,581,609</u>	<u>14,769,331</u>	<u>4,738,998</u>
 <u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 973,699	9,598,007	9,872,757	698,949
Due to other governments	2,776,286	630,277	543,249	2,863,314
Due to bondholders	<u>1,176,735</u>	<u>-</u>	<u>-</u>	<u>1,176,735</u>
Total liabilities	<u>\$ 4,926,720</u>	<u>10,228,284</u>	<u>10,416,006</u>	<u>4,738,998</u>

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COMPONENT UNITS



Civic Auditorium

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, 2011

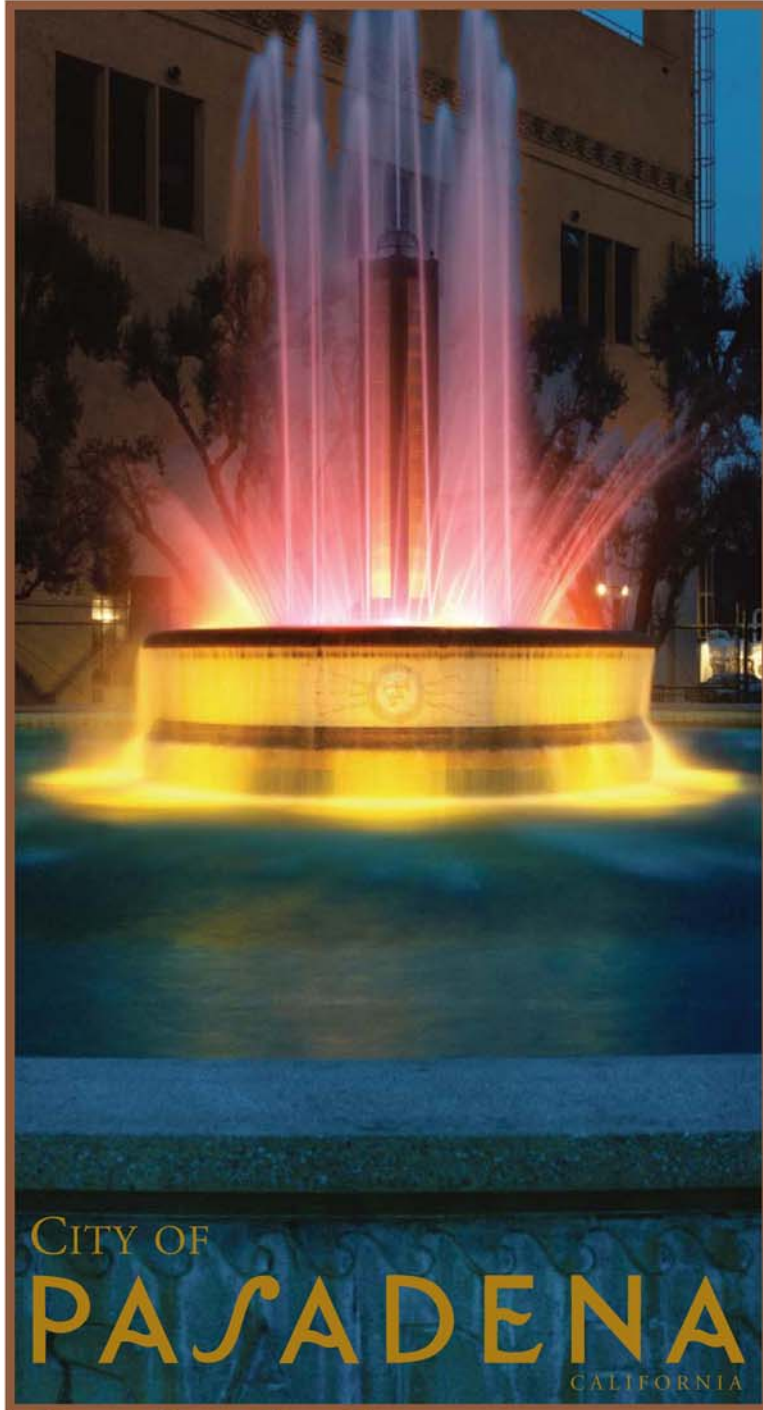
	<u>Rose Bowl</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2011</u>	<u>2010</u>
Assets				
Current assets:				
Cash and investments	\$ 9,241,279	2,945,509	12,186,788	9,732,084
Cash and investments restricted	132,979,245	-	132,979,245	-
Accounts receivable, net	1,873,989	434,949	2,308,938	590,262
Prepays and other assets	81,210	-	81,210	41,520
Due from other funds	1,060,549	-	1,060,549	16,127
Other receivable	-	-	-	55,397
Total current assets	<u>145,236,272</u>	<u>3,380,458</u>	<u>148,616,730</u>	<u>10,435,390</u>
Noncurrent assets:				
Cash and investments with fiscal agent	3,112,125	-	3,112,125	2,978,553
Other receivable	-	-	-	9,233
Unamortized bond issuance costs	2,379,016	-	2,379,016	211,520
Deferred outflow (note 16)	2,930,332	-	2,930,332	3,274,047
Capital assets:				
Construction in progress	28,579,498	752,666	29,332,164	4,484,782
Other capital assets, net	<u>40,158,513</u>	<u>4,080,624</u>	<u>44,239,137</u>	<u>46,916,772</u>
Total noncurrent assets	<u>77,159,484</u>	<u>4,833,290</u>	<u>81,992,774</u>	<u>57,874,907</u>
Total assets	<u>222,395,756</u>	<u>8,213,748</u>	<u>230,609,504</u>	<u>68,310,297</u>
Liabilities				
Current liabilities:				
Accounts payable and other liabilities	8,382,601	21,202	8,403,803	2,278,252
Accrued salaries and benefits	111,250	6,974	118,224	41,125
Interest payable	3,286,277	-	3,286,277	149,947
Due to other funds	-	1,060,549	1,060,549	16,127
Deposits	33,518	-	33,518	170,808
Deferred revenue	1,443,480	-	1,443,480	1,086,248
Current portion of compensated absences	44,786	7,202	51,988	1,251
Current portion of long-term debt (notes 9, 13 and 14)	<u>1,875,000</u>	<u>-</u>	<u>1,875,000</u>	<u>1,847,903</u>
Total current liabilities	<u>15,176,912</u>	<u>1,095,927</u>	<u>16,272,839</u>	<u>5,591,661</u>
Noncurrent liabilities:				
Compensated absences	110,243	17,730	127,973	159,160
Derivative instrument liability (note 16)	311,029	-	311,029	3,274,047
Long-term debt (note 9, 13 and 14)	187,492,881	-	187,492,881	29,995,000
Unamortized premium (discount)	<u>(86,731)</u>	<u>-</u>	<u>(86,731)</u>	<u>(162,622)</u>
Total noncurrent liabilities	<u>187,827,422</u>	<u>17,730</u>	<u>187,845,152</u>	<u>33,265,585</u>
Total liabilities	<u>203,004,334</u>	<u>1,113,657</u>	<u>204,117,991</u>	<u>38,857,246</u>
Net Assets				
Invested in capital assets, net of related debt	18,067,921	4,833,290	22,901,211	22,699,826
Restricted	136,091,370	-	136,091,370	-
Unrestricted	<u>(134,767,869)</u>	<u>2,266,801</u>	<u>(132,501,068)</u>	<u>6,753,225</u>
Total net assets	<u>\$ 19,391,422</u>	<u>7,100,091</u>	<u>26,491,513</u>	<u>29,453,051</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, 2011

	<u>Rose Bowl</u>	<u>Golf Course</u>	<u>Totals</u>	
			<u>2011</u>	<u>2010</u>
Operating revenues:				
Charges for services:				
Rose Bowl	\$ 10,534,676	-	10,534,676	14,855,801
Golf course	<u>-</u>	<u>2,164,662</u>	<u>2,164,662</u>	<u>2,304,458</u>
Total operating revenues	<u>10,534,676</u>	<u>2,164,662</u>	<u>12,699,338</u>	<u>17,160,259</u>
Operating expenses:				
Rose Bowl	8,677,890	-	8,677,890	10,816,040
Golf course	-	713,213	713,213	821,327
Depreciation	<u>3,022,739</u>	<u>217,798</u>	<u>3,240,537</u>	<u>3,129,895</u>
Total operating expenses	<u>11,700,629</u>	<u>931,011</u>	<u>12,631,640</u>	<u>14,767,262</u>
Operating income	<u>(1,165,953)</u>	<u>1,233,651</u>	<u>67,698</u>	<u>2,392,997</u>
Nonoperating revenues (expenses):				
Investment gain (loss)	1,397,833	166,326	1,564,159	270,814
Interest expense	(7,714,436)	-	(7,714,436)	(1,440,828)
Other nonoperating revenues (expenses)	<u>428,959</u>	<u>332,309</u>	<u>761,268</u>	<u>492,930</u>
Total nonoperating revenues (expenses)	<u>(5,887,644)</u>	<u>498,635</u>	<u>(5,389,009)</u>	<u>(677,084)</u>
Income before other revenues, expenses, gains, losses, and other items	<u>(7,053,597)</u>	<u>1,732,286</u>	<u>(5,321,311)</u>	<u>1,715,913</u>
Transfer (to) from other funds	1,060,549	(1,060,549)	-	-
Capital contributions	<u>2,359,773</u>	<u>-</u>	<u>2,359,773</u>	<u>724,471</u>
Change in net assets	<u>(3,633,275)</u>	<u>671,737</u>	<u>(2,961,538)</u>	<u>2,440,384</u>
Net assets at beginning of year	<u>23,024,697</u>	<u>6,428,354</u>	<u>29,453,051</u>	<u>27,012,667</u>
Net assets at end of year	<u>\$ 19,391,422</u>	<u>7,100,091</u>	<u>26,491,513</u>	<u>29,453,051</u>

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CAPITAL ASSETS



Glenarm Power Plant Fountain

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, 2011 and June, 2010

	<u>2011</u>	<u>2010</u>
Governmental funds capital assets:		
Land	\$ 56,442,474	55,467,474
Buildings and improvements	290,793,975	277,601,530
Machinery and equipment	20,374,485	21,180,091
Infrastructure	308,795,220	230,741,216
Construction in progress	<u>19,342,779</u>	<u>105,941,777</u>
Total governmental funds capital assets	<u>\$ 695,748,933</u>	<u>690,932,088</u>
Investment in governmental funds capital assets by source:		
General Fund	\$ 169,338,336	171,439,738
Special revenue fund	20,497,319	19,328,976
Capital projects funds	<u>505,913,278</u>	<u>500,163,374</u>
Total governmental funds capital assets	<u>\$ 695,748,933</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.

CITY OF PASADENA

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity⁽¹⁾
 June 30, 2011

<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	\$ -	-	42,090	-	-	42,090
City Manager	-	-	-	-	-	-
City Attorney	-	-	-	-	-	-
City Prosecutor	-	-	44,100	-	-	44,100
City Clerk	-	-	39,206	-	-	39,206
Finance	-	7,013,021	373,409	-	-	7,386,430
Human Resources	-	-	14,280	-	-	14,280
Non-departmental	54,226,482	159,226,816	180,172	-	-	213,633,470
Total general government	54,226,482	166,239,837	693,257	-	-	221,159,576
Public safety:						
Fire	-	5,201,678	2,272,740	-	-	7,474,418
Police	-	27,258,534	7,959,310	-	-	35,217,844
Total public safety	-	32,460,212	10,232,050	-	-	42,692,262
Transportation:						
Public Works and Transportation	1,240,992	17,313,621	4,155,387	308,795,220	19,342,779	350,847,999
Health:						
Public Health	-	11,578,251	164,429	-	-	11,742,680
Culture and leisure:						
Human Services, Recreation and Neighborhoods	-	20,808,918	972,446	-	-	21,781,364
Community development:						
Planning and Permitting	-	6,927,375	1,755,396	-	-	8,682,771
Housing and Development	975,000	35,465,761	2,401,520	-	-	38,842,281
Total community development	975,000	42,393,136	4,156,916	-	-	47,525,052
Total general fixed assets	\$ 56,442,474	290,793,975	20,374,485	308,795,220	19,342,779	695,748,933

⁽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, 2011**

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Governmental Funds Capital Assets June 30, 2011</u>
General government:				
City Council	\$ 63,209	-	(21,119)	42,090
City Manager	16,066	-	(16,066)	-
City Attorney	(8,640)	-	8,640	-
City Prosecutor	61,545	-	(17,445)	44,100
City Clerk	52,199	-	(12,993)	39,206
Finance	7,302,789	151,780	(68,139)	7,386,430
Human Resources	14,280	-	-	14,280
Non-departmental	<u>207,498,284</u>	<u>6,140,663</u>	<u>(5,477)</u>	<u>213,633,470</u>
Total general government	<u>214,999,732</u>	<u>6,292,443</u>	<u>(132,599)</u>	<u>221,159,576</u>
Public safety:				
Fire	6,738,720	762,877	(27,179)	7,474,418
Police	<u>35,773,760</u>	<u>746,040</u>	<u>(1,301,956)</u>	<u>35,217,844</u>
Total public safety	<u>42,512,480</u>	<u>1,508,917</u>	<u>(1,329,135)</u>	<u>42,692,262</u>
Transportation:				
Public Works and Transportation	<u>360,357,082</u>	<u>95,399,070</u>	<u>(104,908,153)</u>	<u>350,847,999</u>
Health:				
Public Health	<u>7,463,559</u>	<u>4,290,979</u>	<u>(11,858)</u>	<u>11,742,680</u>
Culture and leisure:				
Human Services, Recreation and Neighborhoods	<u>19,060,647</u>	<u>3,080,977</u>	<u>(360,260)</u>	<u>21,781,364</u>
Community development:				
Planning and Permitting	8,461,989	242,426	(21,644)	8,682,771
Housing and Development	<u>38,076,599</u>	<u>975,000</u>	<u>(209,318)</u>	<u>38,842,281</u>
Total community development	<u>46,538,588</u>	<u>1,217,426</u>	<u>(230,962)</u>	<u>47,525,052</u>
Total governmental funds capital assets	<u>\$ 690,932,088</u>	<u>111,789,812</u>	<u>(106,972,967)</u>	<u>695,748,933</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



Americafest
84th ANNUAL 4th OF JULY CELEBRATION AT THE ROSE BOWL

Sunday,
July 4, 2010

Rose Bowl
AMERICA'S STADIUM

CITY OF
PASADENA
CALIFORNIA

Americafest

The poster features a collage of images including a young girl with a red apple, a man in a blue shirt, fireworks, a large crowd, a marching band, and a large woven basket. The background is red and white with stars and stripes. The text is in various fonts and colors, including blue, white, and gold.

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.	256
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	261
<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.	268
<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.	276
<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.	278

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008*	2009	2010*	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 148,883	178,073	177,710	221,450	284,366	318,192	325,410	364,990	375,202
Restricted	15,077	3,326	11,021	37,608	44,513	73,830	94,360	87,602	94,796
Unrestricted	58,176	81,998	84,615	52,625	15,402	(19,054)	(28,083)	(61,972)	(69,585)
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>390,620</u>	<u>400,413</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	291,079	311,054
Restricted	280,460	-	184,290	191,111	191,731	153,935	158,337	155,458	151,872
Unrestricted	-	295,394	108,110	76,034	88,377	119,139	146,345	160,885	176,307
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>607,422</u>	<u>639,233</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	656,069	686,256
Restricted	295,537	3,326	195,311	228,719	236,244	227,763	252,697	243,060	246,668
Unrestricted	58,176	377,392	192,725	128,659	103,779	104,085	118,261	98,913	106,722
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>998,042</u>	<u>1,039,646</u>

The City of Pasadena implemented GASB 34 for the fiscal year ended June 30, 2002.

* As restated.

Table 2

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010*	2011
Expenses									
Governmental activities:									
General government	\$ 49,562	27,947	50,248	38,301	45,708	44,788	43,926	38,973	43,955
Public safety	64,948	70,480	78,920	82,372	95,181	99,785	103,180	104,870	103,392
Transportation	33,787	30,918	37,322	42,277	34,109	50,035	49,979	43,905	51,134
Sanitation	2,669	2,739	2,409	3,104	3,110	3,189	4,061	3,697	3,782
Health	10,070	10,991	10,834	11,548	12,469	12,444	13,373	11,458	12,108
Culture and leisure	22,115	22,602	23,379	24,725	26,123	27,608	26,048	25,996	26,196
Community development	32,108	37,996	31,593	33,655	38,596	40,763	42,791	53,845	43,095
Interest and other fiscal charges	16,739	15,592	15,740	15,979	16,753	15,345	18,755	13,249	12,121
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>295,993</u>	<u>295,783</u>
Business-type activities:									
Electric	115,360	126,921	125,859	143,063	141,189	162,719	170,428	158,770	167,442
Water	27,996	29,132	30,281	29,424	32,886	36,394	36,877	35,920	40,101
Refuse	8,401	8,975	9,331	10,737	10,785	12,098	11,833	13,131	13,158
Parking	10,615	10,209	10,727	11,293	11,960	12,437	12,775	11,159	11,384
Telecommunication	-	-	416	382	364	470	457	452	380
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>219,432</u>	<u>232,465</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>515,425</u>	<u>528,248</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	16,975
Public safety	13,739	10,698	16,497	12,068	13,274	14,064	15,504	12,097	13,315
Transportation	4,035	9,076	5,466	10,964	12,275	13,802	13,852	13,248	13,215
Sanitation	4,331	4,796	4,884	5,358	5,593	5,583	6,685	6,504	6,541
Health	712	724	734	766	731	788	737	902	696
Culture and leisure	1,215	1,857	2,029	2,112	2,152	2,114	1,957	2,270	2,476
Community development	9,066	10,014	11,735	11,768	9,867	10,503	9,244	7,450	7,724
Operating grants and contributions	26,242	36,220	32,560	34,842	33,668	41,254	28,808	33,659	36,910
Capital grants and contributions	13,816	15,421	22,602	16,113	17,166	14,456	18,112	15,289	11,090
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>108,971</u>	<u>108,942</u>
Business-type activities:									
Charges for services:									
Electric	126,425	138,530	138,642	149,985	167,538	185,043	193,158	183,712	186,993
Water	28,958	31,860	34,267	34,508	39,942	39,560	43,096	43,480	47,137
Refuse	8,392	7,996	8,744	9,136	9,627	10,012	10,285	11,050	10,918
Parking	8,778	10,337	11,075	11,878	12,282	13,867	13,124	12,558	11,753
Telecommunication	180	452	446	356	358	428	595	629	681
Operating grants and contributions	3,168	2,495	2,764	2,693	2,670	3,233	4,216	-	-
Capital grants and contributions	-	-	-	-	-	-	-	3,962	2,481
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>	<u>259,963</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>364,362</u>	<u>368,905</u>
Net Revenues (Expenses)									
Governmental activities	\$ (145,960)	(115,978)	(139,692)	(143,184)	(161,162)	(174,714)	(189,315)	(187,022)	(186,841)
Business-type activities	13,529	16,433	19,324	13,657	35,233	28,025	32,104	35,959	27,498
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>(151,063)</u>	<u>(159,343)</u>

(continued)

Table 2

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010*	2011
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	70,803
Sales tax	33,219	32,472	34,025	33,992	34,634	36,519	32,913	28,949	30,301
Utility users' tax	24,142	25,928	26,639	26,766	28,063	29,640	31,162	29,520	29,355
Transient occupancy tax	6,610	7,022	7,445	8,481	8,565	8,848	7,382	6,942	7,668
Construction tax	3,339	4,474	3,974	3,223	3,828	3,984	2,367	1,397	1,480
Business license tax	4,021	4,784	4,147	5,289	5,321	5,604	5,861	5,664	5,600
Franchise tax	1,756	2,026	2,079	2,194	2,187	2,108	2,402	1,933	2,216
Other taxes	4,960	5,440	5,475	5,721	6,153	6,222	6,078	6,035	6,108
Other intergovernmental	10,738	8,929	14,213	13,478	14,145	14,565	15,094	14,901	15,427
Investment earnings	11,033	5,371	9,780	8,820	16,448	12,851	9,887	6,030	3,690
Gain on sale of assets	604	31	-	23	-	146	665	250	737
Miscellaneous revenues	4,775	4,733	12,094	9,429	6,361	5,329	6,121	4,465	7,033
Transfers	14,321	14,257	16,587	22,915	6,320	14,137	15,040	12,122	16,216
Total governmental activities	<u>162,361</u>	<u>162,433</u>	<u>182,726</u>	<u>191,447</u>	<u>193,761</u>	<u>203,402</u>	<u>204,034</u>	<u>186,562</u>	<u>196,634</u>
Business-type activities:									
Taxes:									
Transient occupancy tax	1,017	1,174	1,439	1,766	1,793	1,883	1,605	1,464	1,421
Franchise tax	749	792	1,110	1,659	1,957	2,215	2,128	3,098	2,901
Investment earnings	13,808	3,834	10,801	4,455	16,056	15,447	10,868	9,333	6,910
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	9,296
Transfers	(14,321)	(14,257)	(16,587)	(22,915)	(6,320)	(14,137)	(15,040)	(17,408)	(16,215)
Total business-type activities	<u>3,764</u>	<u>(6,155)</u>	<u>2,113</u>	<u>(11,129)</u>	<u>16,625</u>	<u>8,263</u>	<u>2,343</u>	<u>7,433</u>	<u>4,313</u>
Total primary government	<u>\$ 166,125</u>	<u>156,278</u>	<u>184,839</u>	<u>180,318</u>	<u>210,386</u>	<u>211,665</u>	<u>206,377</u>	<u>193,995</u>	<u>200,947</u>
Changes in Net Assets									
Governmental activities	\$ 16,401	46,455	43,034	48,263	32,599	28,688	14,719	(460)	9,793
Business-type activities	17,293	10,278	21,437	2,528	51,858	36,288	34,447	43,392	31,811
Total primary government	<u>\$ 33,694</u>	<u>56,733</u>	<u>64,471</u>	<u>50,791</u>	<u>84,457</u>	<u>64,976</u>	<u>49,166</u>	<u>42,932</u>	<u>41,604</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 3

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008*	2009	2010**^	2011
General Fund:									
Reserved	\$ 14,883	9,906	7,085	7,065	6,971	7,127	11,982		
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>		
Nonspendable								404	52
Restricted								-	-
Committed								39,201	39,321
Assigned								4,794	8,583
Unassigned								<u>8,778</u>	<u>(1,391)</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>53,177</u>	<u>46,565</u>
All Other Governmental Funds:									
Reserved	\$ 68,211	58,468	67,444	90,640	85,131	98,390	112,237		
Unreserved, reported in:									
Special revenue funds	38,455	51,444	43,104	44,033	43,025	46,593	48,859		
Capital project funds	103,581	93,985	95,572	54,847	38,463	22,592	21,961		
Debt service funds	(38,719)	(32,775)	(24,786)	(25,363)	(24,475)	(23,379)	(17,547)		
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>		
Nonspendable								41,456	44,386
Restricted								86,805	85,216
Committed								53,267	54,266
Assigned								-	-
Unassigned								<u>(42,460)</u>	<u>(45,102)</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>139,068</u>	<u>138,766</u>

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

* As restated.

^ Beginning in 2010, the City started reporting fund balance in conformity with GASB Statement 54, which changed how fund balance is classified.

Table 4

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010*	2011
Revenues:									
Taxes	\$ 120,889	129,111	130,053	136,783	150,487	156,373	157,227	148,794	153,532
Licenses and permits	7,333	7,386	9,438	9,185	7,121	8,646	7,136	6,737	7,063
Intergovernmental revenues	48,799	53,974	64,173	56,485	60,304	57,531	61,410	63,398	61,459
Charges for services	29,063	25,299	32,358	34,653	37,892	39,088	42,783	41,489	40,820
Fines and forfeits	4,120	5,425	6,542	7,080	7,758	8,025	8,844	5,135	6,362
Investment earnings	21,868	23,715	22,582	22,874	32,450	29,350	28,423	28,089	25,332
Rental income	4,502	4,931	4,870	4,867	4,991	5,370	5,277	4,687	4,601
Miscellaneous revenues	5,707	7,949	15,148	11,336	8,756	7,894	6,570	6,651	8,431
Contributions	2,546	2,560	2,382	4,836	7,292	6,005	8,012	842	2,928
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>305,822</u>	<u>310,528</u>
Expenditures:									
Current:									
General government	25,788	25,939	27,261	31,037	34,717	35,124	35,826	36,976	39,418
Public safety	64,139	69,450	77,965	81,861	92,713	96,211	102,518	101,078	100,535
Transportation	27,655	29,822	31,012	33,923	34,193	36,717	36,904	33,038	33,895
Sanitation	2,669	2,739	2,409	3,104	3,109	3,189	4,061	3,697	3,782
Health	9,960	10,880	10,727	11,430	12,247	12,124	11,471	11,049	11,027
Culture and leisure	21,564	22,095	22,912	24,293	25,518	26,821	26,936	25,154	25,214
Community development	32,324	38,543	35,142	37,059	38,052	39,682	42,652	52,600	42,043
Capital outlay	16,370	33,803	38,786	75,111	60,902	34,999	29,991	34,374	21,612
Debt service:									
Principal retirement	10,702	10,488	53,054	12,322	12,296	41,972	86,074	21,553	21,174
Interest	28,055	30,630	29,577	31,557	35,212	34,165	33,432	37,067	37,455
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>356,586</u>	<u>336,155</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>(50,764)</u>	<u>(25,627)</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	95,951
Transfers out	(61,160)	(64,035)	(116,182)	(112,144)	(99,825)	(96,215)	(142,668)	(96,168)	(77,238)
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>	<u>18,713</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>(34,854)</u>	<u>(6,914)</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%	18.6%

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

* As restated.

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
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%
2011	20,481,388	(138,275)	20,343,113	605,404	20,948,517	0.34%

NOTES:

Amounts pertaining to the Pasadena Community Development Commission and the City have been combined.

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Total direct tax rate information was not available for years prior to 2003.

Source: Los Angeles County Auditor-Controller and California Municipal Statistics, Inc.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
City Direct Rates:								
City basic rate	0.2090	0.1894	0.1925	0.2139	0.1926	0.1932	0.1920	0.1891
Pasadena Community Development Commission	<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>	<u>0.1489</u>
Total City Direct Rate	0.3578	0.3409	0.3405	0.3691	0.3373	0.3328	0.3300	0.3380
Overlapping Rates:								
Los Angeles County General	0.3174	0.3332	0.3225	0.3067	0.3277	0.3635	0.2280	0.3307
Pasadena School District	0.3341	0.3316	0.3555	0.2847	0.2993	0.2765	0.3908	0.4392
Pasadena Community College District	0.0999	0.1019	0.0964	0.1122	0.1103	0.1018	0.1273	0.1231
Flood Control District	0.0005	0.0003	0.0001	0.0001	-	-	-	-
Metropolitan Water District	<u>0.0061</u>	<u>0.0058</u>	<u>0.0052</u>	<u>0.0047</u>	<u>0.0045</u>	<u>0.0043</u>	<u>0.0043</u>	<u>0.0037</u>
Total Direct Rate	<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>	<u>1.2347</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

<u>Property Owner</u>	<u>2011</u>		<u>2002</u>	
	<u>Total Assessed Valuation</u>	<u>Percent of Total City Taxable Assessed Valuation</u>	<u>Total Assessed Valuation</u>	<u>Percent of Total City Taxable Assessed Valuation</u>
Marangi Leonard M	\$ 460,181,952	2.20%	\$ -	0.00%
Kaiser Foundation Health Plan	218,417,684	1.04%	122,049,339	1.13%
Paseo Colorado Holdings LLC	190,750,405	0.91%	-	0.00%
Pacific Huntington Hotel Corp	154,489,387	0.74%	-	0.00%
Wells Reit Pasadena	137,317,976	0.66%	-	0.00%
Maquire Partners WAP LLC	128,823,529	0.61%	-	0.00%
Equity Office Properties Trust	127,400,000	0.61%	-	0.00%
Tishman Speyer Archstone Smith	119,186,722	0.57%	-	0.00%
SSR Paseo Colorado LLC	109,888,463	0.52%	-	0.00%
Pasadena Towers LLC	108,116,048	0.52%	94,468,320	0.88%
Spieker Properties	-	0.00%	117,080,596	1.09%
Aetna Life Insurance Co	-	0.00%	85,375,397	0.79%
Parfinco EWA LLC	-	0.00%	64,570,674	0.60%
Operating Engineers Funds Inc	-	0.00%	59,640,308	0.55%
One Colorado Investments Llc	-	0.00%	55,182,816	0.51%
AGBRI Pasadena	-	0.00%	50,260,554	0.47%
2 NL LLC	-	0.00%	43,934,008	0.41%
Gateway Huntington Property Inc.	-	0.00%	42,150,228	0.39%
Total principal property taxpayers gross assessed value	<u>\$ 1,754,572,166</u>	8.38%	<u>\$ 734,712,240</u>	6.81%

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: Los Angeles County Assessor data, MuniServices, LLC.

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)
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%	626,804	37,353,107	100.07%
2011	37,774,007	36,668,527	97.07%	*	36,668,527	97.07%

(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 2002-2005, 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 2011 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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Type of Customer:										
Residential	268,803	287,717	306,776	313,470	314,235	337,905	338,855	337,531	328,320	319,657
Commercial and Industrial ¹	766,785	815,701	844,449	830,523	862,664	880,661	884,070	887,698	883,413	813,566
Street Lights and Traffic Signals ¹	13,944	16,488	18,563	18,667	16,841	15,744	15,701	16,266	16,272	15,640
Wholesales to other Utilities	144,714	50,249	113,919	125,250	27,816	122,496	315,484	118,231	164,215	168,613
Other	36,613	40,366	6,120	8,369	(6,119)	9,045	(7,212)	3,513	(6,340)	2,301
Total	1,230,859	1,210,521	1,289,827	1,296,279	1,215,437	1,365,851	1,546,898	1,363,240	1,385,880	1,319,777
Total direct rate per megawatt hour ²	94.70	104.44	107.40	106.95	123.40	109.81	119.62	141.69	132.55	141.69

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.

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
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
2011	0.1497	0.1337	0.1310	N/A

Source: Pasadena Water and Power

CITY OF PASADENA
Electricity Customers
Current Year and Nine Years Ago

<u>Electricity Customer</u>	2011	
	<u>Electricity Charges</u>	<u>Percent of Operating Electric Revenues</u>
California Institute of Technology	\$ 5,256,084	2.81%
Huntington Memorial Hospital	4,317,534	2.31%
Kaiser Permanente	1,960,087	1.05%
Pasadena City College	1,951,470	1.04%
AT&T	1,841,525	0.98%
Street Lights-Public Works	1,828,172	0.98%
Parfinco EWA LLC	1,232,028	0.66%
Paseo Colorado LLC	1,044,853	0.56%
Earthlink Inc. Cup Bldg.	929,877	0.50%
Equity Office Properties	897,452	0.48%
	<u>\$ 21,259,082</u>	<u>11.37%</u>

Source: Pasadena Water and Power

Information for FY 2002 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	Revenue Bonds ^	Pension Bonds	Certificates of Participation	Tax Allocation Bonds	Capitalized Lease Obligations	Notes Payable	
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	10,355,000	131,960,000	154,256,497	10,607,328	9,291,742	8,144,865	326,165,432
2007	-	10,355,000	128,045,000	149,318,861	9,928,550	7,812,910	7,162,835	312,623,156
2008	-	9,895,000	123,610,000	140,931,605	8,819,025	6,527,207	7,120,623	296,903,460
2009	-	9,415,000	118,365,000	134,147,976	7,656,689	12,499,210	6,258,463	288,342,338
2010	-	8,910,000	111,525,000	123,347,082	6,422,412	9,992,673	4,020,056	264,217,223
2011	-	8,405,000	103,935,000	112,056,183	5,149,000	8,196,271	3,420,722	241,162,176

Source: City of Pasadena Notes to Financial Statements and Statistical Table 18.

^ Information of Revenue Bonds under Governmental Activities was added in FY 2011

* 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 2009. See Table 18.

Table 12

Business-type Activities							
Revenue Bonds	Certificates of Participation	Capitalized Lease Obligations	Notes Payable	Total Business-type Activities	Total Primary Government	Percentage of Personal Income *	Debt Per Capita *
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	563,539,522	103.21	3,856
213,785,000	29,106,683	1,284,128	1,909,341	246,085,152	558,708,308	95.34	3,794
262,250,000	26,530,869	740,391	1,796,485	291,317,745	588,221,205	93.96	3,971
253,675,000	23,798,315	448,305	1,677,796	279,599,416	567,941,754	92.53	3,782
240,655,000	20,735,016	653,215	1,552,911	263,596,142	527,813,365	94.43	3,859
263,190,000	17,393,817	111,753	1,421,679	282,117,249	523,279,425	92.17	3,767

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		
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%	1,764
2011	-	103,935,000	112,056,183	5,149,000	221,140,183	1.06%	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, 2011

City Assessed Valuation		\$ 18,123,727,731	
Redevelopment Agency Incremental Valuation		<u>2,824,789,269</u>	
Total Assessed Valuation		<u>\$ 20,948,517,000</u>	
	Percentage	Outstanding	Estimated
	Applicable ¹	Debt 6/30/11	Share of
			Overlapping
			Debt
Overlapping Tax and Assessment Debt:			
Los Angeles County Flood Control District	2.131%	53,795,000	1,146,371
Metropolitan Water District	1.024%	227,670,000	2,331,341
Pasadena Area Community College District	32.841%	115,182,326	37,827,028
La Canada Unified School District	0.234%	31,785,139	74,377
Pasadena Unified School District	71.118%	289,575,000	205,939,949
City of Pasadena Community Facilities District No. 1	100.000%	8,685,000	8,685,000
Los Angeles County Improvement District No. 2658-M	98.287%	3,310,000	3,253,300
Los Angeles County Regional Park and Open Space Assessment District	1.998%	<u>197,285,000</u>	<u>3,941,754</u>
Total overlapping tax and assessment debt		<u>927,287,465</u>	<u>263,199,120</u>
Overlapping Other Debt:			
Los Angeles County General Fund Obligations	1.998%	\$ 1,496,977,755	29,909,616
Los Angeles County Superintendent of Schools Certificates of Participation	1.998%	12,204,890	243,854
Los Angeles County Sanitation District Nos. 15, 16 & 17 Certificates of Participation	.0422-58.097	57,582,294	12,429,181
Pasadena Area Community College District Certificates of Participation	32.841%	<u>1,800,000</u>	<u>591,138</u>
Total gross overlapping other debt		<u>1,568,564,939</u>	<u>43,173,789</u>
Total net overlapping debt		<u>\$ 2,495,852,404</u>	306,372,909
City direct debt			<u>514,874,425</u>
Total direct and overlapping debt			<u>\$821,247,334</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				
	2002	2003	2004	2005	2006
Assessed valuation	11,225,889	12,011,398	13,124,151	14,102,936	15,535,968
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	2,806,472	3,002,850	3,281,038	3,525,734	3,883,992
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	420,971	450,427	492,156	528,860	582,599
Total net debt applicable to limit:					
General obligation bonds	<u>7,025</u>	<u>5,760</u>	<u>4,425</u>	<u>3,025</u>	<u>1,550</u>
Legal debt margin	<u><u>413,946</u></u>	<u><u>444,667</u></u>	<u><u>487,731</u></u>	<u><u>525,835</u></u>	<u><u>581,049</u></u>
Total debt applicable to the limit as a percentage of debt limit	1.7%	1.3%	0.9%	0.6%	0.3%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Pasadena, Department of Finance
Los Angeles County Tax Assessor

Table 15

Fiscal Year				
2007	2008	2009	2010	2011
17,246,657	18,812,937	20,752,287	20,711,137	20,948,517
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
4,311,664	4,703,234	5,188,072	5,177,784	5,237,129
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
646,750	705,485	778,211	776,668	785,569
-	-	-	-	-
<u>646,750</u>	<u>705,485</u>	<u>778,211</u>	<u>776,668</u>	<u>785,569</u>
0.0%	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>			
	Ended June 30	Property Taxes	Debt Service		Tax	Debt Service		
		Principal	Interest	Coverage	Increment	Principal	Interest	Coverage
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
2011	39,608	-	-	-	31,195	1,273	315	19.64

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	<u>Debt Service³</u>		
Ended	Power	Operating	Available	Principal	Interest	Coverage
June 30	Revenue ¹	Expenses ²	Revenue	Interest	Coverage	Coverage
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**	202,612	145,971	56,641	7,210	7,908	374.66%
2010**	191,927	134,035	57,892	7,510	7,604	383.04%
2011	193,049	144,002	49,047	5,320	6,261	423.51%

Water Revenue Bonds						
Fiscal Year	Water	Less	Net	<u>Debt Service³</u>		
Ended	Revenue ¹	Operating	Available	Principal	Interest	Coverage
June 30	Revenue ¹	Expenses ²	Revenue	Interest	Coverage	Coverage
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	2,949	216.06%
2009	43,552	30,170	13,382	2,095	2,881	268.93%
2010**	73,788	28,667	45,121	2,195	2,780	906.95%
2011	47,353	31,480	15,873	2,300	3,518	272.83%

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.

*2008 interest revised

** Amount restated

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⁾
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	6,137,610	40,867	9.9%
2010	136,769	5,589,339	40,867 *	9.4%
2011	138,915	5,677,039	40,867 *	12.6%

* Per Capita Personal Income data not available for last two fiscal years

The statistical information for 2010 and 2011 is based on the updated 2010 census.

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>2011</u>		<u>2002</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	4,887	4.29%	6,000	5.88%
Kaiser Permanente	4,500	3.95%	3,300	3.24%
California Institute of Technology - Campus	3,700	3.25%	3,000	2.94%
Huntington Memorial Hospital	3,300	2.89%	2,400	2.35%
Pasadena City College	3,465	3.04%	2,900	2.84%
Pasadena Unified School District	2,665	2.34%	3,000	2.94%
ATT (SBC IN 2007, Pacific Bell in 1998)	2,525	2.21%	2,547	2.50%
The City of Pasadena	1,967	1.73%	1,950	1.91%
Bank of America	2,500	2.19%	1,300	1.27%
Art Center College of Design	897	0.79%	200	0.20%
Parsons Corporation	717	0.63%	2,000	1.96%
Hathaway-Sycamores	550	0.48%	*	*
Pacific Clinics Administration	550	0.48%	*	*
The Langham Huntington Hotel (The Ritz-Carlton)	550	0.48%	560	0.55%
Rusnak Pasadena	300	0.26%	*	*
Avon Products	400	0.35%	425	0.42%
East West Bank	400	0.35%	*	*
Western Asset	400	0.35%	*	*

* Data not available

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

* Information for FY 2002 is not available.

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

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

Function	<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>	<u>2011</u>
General government	444.2	461.8	470.1	471.8	474.3	480.1	487.6	489.6	453.9	448.4
Public safety	555.5	562.5	564.6	563.6	564.6	575.6	591.6	594.6	593.6	568.8
Public works	384.2	361.6	361.3	355.8	357.3	360.3	372.3	373.3	357.9	340.4
Transportation ¹	-	39.6	40.0	43.0	43.0	44.0	46.0	48.0	48.0	45.0
Health	85.9	88.6	90.6	93.1	103.4	104.3	108.8	103.1	96.8	92.0
Culture and leisure	140.9	147.5	151.5	148.1	147.3	146.2	147.2	148.2	142.6	139.4
Water & power	324.5	343.2	363.0	383.0	402.0	413.0	423.0	428.0	430.5	434.0
Information services ²	<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>	<u>105.4</u>
Total	<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>	<u>2,173.4</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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Arrests	8,982	9,248	10,699	9,815	9,655	10,117	9,722	9,055	8,535	6,481
Transportation:										
** Parking citations issued	***103, 727	123,231	148,436	154,245	163,103	177,060	189,017	189,932	132,042	142,615
Fire:										
Number of emergency calls	14,532	15,024	14,975	*	*	11,565	16,089	15,921	15,592	15,647
Inspections	*	*	3,607	4,827	*	3,855	5,017	5,720	6,737	*
Water:										
New connections	48	73	172	99	84	99	61	99	85	66
Average daily consumption (thousands of gallons)	32,150	32,700	33,090	30,130	29,960	32,970	31,537	29,872	25,623	24,528

* 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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	3	3	3	4	4	5
Fire:										
Fire stations	8	8	8	8	8	8	8	8	8	7
Transportation:										
Streets (miles)	321	321	321	321	322	322	322	322	322	322
Streetlights	16,455	16,500	16,595	16,720	16,798	17,047	17,047	17,047	17,047	17,069
Traffic signals	291	291	309	312	312	324	340	325	327	327
Parking facilities	13	12	11	11	11	11	11	11	11	12
Culture and leisure										
Park sites	23	23	23	23	24	24	24	24	24	24
Community centers	6	6	6	6	6	6	6	6	6	5
Libraries	10	10	10	10	10	10	10	10	10	10
Electric Utility:										
Power plants	1	1	1	1	1	1	1	1	1	1
Customers	58,715	59,613	60,795	61,401	62,256	62,793	62,902	63,576	63,838	63,957
Miles of service	650.0	650.0	650.0	650.0	640.0	531.0	525.0	525	525	525
Maximum capacity (megawatts)	355	355	355	355	258	197	197	197	197	175
Water:										
Water mains (miles)	500	500	500	500	508	508	508	508	508	508
Customers	37,643	37,933	37,143	37,359	37,135	37,463	37,522	37,602	37,586	38,036
Average daily consumption (mgd)	32.15	32.70	33.09	30.13	29.96	32.97	31.53	29.87	25.62	26.70

Source: City of Pasadena

