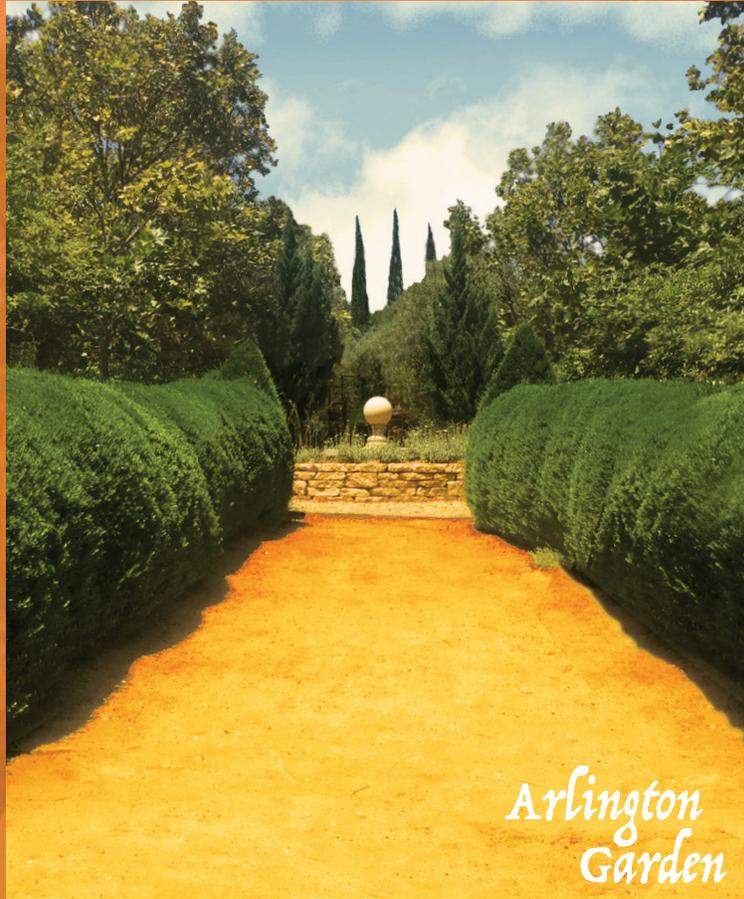


CITY
OF

PASADENA

C A L I F O R N I A



*Arlington
Garden*

*Arlington** *Garden*

Visiting Arlington Garden is free.

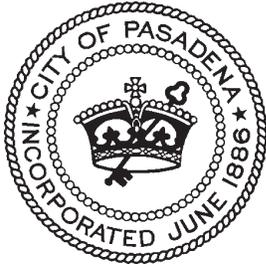
Enjoy the Garden from dawn to dusk 365 days a year.

The Garden is located on the corner of

Arlington Drive and Pasadena Avenue.

Street parking is available on Arlington Drive.

City of Pasadena, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2017



Terry Tornek
Mayor



John J. Kennedy
Vice-Mayor
District 3



Tyron A.L. Hampton
Council Member
District 1



Margaret McAustin
Council Member
District 2



Gene Masuda
Council Member
District 4



Victor Gordo
Council Member
District 5



Steve Madison
Council Member
District 6



Andy Wilson
Council Member
District 7

STEVE MERMELL, CITY MANAGER
MATTHEW E. HAWKESWORTH, DIRECTOR OF FINANCE
PREPARED BY THE DEPARTMENT OF FINANCE, CITY OF PASADENA

(This page intentionally left blank)

CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	ix
Principal City Officials	xxv
Organizational Chart	xxvi
GFOA Certificate of Achievement for Excellence in Financial Reporting	xxvii
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Position – Proprietary Funds	26

CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2017

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
Basic Financial Statements (Continued):	
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	30
Statement of Net Position – Fiduciary Funds	34
Statement of Changes in Net Position – Fiduciary Funds	35
Discretely Presented Component Units:	
Combining Statement of Net Position	36
Combining Statement of Revenues, Expenses and Changes in Net Position	37
Notes to the Basic Financial Statements	39
Required Supplementary Information:	
General Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	141
Housing Successor Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	142
GASB 68 Pension Information	145
Supplementary Information:	
Non-Major Governmental Funds:	
Combining Balance Sheet	152
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	153

CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2017

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
Special Revenue Funds:	
Combining Balance Sheet (Financial Data Schedule)	158
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Financial Data Schedule)	160
Public Safety Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	162
Health Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	163
Building Services Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	164
Sewer Construction and Maintenance Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	165
Underground Utilities Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	166
Transportation Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	167
Library Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	168
Parking Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	169

CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2017

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
Special Revenue Funds, (Continued):	
Air Quality Improvement Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	170
Housing and Community Development Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	171
Donated Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	172
Debt Service Funds:	
Combining Balance Sheet	174
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	176
Capital Projects Funds:	
Combining Balance Sheet	180
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	182
Permanent Funds	
Combining Balance Sheet	186
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	188
Non-Major Enterprise Funds:	
Combining Statement of Net Position	192
Combining Statement of Revenues, Expenses and Changes in Net Position	193

CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2017

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
Non-Major Enterprise Funds, (Continued):	
Combining Statement of Cash Flows	194
Internal Service Funds:	
Combining Statement of Net Position	198
Combining Statement of Revenues, Expenses and Changes in Net Position	200
Combining Statement of Cash Flows	202
Fiduciary Funds:	
Pension Trust Funds:	
Combining Statement of Net Position	208
Combining Statement of Changes in Net Position	209
Agency Funds:	
Combining Balance Sheet	210
Combining Statements of Changes in Assets and Liabilities	211
Private Purpose Trust Funds:	
Combining Statement of Net Position	216
Combining Statement of Changes in Net Position	218
Discretely Presented Component Unit:	
Rose Bowl Operating Company:	
Combining Statement of Net Position	222
Combining Statement of Revenue, Expenses and Changes in Net Position	223

CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2017

TABLE OF CONTENTS, (CONTINUED)

<u>STATISTICAL SECTION (Unaudited)</u>	<u>Page</u>
Statistical Section Contents	225
Net Position by Component	Table 1 226
Changes in Net Position	Table 2 228
Fund Balance of Governmental Funds	Table 3 232
Changes in Fund Balances of Governmental Funds	Table 4 234
Assessed Value and Actual Value of Taxable Property	Table 5 236
Direct and Overlapping Property Tax Rates	Table 6 238
Principal Property Taxpayers	Table 7 240
Property Tax Levies and Collections	Table 8 241
Electricity Sold by Type of Customer	Table 9 242
Electricity Rates	Table 10 244
Electricity Customers	Table 11 245
Ratios of Outstanding Debt by Type	Table 12 246
Ratio of General Bonded Debt Outstanding	Table 13 250
Direct and Overlapping Debt	Table 14 252
Legal Debt Margin Information	Table 15 254
Pledged-Revenue Coverage - Governmental Activity Debt	Table 16 256
Pledged-Revenue Coverage - Business-Type Activity Debt	Table 17 258
Demographic Statistics	Table 18 259
Principal Employers	Table 19 260
Full-time and Part-time City Employees – by Function	Table 20 262

CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2017

TABLE OF CONTENTS, (CONTINUED)

		<u>Page</u>
Operating Indicators – by Function	Table 21	264
Capital Asset Statistics – by Function	Table 22	266

(This page intentionally left blank)



INTRODUCTORY SECTION





DEPARTMENT OF FINANCE

December 15, 2017

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

The Comprehensive Annual Financial Report (CAFR) of the City of Pasadena, California (City) for the fiscal year ended June 30, 2017 (FY16-17), is hereby submitted in compliance with Section 907.5 of the City Charter. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

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. 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 includes 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 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 Lance, Soll & Lunghard, LLP, 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 FY 16-17, fairly state the City's financial position. 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 unmodified opinion on the City of Pasadena's financial statements for the FY 16-17 and that they 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.

Additionally, under the current auditor contract, the City required the audit to include sampling from every fund and with a scope larger than is required by generally accepted auditing standards.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special 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 internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards. These reports will be available in the City’s separately issued Single Audit Report.

GASB 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 the 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 a four year term.

The City Council is responsible for, among other things, 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, preparing and managing the budget, 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 2017 population of 143,333, according to the State Department of Finance. The City is bounded on the west by the cities of Los Angeles, Glendale and La Cañada Flintridge, 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), and the Pasadena Fire and Police Retirement System (FPRS) are reported as part of the City. The Successor Agency to the Pasadena Community Development Commission is shown as a Private Purpose Trust Fund reported in the Fiduciary Fund Section. 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), the Pasadena Center Operating Company (PCOC), and the Pasadena Community Access Corporation (PCAC) are discretely presented component units. Additionally, separate financial statements are available for all three discretely presented component units. The City is a party to and designated administrator for two Joint Powers Authorities, the Foothill Air Support Team (FAST) and the Foothill Workforce Development Board. These are accounted for in the City books, CAFR, and audited as part of the City's audit.

The City provides a full range of municipal services including: public safety (police and fire); street construction and maintenance, refuse collection, water, power, and sewer collection utilities, libraries, parks and recreation, planning and zoning, code enforcement, public health, affordable housing, career services and job training; 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 and Component Units 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 current environment within which the City of Pasadena operates.

The Current Economic Climate

The national economic climate was positive for much of 2016 with employment and other economic signs continuing to show moderate gains. The economy grew by 1.6 percent for 2016 compared to a 2.6 percent growth in 2015. The forecast for future growth for 2017 and 2018 remains in the low 2.0 percent range.

The U.S. economy continues to add jobs and the close of 2016 marked 75 straight months of job creation. The average hourly earnings rose 2.9 percent from the prior year, pointing to a further tightening in the labor market. Analysts believe that the nation is close to full employment.

On January 10th the Governor released his proposed budget for California's 2018 fiscal year. As stated in his budget message, the 2018 budget will be the most difficult faced since 2012. The surging tide of revenue increases has ceased and a budget deficit of \$2 billion is forecasted. The State continues to rely on capital gains tax as its primary General Fund revenue source, so it should not be a surprise that

the State's revenues are shrinking. Despite the projected deficit, the Governor's proposed budget does include increased spending for education, an earned income tax credit for working families, increasing the minimum wage, the extension of health care to millions, and the pay down of long-term liabilities.

Historically the State has balanced its budget largely at the expense of local government. While it is believed that all possible vehicles for further raids on local revenues have either been exhausted, such as the elimination of redevelopment, or walled off completely, should the State find itself unable to resolve the deficit, Pasadena and other local agencies may once again be threatened by some yet unknown State action.

Pasadena's local economy continues to perform well. The local unemployment rate stood at 4.0 percent through June 2017, better than Los Angeles County as a whole, which was 4.6 percent.

Building activities have tapered a bit in comparison to FY 14-15; however, projects continue to move forward with several under construction. The hospitality sector has remained strong with the recently opened Residence Inn by Marriott, a 144 room hotel, in the Old Pasadena area. Additionally, a 179 room Hyatt Place hotel began construction in the former Macy's site at the Paseo in April 2017. Along with these two properties, there are several other developments in various phases of the entitlement process that could bring more than 600 additional hotel rooms to Pasadena. Aside from hotel development, the City has approved a significant number of new housing projects representing hundreds of new units throughout the city.

LONG-TERM FINANCIAL PLANNING AND NEXT YEAR'S BUDGETS AND RATES

The FY 17-18 Adopted Budget has been developed based on the City Council Strategic Plan goals. All Department performance measures and City activities are tied to one or more of these goals:

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

The City's General Fund, which pays for police, fire, parks, recreation and other municipal services is its most important Fund. The General Fund's Adopted Operating Budget for FY 17-18 is balanced, does not rely on the use of reserves and is expected to result in positive net income at the end of the fiscal year. The Capital Budget includes investments in the City's infrastructure exceeding \$76 million for FY 17-18 and continues the City's efforts to maintain and enhance its physical plant.

During the FY 16-17 Operating Budget process certain negative trends were identified regarding the financial forecast for the General Fund. In order to address these trends, in October 2016, the City Council approved expenditure reductions totaling \$2.1 million. The FY 17-18 Operating Budget furthers this effort by reducing an additional \$1.9 million. These reductions, coupled with moderate projections of revenue growth, have greatly reduced the size of projected future operating deficits. In order to ensure that the City achieves positive net income in future years, additional attention must be

paid to managing expenses within existing resources. As indicated above, maintaining fiscal responsibility and stability is a key goal of the City Council. Given Pasadena's long history of sound financial management, there is every reason to believe that the City will continue to successfully address budgetary issues while continuing to provide quality services to the community it serves.

The FY 17-18 Adopted Budget totals \$783.0 million overall. This includes an operating budget of \$639.6 million, capital appropriations of \$76.3 million and appropriations of \$67.1 million for the City's three operating companies—Rose Bowl Operating Company, Pasadena Center Operating Company and Pasadena Community Access Corporation.

The City's General Fund is the most important fund in that it provides for most basic City services including public safety, public works, parks and recreation. The Adopted Budget for the General Fund for FY 17-18 is \$242.95 million with estimated revenues of \$245.01 million.

General Fund Five-Year Financial Forecast

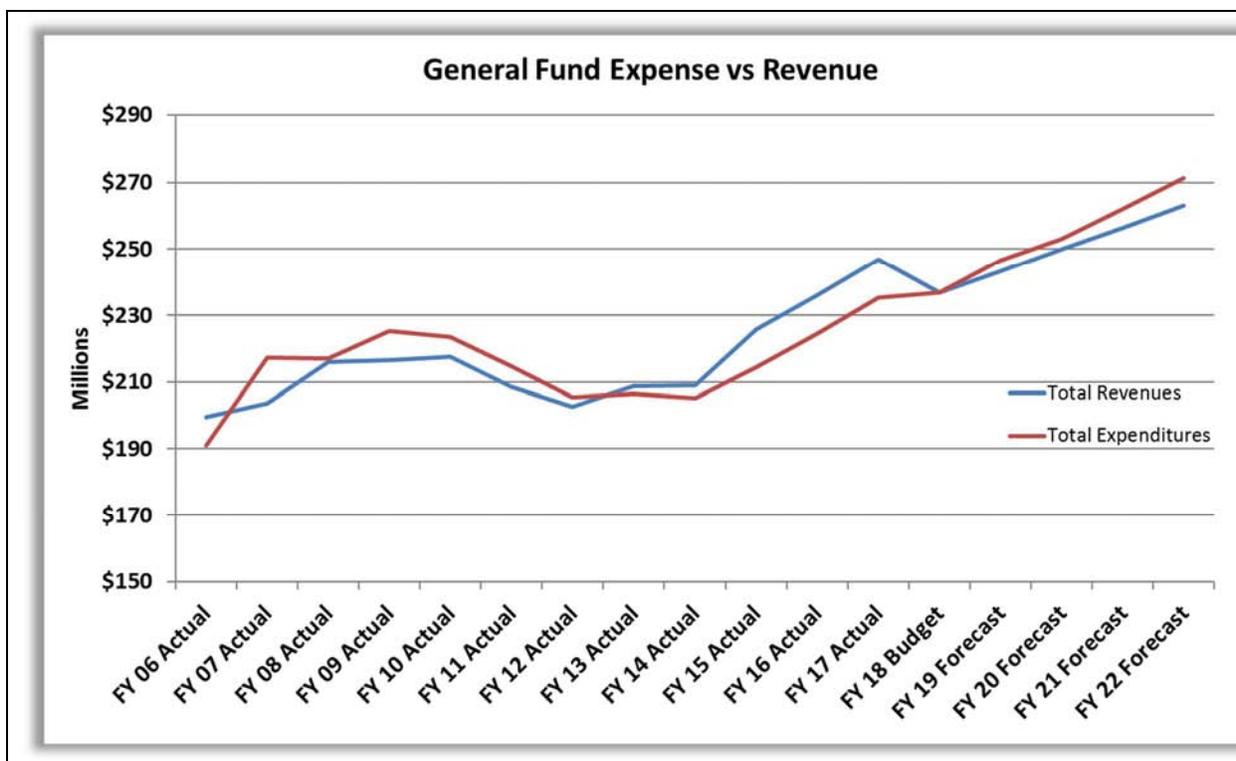
The General Fund Five-Year Financial Forecast is the mechanism by which the long-term financial health of the City's most important fund is monitored. By tracking and trending current and anticipated revenues and expenses, the forecast provides a tool for the City's policymakers. At the time of the City Council FY 16-17 operating budget adoption, the General Fund Five-Year Financial Forecast indicated that while the budget was balanced for that year, thanks mainly to one-time revenues, a gap would arise between anticipated revenues and expenses beginning in FY 17-18 and grow more pronounced over time. At that time, the projected gap for FY 17-18 was \$7.6 million, widening to more than \$12 million by FY 20-21 if left unchecked.

The disparity between revenues and expenses is driven by the rising cost of providing City services, coupled with slow, and in some cases flat, revenue growth. Given the nature of City services, the largest category of expenses in the General Fund is for personnel salaries and benefits, which comprises 64 percent of overall expenditures. Within this category, salary increases have remained moderate for the last several years following a number of years where City employees received no increases due to the impact of the economic recession. The main increase in personnel costs has been in pension contributions. The City is a member agency of CalPERS, which provides defined-benefit pensions to most City employees upon their retirement. In recent years the contribution rates, i.e., the dollar amount the City must contribute to CalPERS on behalf of its employees in order to fund future pension benefits, has risen dramatically as CalPERS seeks to ensure its ability to meet future obligations. To partially offset these increases, employees have agreed to pay portions of the employer required contributions through their bargaining unit agreements. City employees in some bargaining units, non-represented, and executive non-represented are paying one, two, or three percent of their compensation towards the City required payments. This is in addition to their employee contribution.

Starting this past fiscal year, with the implementation of GASB Statement 68, the City is required to show on its financial statements the outstanding liability for employee pensions. As of June 30, 2016 the total liability was \$386 million. For FY 17-18 the City's total contribution to CalPERS is budgeted at \$44.5 million, of which \$26.5 million is in the General Fund.

Recently, increased media attention has been given to the issue of public employee pensions, as CalPERS and other pension systems address projected funding deficiencies. Recognizing the risks, at the urging of Governor Brown, Assembly Bill 340 created the Public Employees' Pension Reform Act (PEPRA). Under this legislation all employees enrolled into CalPERS after January 1, 2013 have a less generous pension benefit than those who preceded them and are required to pay a portion of their salaries to fund their benefits. Currently 20 percent of the City's workforce is covered by the PEPRA formula. Moreover, in Pasadena, all City employees contribute towards their pension costs.

In regard to revenues, despite some improvement, the City is not seeing the same level of overall economic growth across its major revenue categories that would generally be presumed to occur in a relatively healthy national economy.



(Balance of page intentionally left blank)

Comprehensive Annual Financial Report (CAFR)
 City of Pasadena, California (City)
 Fiscal year ended June 30, 2017

General Fund Five-Year Forecast					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	Projected	Projected	Projected	Projected	Projected
-----\$'s in thousands-----					
Beginning Amount Available for Appropriations	4,392	4,467	943	(2,078)	(7,816)
Revenues					
Tax Revenues	162,003	166,336	170,847	174,882	179,036
Other Revenues	55,558	57,331	59,175	61,083	63,059
Contributions/Svs. From Other Funds	19,261	19,491	19,956	20,308	20,966
Total Revenues	236,822	243,158	249,978	256,273	263,060
Expenses					
Personnel	150,612	159,533	166,989	174,503	182,356
DebtService	14,493	14,075	11,473	11,480	11,480
Contributions To Other Funds	14,549	14,840	15,137	15,440	15,749
Other Expenses	57,093	58,234	59,399	60,587	61,799
Total Expenses	236,747	246,683	252,998	262,010	271,384
Fund Balance Allocations	-	-	-	-	-
Contribution to Policy Reserve	-	-	-	-	-
Net Income/(Loss)	75	(3,525)	(3,021)	(5,739)	(8,323)
Ending Amount Available for Appropriations	4,467	943	(2,078)	(7,816)	(16,140)

Fiscal Drivers

The City's three major revenue sources: Property Tax, Sales Tax, and Utility Users Tax account for 55.7 percent of the General Fund's overall revenues. These revenues are a mixture of growth and decline going in to FY 17-18.

Pasadena's largest and most stable revenue source continues to be property tax. Property tax proved to be resilient during the Great Recession and has realized strong growth in the past few years. New and infill development has provided for steady increases. When combined with property tax formerly allocated to redevelopment that is now directed to the General Fund, total Property Tax revenue is projected to grow by 8.29 percent for a total of \$64.38 million in FY 17-18. This one source represents 25.9 percent of total revenues. Continued strong growth is projected for the next few years as several large developments are underway, which will add to the existing total assessed property (both residential and commercial) valuation in the City of more than \$24 billion.

Pasadena's Sales Tax base has shown slow growth the past few years and a slight increase is projected for FY 17-18. Some categories, such as automobile sales and repair along with restaurants have shown moderate growth, but that growth has been offset by larger declines in other consumer areas. As more shopping is done online, all of the related sales tax from those purchases is allocated to the County-wide pool, and the City receives generally less than 2.5 percent of those funds. For example, if a \$100

purchase is made at a retail store in Pasadena, the City receives \$1 of sales tax revenue; however, if that same purchase is made by a Pasadena resident via Amazon.com, the City receives approximately \$0.03 in sales tax revenue. Due to this shift and slow growth environment, the projection for FY 17-18 is \$35.6 million, which is only \$88.0 thousand more than FY 16-17.

Looking forward, the City's sales tax base will continue to be challenged with growing online sales and a repurposing of retail centers. In January 2013, as part of a global restructuring, Avon Corporation announced the intended closure of its distribution center in Pasadena. While this center has continued to operate, it is expected to close in the near future. As one of the City's top sales tax generators, it is unlikely the City will be able to fully replace this loss. The future redevelopment of the Avon site might provide an opportunity to re-establish a significant sales tax producing use.

Utility Users Tax (UUT) is a tax imposed by the City on the use of telephone service, video or cable service, and the consumption of natural gas, electricity and water. UUT revenue was flat for several years and began declining in FY 16-17. This decline is projected to continue in FY 17-18 as reduced consumption of both water and electricity is expected along with the continued shift away from traditional cable service. Increased usage of cellular telephones does provide some relief; however, carriers continue to lower prices or bundle more services, and more people are eliminating their residential landlines, which provides for limited net new revenue. For FY 17-18, revenue is projected at \$29.1 million; which is a 4.3 percent reduction or \$1.3 million less than the prior year.

The City's Transient Occupancy Tax (TOT) has become a strong revenue source boosted by increased travel to Pasadena along with new developments that have either opened or are underway. In August 2016, the 144 room Residence Inn in Old Pasadena opened and in April 2017 construction began on the Hyatt Place Hotel at the Paseo. These two hotels will provide strong growth for TOT revenue over the next two years, helping to improve the General Fund five-year forecast. Additionally, some of the existing hotels in the City are being remodeled and updated, and several additional hotels are in the early development process. If the new hotels are developed, TOT revenue could increase by several million dollars.

A significant internal revenue source for the General Fund has been the transfer from the Power Fund. Per the City Charter, a transfer based upon annual gross electric retail income and the actual net income of the power utility's operations is made each year. Due to the significant reduction in consumption over the past few years combined with increased costs of operation, both the retail income and net income amounts have realized large declines. As a result, the transfer for FY 17-18 is expected to be \$450,000 less than FY 16-17, for a total of \$17 million. The five-year forecast projects an additional reduction of \$100,000 in FY 18-19, with slow growth returning in FY 19-20. In September 2017 the City received a claim challenging the legality of this transfer.

ADDRESSING FISCAL CHALLENGES

In fall 2016, following the close of FY 15-16, the General Fund Five-Year Financial Forecast was updated to reflect actual results for that fiscal year. These results indicated that revenues were approximately \$5.5 million higher than budgeted, owing to one-time revenues, and expenses were about \$2.4 million less than anticipated. This positive variance reduced the projected fiscal gap for FY 17-18 to \$4.9 million. Rather than wait until the development of the FY 17-18 operating budget to

address this issue, in October 2016, the City Council approved \$2.1 million in General Fund reductions, including the elimination of seven vacant staff positions; thereby bringing the projected gap for FY 17-18 to \$2.8 million.

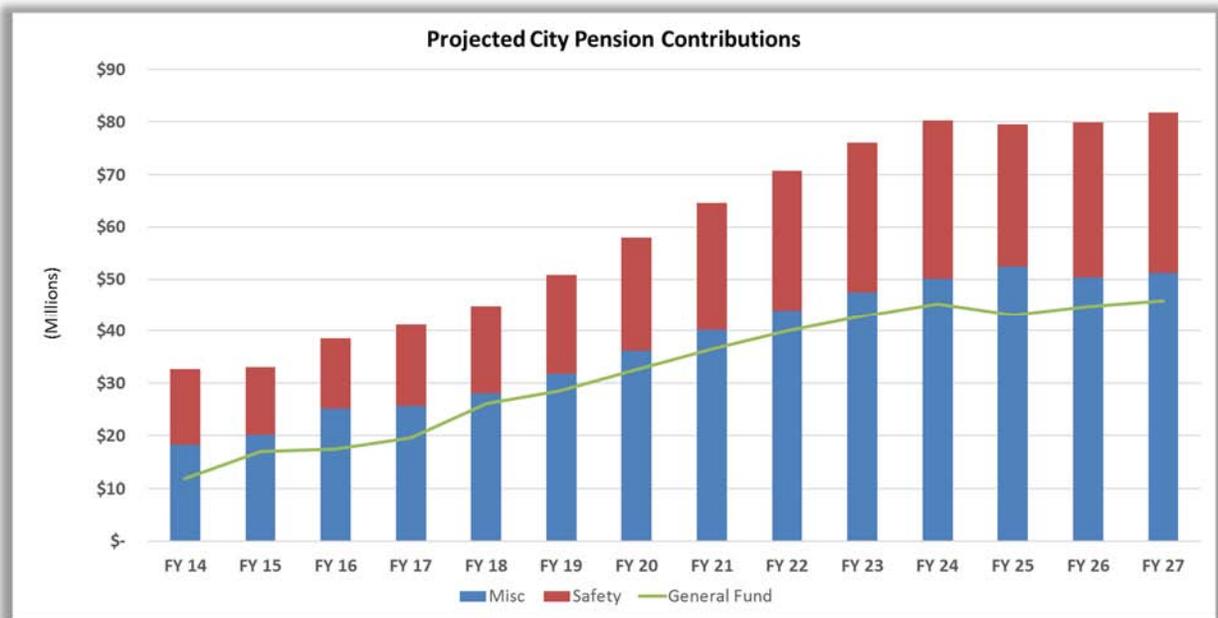
To close the gap for FY 17-18, all City departments were directed to identify potential cost reductions. As part of this effort, Departments were asked to assess their service line-up to determine if, in some cases, the services were no longer priorities for the community and whether resources could be better applied elsewhere. Additionally, where the cost of providing service supported it, departments also explored additional cost recovery through user fees.

In order to engage the public in the budget process early on, prior to the preparation of the recommended operating budget, three community meetings were held throughout the City. These meetings provided an opportunity for dialogue with residents about the factors impacting the City's budget and what approaches might be considered to address the fiscal challenges in the General Fund. In keeping with management's commitment to increasing communication with employees within the municipal organization, a series of meetings were held to inform City employees about the City's financial condition and encourage them to share ideas for reducing expenses or increasing revenues.

The result of this effort is that the Adopted Operating Budget for the General Fund for FY 17-18 is balanced, does not rely on the use of reserves and is expected to result in positive net income at the end of the year. To achieve this, a total of \$1.9 million in budget reductions were made, including the elimination of seven vacant positions. These reductions are in addition to the \$2.1 million in reductions approved by the City Council last October and discussed above. Across all funds, the Adopted Operating Budget reduces expenditures \$4.5 million and eliminates a total of 53 vacant positions.

By ensuring the General Fund generates positive net income, the City is able to increase its reserves to guard against inevitable economic downturns, recover from natural disasters and fund much needed capital projects. The City Council has established 15 percent of appropriations as the desired level of emergency contingency reserve for the General Fund, and 5 percent of appropriations as the desired level of operating reserve. As of June 30, 2017 both reserves are fully funded at \$35.5 million and \$11.8 million respectively. In addition to these reserves, the City Council also authorized the establishment of a Section 115 trust for both pension plan funding and OPEB liabilities. The pension trust will receive an initial contribution of \$10 million and the OPEB trust will receive \$2 million with a long-term plan of additional contributions to help offset cost increases in ten to fifteen years.

Unfortunately as shown in the following graph, continued significant increases in CalPERS contributions are anticipated for the foreseeable future. These increases may become even more pronounced as the pension system seeks to reduce risk in its portfolio by seeking more stable investments, thus reducing the corresponding discount rate and increasing the unfunded liability. The City is establishing a Section 115 Trust where funds can be accumulated and earn investment returns to help reduce the impact in the future years with the greatest increases in required contributions.



The City’s Workers Compensation Fund is underfunded and rates charged against departments/funds have been significantly increased to meet current costs and begin rebuilding the fund deficit. In an effort to reduce program costs, the City’s Workers Compensation program was evaluated in FY 16-17 to determine if additional measures or program management practices can be undertaken to better control costs and return employees to work more quickly. Rates have been increased to more fully recover costs and action was taken to transfer \$1.0 million of unassigned General Fund fund balance to the Workers Compensation Fund.

Overall, the General Fund budget for personnel costs for FY 17-18 totals \$150.6 million. This represents a minor decrease from \$151 million in FY 16-17.

Unfunded Liabilities - Other Post-Employment Benefits

An actuarial study of Pasadena’s Other Post-Employment Benefits (OPEB) relating to retiree health benefit liability was completed in 2016, reflecting a July 1, 2015 valuation date, and providing Annual Required Contributions (ARC) for FY 15-16 and FY 16-17. The report determined that Pasadena’s June 30, 2016 accrued actuarial liability was approximately \$54.2 million, an increase of \$25.6 million from the prior year. \$17.1 million of the increase reflected a new actuarial standard requiring inclusion of the “implicit subsidy”. The implicit subsidy reflects the cost of including older employees and retirees in premium rates that are the same for active and retired employees. Actuarially, the employer and younger employees are subsidizing older employee and retiree premiums. The ARC under GASB 45 for FY 16-17 was determined to be approximately \$6.0 million. Pasadena is currently using a pay-as-you-go methodology and is only paying about \$783,000 (with an additional implicit subsidy of \$1.0 million) per year toward this amount, resulting in an increase to the June 30, 2017 liability shown in

these financial statements as \$26,725,840. Continuing the pay as you go method will significantly increase the ARC in future years. The actual amount will depend on future actuarial valuation reports. Additionally in FY 17-18, GASB 75 will require recognition of the full actuarial liability and changes in accounting presentation.

This unfunded OPEB liability is the primary driver in the deficit fund balance in the Benefits Fund. The City took two actions in FY 16-17 to begin to address this. \$1.0 million of General Fund unassigned fund balance was transferred to the Benefits Fund and \$2.0 million was committed to be placed into a Section 115 Trust along with \$10.0 million for pension funding.

Litigation and Impact on Revenues

SB 481 Litigation

After a lengthy process the City exhausted all of its available administrative and legal remedies that included administrative appeals, two hearings in Superior Court, and two arguments in the Court of Appeals. The January 13, 2017, Appellate Court decision, in favor of the California Department of Finance, ruled that the City is not entitled to repayment of the \$39.7 million in City's advances to the Pasadena Community Development Commission. In March 2017, the Los Angeles County Auditor Controller distributed the \$39.7 million held in escrow to all County taxing entities. As one of the County taxing entities the City of Pasadena received its portion, \$9.0 million, on March 24, 2017.

Power Fund Transfer to the City's General Fund

In September 2017, the City was sued in a putative class action lawsuit by an electric service customer, challenging the validity of Charter-authorized transfers from the Light & Power Fund to the General Fund, which has amounted to approximately \$14.5 to \$17.4 million annually. The lawsuit seeks a refund of the transferred funds, dating back to 2014. The City was recently served, and intends to vigorously defend the matter.

Replenishment of the City's General Fund Reserves

Approximately \$25 million of General Fund reserves was used between FY 08-09 and FY 11-12 to help cushion the impact of the Great Recession on City service levels. Prudent fiscal planning and a commitment in the years leading up to FY 08-09 had built up reserves that, absent their availability, would have resulted in catastrophic reductions in service levels that would have significantly reduced the quality of life in Pasadena. In the years following, the City has been committed to rebuilding its General Fund reserves and in 2011 set its targeted goal at 20% of current year appropriations.

At June 30, 2017, for the first time, the City has been able to commit the full 20% that it had set as a goal. At June 30, 2017 it was recommended and approved that this reserve be split into a General Fund Emergency Contingency (at 15% or \$35.67 million) and a General Fund Operating Reserve (at 5% or \$11.9 million). The balances represent an increase to reserves of \$11.1 million based on utilization of FY 16-17 surplus and unassigned fund balance.

FY 17-18 CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS

Protecting, maintaining and replacing the City's infrastructure such as roads, bridges, parks, public buildings, utility systems and parking facilities is one of the most important aspects of running an efficient, responsible City. Pasadena will continue with both major and minor infrastructure

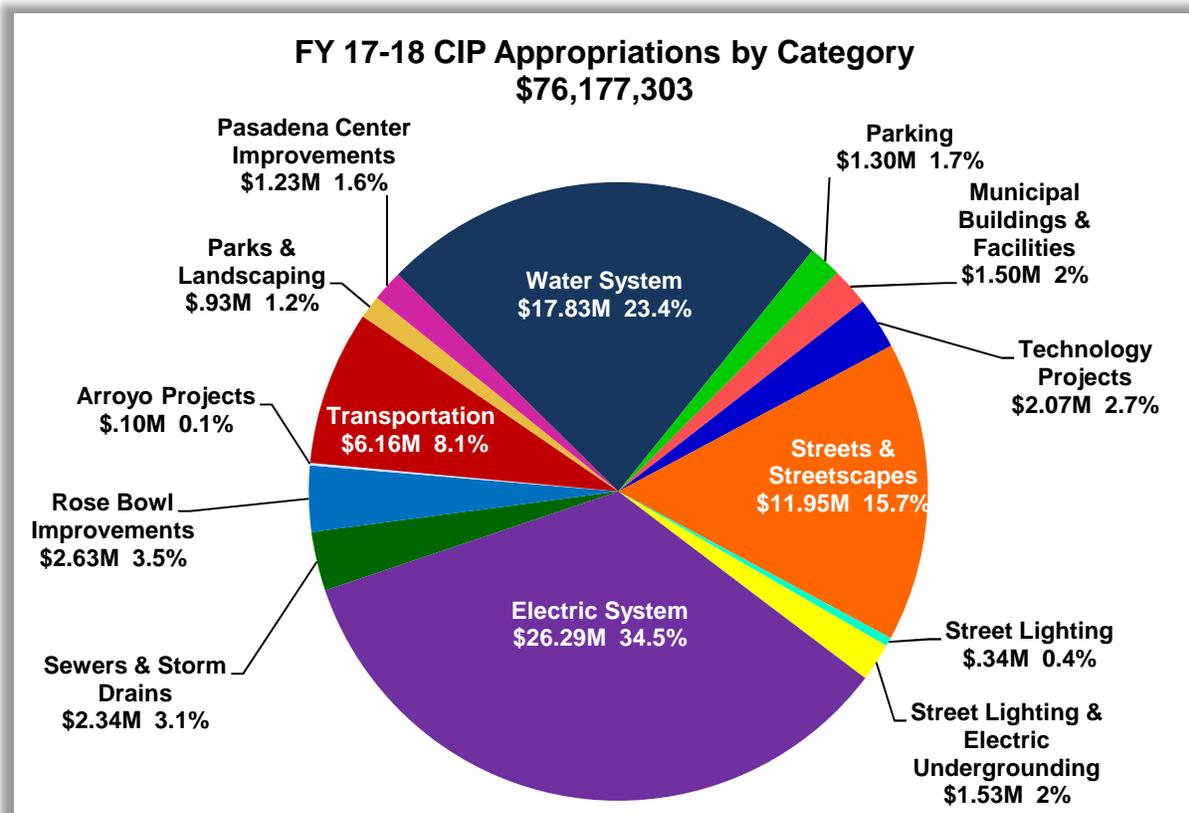
improvements through the City’s FY 18–22 Capital Improvement Program (CIP) Budget. The CIP is the blueprint for new construction and major maintenance projects designed to protect and preserve Pasadena’s outstanding quality of life.

In addition to the City Council’s Strategic Plan goals previously noted, the following criteria is used for developing and prioritizing the CIP:

- Public safety concerns
- If costs of existing maintenance exceed projected replacement costs
- Whether the existing facility or system no longer meets City needs/demands
- Project cost exceeds \$75,000

The current Capital Improvement plan includes 200 active projects with a total estimated cost of \$953 million. Addressing major deferred maintenance and upgrades of City-owned infrastructure is one of the City’s core responsibilities. The FY 17-18 CIP budget contains six new projects, and appropriates \$76.2 million to 94 projects. Unfortunately, this level of investment is not sufficient to keep pace with the growing maintenance requirements of the City’s extensive infrastructure. Identifying funding to meet these requirements is a significant challenge.

The following graph illustrates FY 17-18 appropriations by major project category.



The City has adopted master plans that identify optimal funding levels and work-plans for improving and maintaining streets, parks, sewers, the water system, and the electric distribution system. Over the

last several years, due largely to funding limitations, the City has been unable to meet the targets outlined in some of these master plans, Consequently, some of the City's infrastructure has exceeded its useful life.

Fortunately, some categories of projects do have reliable funding sources and are tracking better in relation to their work-plans such as Water, Electric, Street Lighting and Electrical System Undergrounding where customer charges for services pay for capital improvements. One area where the City is not keeping pace of the need is maintenance of its streets. Currently, Pasadena allocates \$1.5 million per year for street resurfacing. This amount of investment is not sufficient to prevent further deterioration of their overall condition; an investment closer to \$4.5 million per year would be needed to do that.

There is some good news for funding street and road projects. The recent passage of SB 1 (Beal) Road Repair and Accountability Act of 2017 on April 6, 2017 will provide Pasadena with approximately \$32 million over the next ten years to invest in our street and road infrastructure. In addition, Los Angeles County voters approved Measure M, the Los Angeles County Traffic Improvement Plan in November 2016. This measure increased sales tax by ½ percent and is projected to generate \$860 million per year for much needed street, bridge and transit projects throughout the County.

The two largest categories of capital improvements as shown in the above chart are projects related to the City's water and power utilities. The City's Water and Power Department (PWP) continues to be proactive in making infrastructure investments to protect the City's valuable investment in its utility infrastructure and to improve system reliability for customers.

The complete FY 17-18 to FY 21-22 CIP document is posted on the City's website under the Public Works Department pages at: http://www.cityofpasadena.net/PublicWorks/Capital_Improvement_Program/

ACCOMPLISHMENTS

While it is critically important that the City maintain strong fiscal health, the City must also continue to address a wide variety of infrastructure-related issues and also take time to acknowledge the positive improvements that are continually being made. For example, some of the FY 16-17 accomplishments include:

- Adoption of balanced budget for a fifth consecutive year, consistent with the Council's goal to maintain fiscal responsibility and stability;
- Implemented the first year of a five year program of tiered increases to the City's minimum wage and wage enforcement program in an effort to reduce workforce exploitation, provide protection for employees and keep Pasadena businesses competitive;
- Adopted new Power Integration Resource Plan, with a goal of eliminating the use of coal-based energy by 2027 and achieving a 60.0 percent reduction in greenhouse gas emissions by 2030, consistent with the City Council's sustainability goals;
- Completed city-wide risk assessment;

Comprehensive Annual Financial Report (CAFR)
City of Pasadena, California (City)
Fiscal year ended June 30, 2017

- Completed Phase I of a fraud risk assessment for six City Departments and began Phase II for Water and Power Department;
- Updated Fraud Prevention Policy and completed fraud training for City Senior Management;
- Issued \$119.44 million Electric Revenue/Refunding Bonds Series 2016A, \$21.865 million 2016A Rose Bowl Refunding Lease Revenue Bonds, and \$15.395 million Water Revenue/Refunding Bonds Series 2017A for the purpose of refinancing and reducing interest paid on debt;
- Coordinated logistics and permits for over 500 filming projects and garnered first nomination for California on Location Award for outstanding work in keeping production in California;
- Achieved a Renewable Energy Portfolio Standard (“RPS”) of over 30 percent in calendar year 2016;
- Completed construction of Phase II of the Glenarm Repowering Project (GT-5), with commissioning and commercial operation achieved on December 20, 2016;
- The Fire Department is honored to be one of only 45 of 30,052 fire departments in the United States that are both Insurance Services Office (ISO) Class 1 and Accredited by the Center of Public Safety Excellence’s (CPSE) Commission on Fire Accreditation International (CFAI);
- The Fire Department assisted in seven strike team incidents as part of the state-wide wildland fire fighting response;
- The Housing Department have managed to completion several affordable housing projects including; Heritage Square (70 units), Mar Vista Union Apartments (20 units), and The Groves (44 units);
- Implemented Continuum of Care Program providing 95 homeless persons with transitional or permanent housing;
- Departments of Information Technology and Police implemented body-worn camera technology utilizing a \$250,000 U.S. Department of Justice grant;
- Launched a complete redesign of City and Department websites;
- Conducted over 5,300 Code compliance inspections, 1,600 residential inspections through the Occupancy Inspection Program, 2,000 residential quadrennial inspections, and over 23,000 building inspections for commercial and residential construction;
- Provided paid summer jobs to 188 youth through the Summer Rose Program;
- Celebrated and provided City support of the 128th Tournament of Roses Parade and the 103rd Rose Bowl Game;
- Added over 10 miles of new fiber network to the southwest area of the City, supporting utility, transportation management, and business customer connectivity requirements;
- The Public Health Department was granted national public health department accreditation by the Public Health Accreditation Board;

Comprehensive Annual Financial Report (CAFR)
City of Pasadena, California (City)
Fiscal year ended June 30, 2017

- Working with Huntington Hospital, the Public Health Department supported the first city-wide community health assessment;
- Completed the Electric Vehicle (EV) Charging grant project with the installation of 50 level II chargers citywide;
- Added nine new Dial-A-Ride vehicles (seven replacement) and four new replacement Pasadena Transit Buses, all grant funded;
- Secured City Council's approval for implementing Pasadena Regional Bike share program;
- The Public Works Department completed construction on the La Loma Bridge Rehabilitation Project, cleaned over 1.5 million linear feet of sewer main lines, resurfaced over two miles of streets, repaved 90,000 square feet of residential streets, repaired 200,000 square feet of sidewalks, and 5,000 linear feet of curbs and gutters. For a comprehensive status of Capital Improvement projects, please visit:
http://www.cityofpasadena.net/PublicWorks/Capital_Improvement_Program/
- Answered 78,000 calls to the Citizen Service Center, 72 percent within 30 seconds, and received over 29,000 web and mobile applications service order requests for all City Departments;
- Secured State approval for repayment to the City's General Fund of \$3.9 million of former City/Pasadena Community Development Commission (Redevelopment Agency) loans;
- 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, 2016. This was the 18th 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 City holds an "AAA" issuer credit rating issued by Standard & Poor's, the highest rating given. The City continues to hold an AA+ rating from Fitch Ratings.

Conclusion

Pasadena is a destination city that blends its rich history and traditions with innovation and culture. The employees of the City take great pride in providing quality public services to those they serve. This FY 16-17 Comprehensive Annual Financial Report demonstrates the City's accomplishments to deliver exemplary municipal services responsive to the entire community and consistent with our history, culture and unique character.

Comprehensive Annual Financial Report (CAFR)
City of Pasadena, California (City)
Fiscal year ended June 30, 2017

Under the City Council's leadership, Pasadena has achieved remarkable success and has overcome many obstacles. There is every reason to believe that despite the challenges discussed herein, the City will continue to thrive and serve as a model for other communities to emulate.

Respectfully submitted,



Steve Mermell
City Manager



Matthew E. Hawkesworth
Director of Finance

CITY OF PASADENA
City Officials

CITY COUNCIL

Mayor	Terry Tornek
Vice-Mayor	John J. Kennedy (District 3)
Councilmember	Tyron A.L Hampton (District1)
Councilmember	Margaret McAustin (District 2)
Councilmember	Gene Masuda (District 4)
Councilmember	Victor Gordo (District 5)
Councilmember	Steve Madison (District 6)
Councilmember	Andy Wilson (District 7)

APPOINTED OFFICIALS

City Manager	Steve Mermell
City Attorney	Michele Beal Bagneris
City Clerk	Mark Jomsky

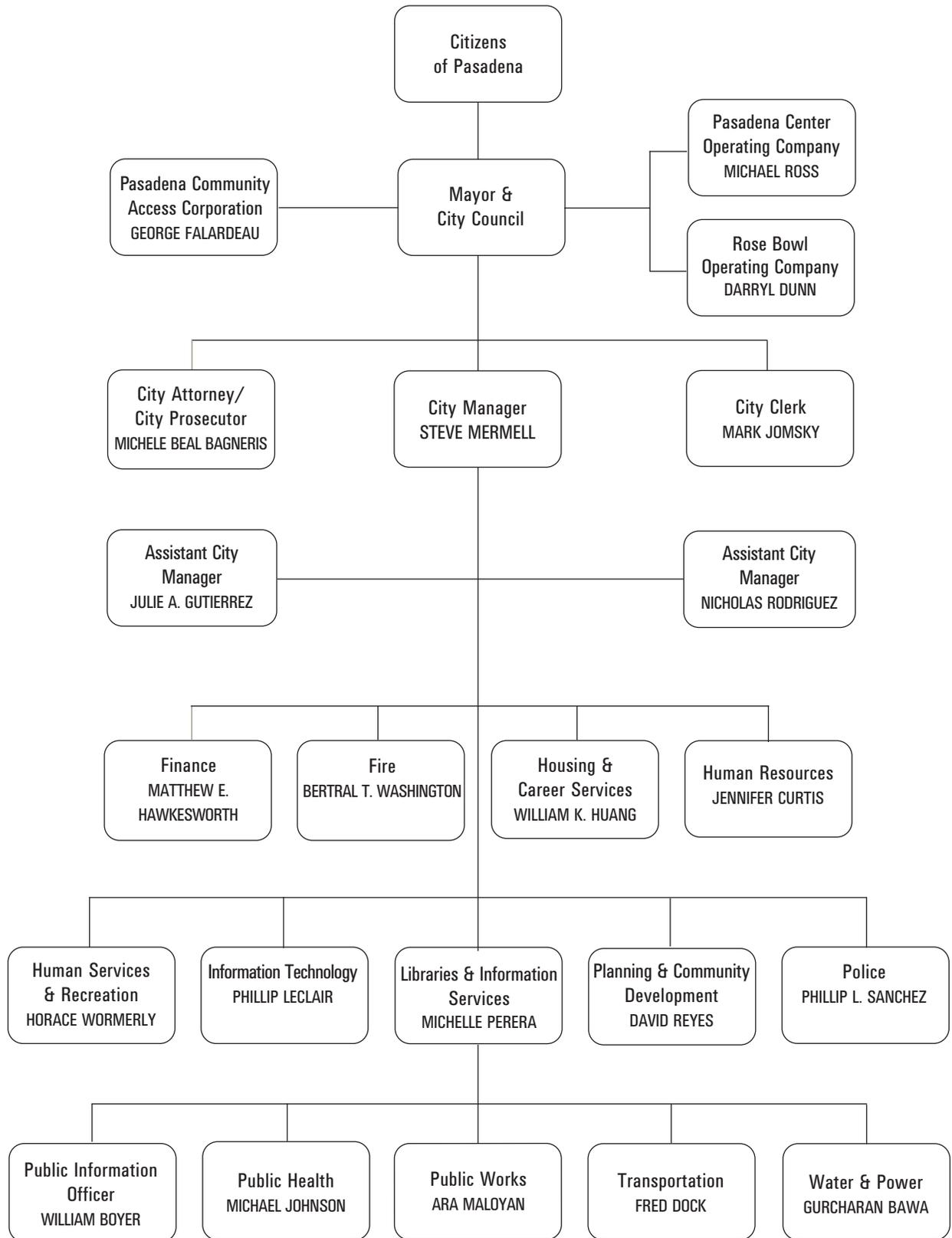
EXECUTIVE LEADERSHIP TEAM

Assistant City Manager	Julie A. Gutierrez
Assistant City Manager	Nicholas Rodriguez
Director of Finance	Matthew E. Hawkesworth
Director of Housing and Career Services	William K. Huang
Director of Human Resources	Jennifer Curtis
Director of Human Services and Recreation	Horace Wormely
Director of Library & Information Services	Michelle Perera
Chief Information Officer	Phillip Leclair
Director of Planning and Community Development	David Reyes
Chief of Police	Phillip L. Sanchez
Director of Public Health	Michael Johnson
Director of Public Works	Ara Maloyan
Director of Transportation	Fred Dock
General Manager of Water and Power	Gurcharan Bawa
Public Information Officer	William Boyer
Fire Chief	Bertral T. Washington

OPERATING COMPANY EXECUTIVES

Chief Executive Officer, Pasadena Center Operating Company	Michael Ross
General Manager, Rose Bowl Operating Company	Darryl Dunn
Executive Director/Chief Executive Officer, Pasadena Community Access Corporation	George Falardeau

CITY OF PASADENA
Organization Chart
June 30, 2017



CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2017



Government Finance Officers Association

**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, 2016

Christopher P. Morill

Executive Director/CEO

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, 2016.

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

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

(This page intentionally left blank)



FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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

Opinions

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pasadena, California, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund and housing successor fund, the schedule of changes in net pension liability and related ratio, and the schedule of plan contributions 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic 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.



CPAs AND ADVISORS

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017 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, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
December 15, 2017

(This page intentionally left blank)

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Pasadena, we offer this narrative overview and analysis of the financial activities of the City of Pasadena for the fiscal year ended June 30, 2017. 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.

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.

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 position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position 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 the most recent fiscal year changes in the City's net position. All changes in net position 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 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 18-21 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 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 thirty five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Project Management Capital Project Fund, and the General Debt Service Fund, all three of which are considered to be major funds. Data from the other thirty two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Pasadena adopts an annual appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison statements have been provided for the General Fund and Special Revenue Funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22-25 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 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'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, and Off Street 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 two 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 26-33 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 activities of the Successor Agency to the Pasadena Community Development Commission are also reported with the City's fiduciary funds as a private purpose trust fund. Individual fund data for each of these fiduciary funds is provided in the form of *combining statements* elsewhere in this report. 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 34-35 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 39-140 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary practices and budget to actual comparisons for the general fund and special revenue funds. Required supplementary information can be found on pages 141-150 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 152-189 of this report.

FINANCIAL HIGHLIGHTS

New Significant Accounting Standards Implemented

In fiscal year 2016-17, the City adopted four new statements of financial accounting standards issued by the Government Accounting Standards Board (GASB) that relates to various accounting matters:

- Statement No. 77, “*Tax Abatement Disclosures*,” and
- Statement No.78, “*Pensions Provided Through Certain Multi-Employer Defined Benefit Pension Plans*,” and
- Statement No. 80, “*Blending Requirements For Certain Component Units-An Amendment of GASB Statement No. 14*,” and
- Statement No. 82, “*Pension Issues-An Amendment of GASB Statements No. 67, And No. 73*.”

Statement No. 77 provides requirements for disclosing information regarding programs that provide for the abatement of taxes, including a brief description, gross amount of the tax abated, and any other commitments made. The City believes it does not have any such agreements at this time.

Statement No. 78 amends Statement No. 68 to provide guidance on the applicability of Statement No 68. It does not apply to the City of Pasadena.

Statement No. 80 amends the blending requirements for the financial statement presentation of component units. It does not result in changes for the City of Pasadena’s component units.

Statement No. 82 provides a number of technical corrections and clarifications of the previously issued Statements No. 67, No. 68, and No. 73 related to Pension reporting.

Restatement of Beginning Net Position and Fund Balances

As disclosed in Footnote 21 on page 138, the beginning net position of the Governmental Activities was restated from \$136,082,484 to \$127,915,554 as of July 1, 2016, a reduction of \$8,166,930. This was primarily due to the reclassification of Property Held for Resale to Fixed Assets in the amount of \$7,563,851. The other restatements were \$1,722,164 for Working in Progress, \$930,091 for Housing Assistance Payments, and \$188,994 due to the closure of Mail Service Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Pasadena, assets and deferred outflows exceeded liabilities and deferred inflows by \$928.3 million at the close of the most recent fiscal year.

\$828.5 million of the City of Pasadena's net position reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are 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.

City of Pasadena's Net Position (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016*	2017	2016	2017	2016*
Current and other assets	\$ 305.8	360.4	464.5	441.1	770.3	801.5
Capital assets	493.4	401.1	775.3	745.8	1,268.7	1,146.9
Total Assets	799.2	761.5	1,239.9	1,186.9	2,039.0	1,948.4
Deferred outflows	90.7	42.9	22.1	9.0	112.8	51.9
Long-term debt outstanding	260.2	254.0	369.7	294.3	629.9	548.3
Net pension liability	372.4	318.2	79.0	67.8	451.4	386.0
Other liabilities	64.9	58.2	42.0	92.2	106.9	150.4
Total Liabilities	697.5	630.4	490.7	454.3	1,188.2	1,084.7
Deferred inflows	29.2	39.6	6.2	8.2	35.4	47.8
Net position:						
Net investment in capital assets	418.3	396.5	410.3	449.1	828.5	845.6
Restricted	55.5	57.0	171.5	153.3	227.0	210.3
Unrestricted	(310.5)	(325.6)	183.3	131.0	(127.2)	(194.6)
Total Net Position	\$ 163.3	127.9	765.1	733.4	928.3	861.3

* As restated

A portion of the City of Pasadena's net position, \$227.0 million or 24.4 percent represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit in *unrestricted net position* of, \$127.2 million, or 13.7 percent is for unrestricted uses in accordance with finance-related legal requirements. This deficit reflects liabilities which exceed assets on hand and is related to implementation of GASB 68 regarding Pension Plan reporting.

At the end of the fiscal year 2017, the City of Pasadena is able to report positive balances in all categories of net position for the government as a whole except for unrestricted net position.

During the fiscal year 2017, the primary government's net position increased by \$67.0 million. Approximately \$35.3 million of this is an increase in the City's Governmental Activities and \$31.7 million of this increase is in the City Business-Type Activities. The increase in the Governmental activities reflects increases in spending offset by increases in revenues and the final distribution of Senate Bill 481 from the State, which was more fully described in Footnote 22. The increase in Business-Type activities is the continuance of positive trend in increased revenues and this year's modest increases in expenses.

(Balance of page intentionally left blank)

City of Pasadena's Changes in Net Position (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016*	2017	2016	2017	2016*
Revenues:						
Program Revenues:						
Charges for services	\$ 80.2	75.6	287.8	277.1	368.0	352.7
Operating and capital grants and contributions	50.1	55.8	4.8	2.8	54.9	58.6
General revenues:						
Taxes:						
Property taxes, levied for general purpose	68.8	59.1	-	-	68.8	59.1
Sales taxes	35.7	36.9	-	-	35.7	36.9
Utility users' tax	28.3	28.1	-	-	28.3	28.1
Other taxes	35.2	35.6	4.9	4.6	40.1	40.2
Other revenues	20.1	22.9	2.4	6.3	22.5	29.2
Misc revenues	8.3	14.6	8.1	42.3	16.4	56.9
Total revenues	326.7	328.7	307.9	333.1	634.6	661.8
Expenses:						
General government	42.9	59.4	-	-	42.9	59.4
Public safety	127.8	96.5	-	-	127.8	96.5
Transportation	41.7	35.7	-	-	41.7	35.7
Culture and leisure	34.2	32.3	-	-	34.2	32.3
Community development	39.8	79.4	-	-	39.8	79.4
Interest and other fiscal charges	8.6	9.2	-	-	8.6	9.2
Electric	-	-	182.2	174.9	182.2	174.9
Water	-	-	48.0	45.2	48.0	45.2
Other expenses	14.8	15.2	27.5	29.0	42.4	44.2
Total expenses	309.9	327.7	257.7	249.1	567.6	576.8
Increase (decrease) in net position before transfers	16.8	1.0	50.2	84.0	67.1	85.0
Transfers	18.7	15.0	(18.7)	(15.0)	-	-
Special Item	-	11.1	-	-	-	11.1
Increase (decrease) in net position	35.4	27.2	31.7	69.0	67.0	96.1
Net position at beginning of year, as restated	127.9	100.8	733.4	664.4	861.3	765.2
Net position at end of year	\$ 163.3	127.9	765.1	733.4	928.3	861.3

* As restated

Governmental Activities

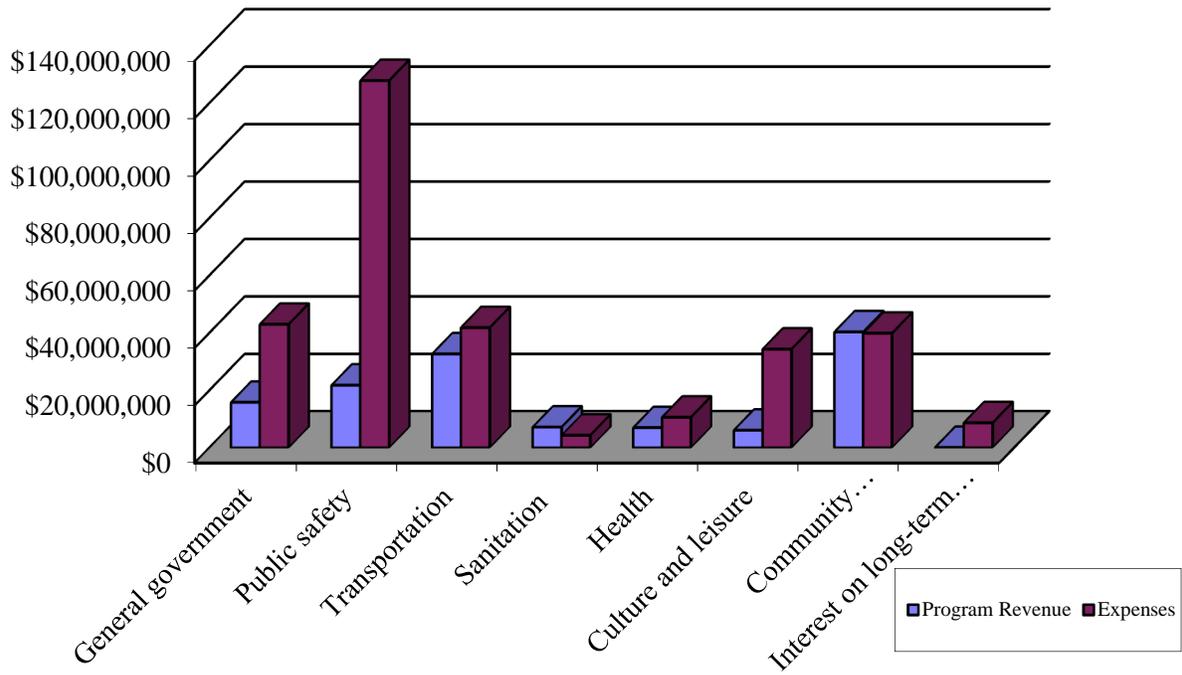
Governmental activities increased City of Pasadena's net position by \$35.3 million, 27.6 percent in the primary government's net position. Key elements of this increase are a combination of factors as follows:

- The revenue components of governmental activities decreased by \$2.0 million or less than 1.0 percent over prior year revenues. The following categories showed changes: Property taxes increased \$9.7 million, and charges for services increased \$4.6 million. Miscellaneous revenues decreased \$6.3 million, operating and capital grants and contributions decreased \$5.7 million, other revenues decreased \$2.8 million, sales taxes decreased by \$1.2 million, and other taxes decreased by \$0.3 million.

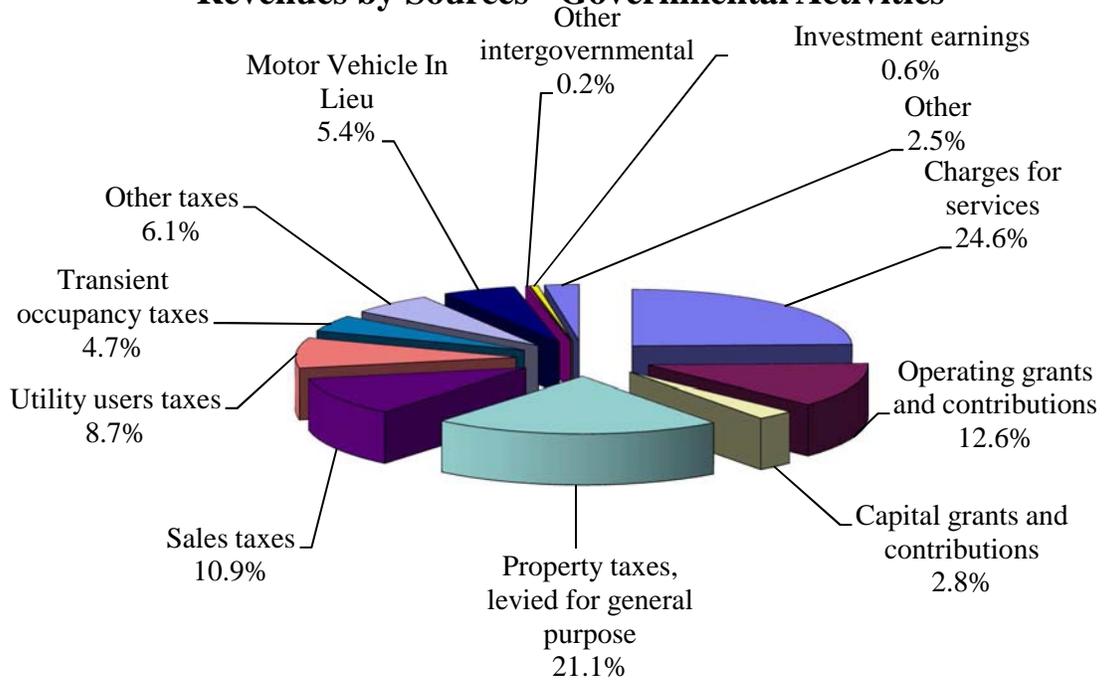
- The expense components of Governmental Activities decreased by \$17.8 million. The largest changes in expenses from the prior year were: public safety increased \$31.3 million (explained below), transportation increased \$6.0 million, community development decreased \$39.6, and general government decreased \$16.5 million. The other categories decreased by \$1.0 million.
- Net transfers increased \$3.6 million, up 24.1 percent. The Governmental Activities transferred out \$2.5 million less to and received \$1.0 million more transfers-in from the Business-type Activities.
- Property taxes increased \$9.6 million largely attributed to the final SB 481 distribution of \$9.0 million. Charge for services increased \$4.6 million or 6.1 percent largely attributable to an improved economy and construction activity.
- Operating Grants and Contributions increased \$.6 million or 1.6 percent.
- Capital Grants and Contributions (CGC) decreased \$6.3 million or 41.0 percent from the prior year. It included \$1.1 million less residential development impact fee, \$0.9 million less from Highway Administration, \$2.3 million less from Federal Surface Transportation, \$1.4 million less from Los Angeles County Metro, and \$0.6 million less from other grants.
- Miscellaneous revenues decreased \$6.3 million largely attributed to \$4.6 million claim settlements received in FY 2016 from the embezzlement case.
- Other revenues decreased \$2.8 million primarily due to investment earnings decreased by \$3.1 million or 62.5 percent, a result of inferior market conditions in the fiscal year 2017.
- Sales taxes decreased by \$1.2 million as the City received the final triple-flip sales taxes of \$6.7 million in FY 2016.
- Total expenses decreased by \$17.8 million to \$309.9 million from \$327.7 million in fiscal year 2016 with increases in some categories offset by decreases in others. The largest increase occurred in Public Safety which increased \$31.3 million or 32.4 percent. In FY 2017, Public Safety GASB 68 pension cost, per CALPERS actuarial report, increased \$20.3 million. The other expenses increased approximately \$11.0 million primarily due to higher workers compensation and general liability costs, and positions filled in FY 2017. Community Development expenses decreased \$39.6 million or 49.9 percent primarily due to \$22.0 million bad debt expense reclassifications and \$4.1 million paid back to HUD in FY 2016.

(Balance of page intentionally left blank)

Program Revenues and Expenses - Governmental Activities



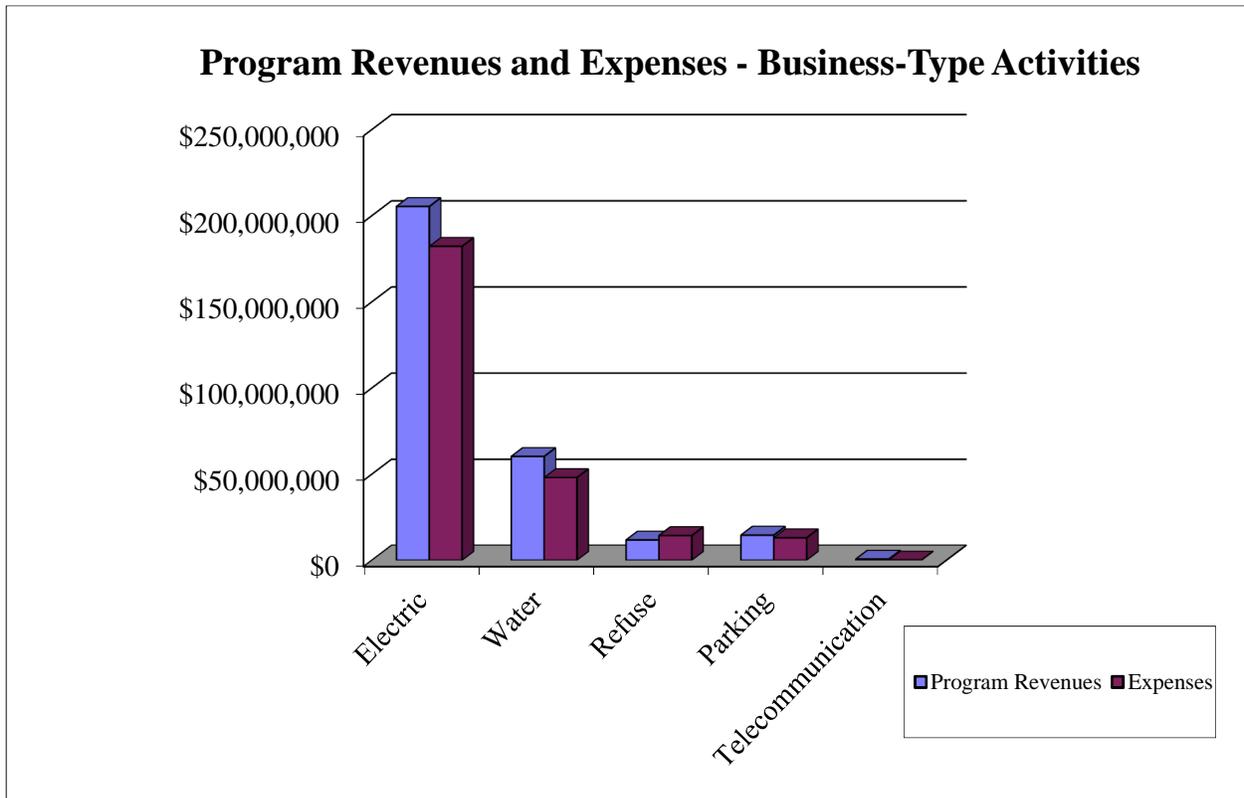
Revenues by Sources - Governmental Activities

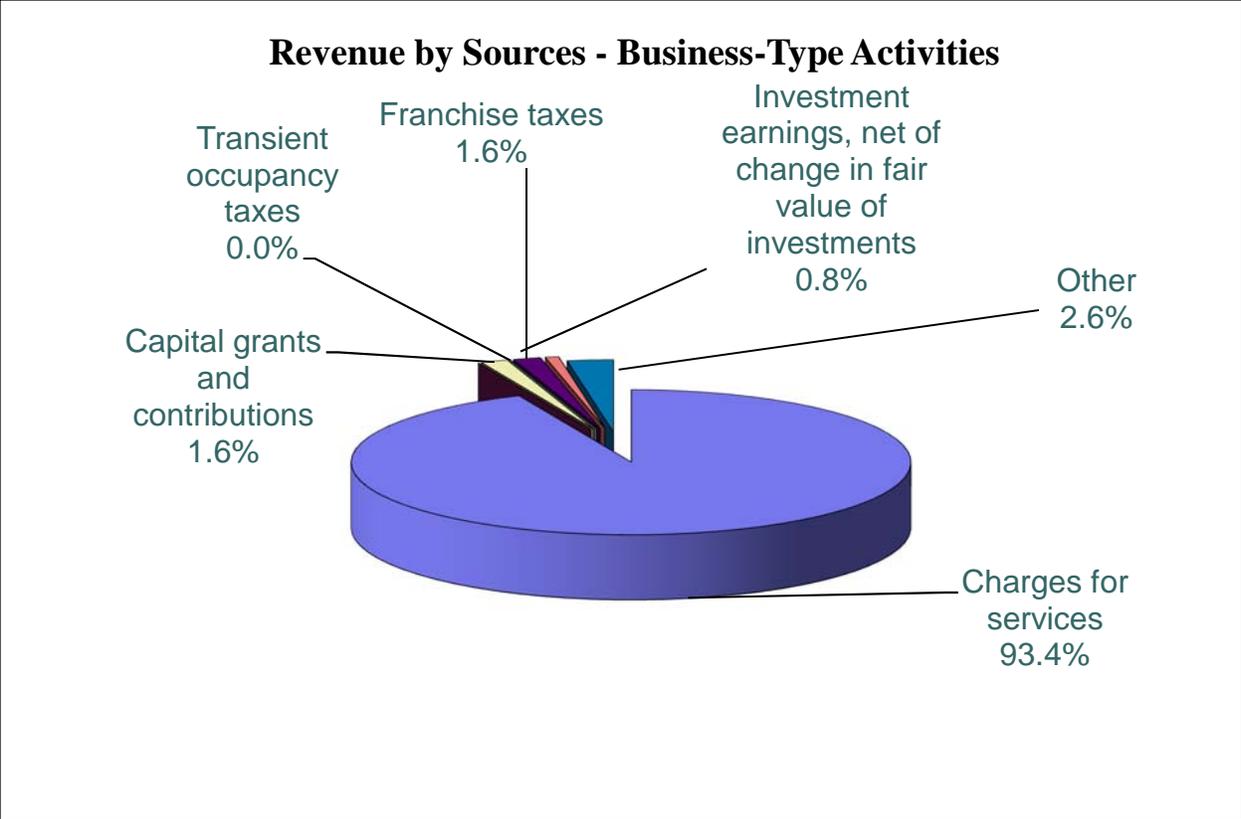


Business-Type Activities

Business-type activities increased the City of Pasadena's net position by almost \$31.7 million. Key elements of this year's increase are as follows:

- Net income of the Light and Power, Water, Off Street Parking, and Non-Major Enterprise Funds were \$15.0 million, \$13.3 million, \$.2 million, and \$3.1 million respectively.
- Electric charges for services increased \$3.3 million or 1.6 percent from the prior year due to increased rates during the fiscal year and increased customer driven projects.
- Electric expenses (operating plus interest) increased \$6.0 million or 3.5 percent from \$174.9 million to \$180.9 million due to higher operating costs, with \$3.2 million of the increase in utility transmission and distribution costs and \$1.6 million increase in interest costs related to outstanding bonds.
- Water charges for services increased \$7.4 million or 14.6 percent over the prior year due to FY 15-16 rate increase which was in force for all of FY16-17 combined with higher water sales.
- Water expenses (operating plus interest) increased \$2.8 million or 6.2 percent from \$45.2 million to \$48.0 million mostly due increased water purchases to cover increased utilization.
- Off Street Parking revenues increased \$25 thousand and expenses decreased \$1.4 million or 10.2 percent.
- Off Street Parking net income at \$228 thousand was very similar to the prior year net income after removing the prior year onetime miscellaneous revenue item of \$34.4 million which represents recognition of four City parking structures which the California Department of Finance approved for release from the Successor Agency to the City as they serve a governmental purpose.





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’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 on June 19, 2017 when City Council *committed* an additional \$11,111,517 per the current policy of increasing the commitment until a 20 percent of the General Fund annual appropriations per the adopted City Budget is achieved. This increased the General Fund Emergency Contingency committed fund balance to \$47,563,000 at June 30, 2017. This represents 20.0% of the General Fund annual appropriations.

At the end of the 2017 fiscal year, the City’s governmental funds reported combined ending fund balances of \$243.0 million, an increase of \$7.9 million in comparison with the prior year. The non-spendable fund balance of \$13.6 million represents assets generated by prepayments, permanent trust fund balances and receivables in funds, net of allowances. The restricted fund balance of \$55.5 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 \$154.2 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 \$26.8 million describes the portion of fund balance that reflects the City’s intended use of resources. The unassigned fund balance

of (\$7.1) million represents the deficit amount of that non-spendable, 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 2017 fiscal year, total fund balance equaled \$89.7 million in comparison to \$78.5 million in the prior year. The fund balance of the City of Pasadena's General Fund increased by \$11.2 million or 14.4 percent, during the fiscal year 2017. Key factors in this increase are as follows:

- Total expenditures increased \$6.1 million or 3.0 percent. Four of five of the components increased as follows: \$7.9 million in Public Safety, \$2.6 million in Transportation, \$0.8 million in Culture and Leisure, and \$0.7 million in Community Development. General government decreased \$5.9 million. Public Safety increase is due to vacancy filling and higher workers compensation and general liability costs for both police and fire. Transportation expenditures increased \$2.6 million due to \$1.7 million more personnel cost and \$0.6 million more service and supply expenditures in the fiscal year 2017.
- Total revenues increased by \$12.6 million and are explained by increases in seven categories of revenue and decreases in one category, as explained below:
- Taxes increased by a net \$8.2 million showing continued strengthening of economic recovery. Property tax revenue increased \$9.5 million as the City received the final SB 481 disbursement of \$9.0 million which was related to the dissolution of the City's redevelopment agency. Transient Occupancy tax revenue increased \$0.4 million, and the utility user's tax increased by approximately \$0.1 million. Sales tax decreased \$1.1 million as the City received the final disbursement of the triple-flip sales tax in the fiscal year 2016.
- Charges for services increased \$2.9 million primarily due to increase in sundry project revenues that the City collected from developers and residents for billable projects.
- Investment earnings decreased by \$2.0 million due to inferior market conditions in the fiscal year 2017.
- Miscellaneous revenues increased by \$3.3 million primarily due to bad debt recovery of \$4.5 million Recognized Obligation Payments Schedule (ROPS) from the California Department of Finance.
- The remaining differences are smaller and cover a number of categories: licenses and permits up \$0.4 million, intergovernmental revenues down by \$0.6 million, fines and forfeits up \$0.4 million, rental income down \$0.2 million, and contribution up by \$28 thousand.
- General Fund Transfers in increased \$90 thousand and Transfers out decreased \$0.5 million. The other financing use increased \$10.6 million mainly due to restatement of PCDC loan of \$11.1 million in the fiscal year 2016.

The Project Management Capital Project Fund has a deficit fund balance of \$5.5 million, which is a decrease of almost \$5.7 million from the prior year. The key factors contributing to this decrease are as follows:

- A net decrease of \$3.0 million in total revenues reflects a \$3.2 million or 37 percent decrease in Intergovernmental revenues and \$.2 million or 978 percent increase in Charges for Services. Intergovernmental revenues are primarily Federal transportation grants and Los Angeles County Metro funding. The increase in charges for services of \$.2 million is due to increased private contributions where the City is paid to install street lights, sewer, traffic signals, and other items upon request.
- Total expenditures increased \$3.3 million from \$28.9 million in the prior year to \$32.2 million in current year. The \$32.2 million was spent in the following project categories: Street and Streetscapes \$10.8 million, Transportation \$7.9 million, Parks and Landscaping \$3.2 million, Sewer and Storm Drains \$2.8 million, Technology \$2.6 million, Municipal Buildings and Facilities \$1.6 million, Street Lighting and Electrical System Undergrounding \$1.5 million, Parking Structures and projects \$1.4 million, and Arroyo projects \$.4 million.

- Other financing sources increased by \$1.1 million or 6.1 percent from \$18.3 million in 2016 to \$19.4 million in 2017. Other financing sources are transfers from various funds to fund the project-to-date capital project expenditures.

The Housing Successor Fund has a fund balance of \$5.4 million, which is an increase of almost \$1.3 million from the prior year. The key factors contributing to this increase are as follows:

- An increase of \$0.9 million in total revenues from \$0.5 million to \$1.4 million reflects increased rental income and \$0.8 million received from PCDC for the 20% set-aside per California Health and Safety Code.
- Total expenditures decreased from \$16.2 million to \$0.05 million due to minimal housing activities taking place during the fiscal year.

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 position of the Light and Power Fund at the end of the year amounted to \$137.2 million and those for the Water, Off Street Parking Fund, and Non-Major Enterprise Funds amounted to \$35.7 million, \$1.6 million, and \$8.8 million respectively. The total net income for each fund was \$14.7 million, \$13.3 million, \$0.2 million, and \$3.1 million respectively.

Light and Power operating revenues increased \$3.3 million from prior year. Total retail electric energy sold was approximately 1.06 million megawatt hours, a 3.6 percent decrease compared to prior fiscal year. Total operating expenses increased \$4.5 million or 2.6 percent to \$175.1 million and are attributable to increased utility production costs driven by additional staff which allowed for increased system maintenance and general increase in benefit costs.

Water Fund operating revenues increased \$7.4 million due prior year rate increase and increased consumption. Operating expenses increased \$2.9 million or 7.0 percent. Water Fund purchased water expenses increased \$1.5 million.

In fiscal year 2014 several parking funds were combined into one fund named Off Street Parking Fund. These funds were the Old Pasadena, Del Mar, Paseo, Plaza Las Fuentes, Holly Street, Playhouse and Union/El Molino parking funds. The Off Street Parking Fund had net income of \$0.2 million in FY 2017, which is comparable to the prior year after considering last year’s one-time transaction which reflected \$34.4 million of onetime miscellaneous revenue to recognize four City parking structures which the California Department of Finance had approved for release from the Successor Agency to the City as they serve a governmental purpose.

Implementation of GASB 68 has resulted in showing a “GASB 68 Net Pension Liability” in the Proprietary Funds. At June 30, 2017, the GASB 68 Net Pension Liability is \$53.1 million, \$18.1 million, \$1.0 million, and \$6.8 million for Light and Power, Water, Off Street Parking, and Non-Major Enterprise funds respectively.

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, 2017 amounts to \$1,268.8 million, 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 \$29.0 million (a \$14.2 million increase for governmental activities and \$14.8 million increase for business-type activities.)

Major capital asset related events during the 2017 fiscal year included the following:

- A variety of street maintenance and construction, electrical system undergrounding, traffic control and parks and landscape projects continue City-wide. Some of the major projects in these categories this fiscal year include: Preventative Maintenance-Asphalt Streets, Sidewalks, rehabilitate La Loma Bridge, Bicycle Detection at Traffic Signals, and Transit Fleet Vehicles. During the 2017 fiscal year the City spent \$32.7 million on capital projects in governmental activities. Costs for projects that are not completed are shown as Construction in Progress. The amount of Construction in Progress for the governmental activities as of June 30, 2017 is \$58.2 million and for the business-type activities is \$120.7 million.
- In the area of technology upgrade project, the City spent nearly \$1.0 million towards phase 2 HR/Payroll module of its integrated ERP (Enterprise Reporting Planning) system and nearly \$1.0 million to replace its Land Management System.
- Improvement of city-owned facilities continues. \$2.0 million was spent for preventive maintenance and repairs for the City buildings, facilities, and parking garages during fiscal year 2017.
- Rehabilitation of the La Loma Bridge continues. Estimated costs for this project are \$16.0 million and expenditures during fiscal year 2017 totaled \$5.3 million.
- Transportation purchased four new 32-foot busses at a total costs of \$1.7 million. The busses are expected to be placed in service in fiscal year 2018. In addition, \$1.8 million was spent on bicycle detection at traffic controlled intersections.
- In fiscal year 2017, the City recorded the reclassification of Housing Property Held for Resale acquired in fiscal years 2012-2016 in the amount of \$7.6 million to Capital Asset. The reclassification resulted in a \$6.6 million and \$1 million increase to the cost of land and buildings in governmental activities, respectively.
- As of June 30, 2017, the business-type activities net assets amounted to \$775.3 million, an increase of 2 percent or \$14.8 million.
- Water and Power utility plant net assets amounted to \$723.0 million, an increase of \$16.2 million. During the fiscal year, the City spent \$66.2 million on various water and power projects and moved \$202.1 million into completed projects.
 - Some of the major power projects are Power Distribution Capacity and reliability \$3.7 million, 4kvdistribution System conversion \$3.3 million, Cable Replacement and Testing \$2.2 million, Facility Security Systems \$2.0 million, and Services from Public Right-of-Way \$1.9 million.
 - The local generation repowering project also known as Glenarm Power Plant Repowering project is for the installation of a new gas-fired combined cycle plant. Total estimated costs for this project are \$132 million and expenditures during fiscal year 2017 totaled \$8.7 million.
 - Some of the major Water projects are Customer Driven Meters and Services \$3.3 million, Distribution Mains \$2.4 million, Fire Protection System Improvements \$1.6 million, Meter and Services \$1.3 million, and Reimbursable Projects 1.1 million.

City of Pasadena's Capital Assets
(Net of Depreciation, in millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 83.4	76.5	14.6	14.6	98.0	91.1
Buildings and improvements	159.2	164.6	78.0	53.2	237.2	217.8
Machinery and equipment	23.2	26.9	562.0	418.0	585.2	444.9
Infrastructure	169.5	174.7	-	-	169.5	174.7
Construction in progress	58.2	36.6	120.7	274.7	178.9	311.3
Totals	\$ 493.5	479.3	775.3	760.5	1,268.8	1,239.8

Additional information on the City of Pasadena's capital assets can be found in note 7 on pages 73-75 of this report.

Long-Term Debt

At year-end, the City has a number of debt issues outstanding. These include \$119.5 million of taxable pension bonds, \$369.2 million of revenue bonds, \$70.6 million of certificates of participation, \$6.7 million of notes payable and \$3.4 million of capitalized lease obligations. Long-term debt increased by a net amount of \$85.5 million as a result of new debt issuance, normal scheduled principal maturities, increased compensated absences, increased Other Post-Employment Benefits (OPEB), and decreased insurance claims payable. The net pension obligation increased \$65.4 million. The City was assigned an AAA issuer rating by Standard and Poor's and AA+ rating by Fitch Rating Agency.

The new issues are:

- 2016A Electric Revenue Refunding Bonds, Series 2016A \$119,440,000
- 2017A Water Revenue Refunding Bonds, Series 2017A \$15,395,000

City of Pasadena's Outstanding Long-Term Liabilities (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Long-term debt (including premium/discount):						
Notes payable	\$ 6.2	6.5	0.5	0.7	6.7	7.2
Bonds	121.8	122.3	366.9	289.2	488.7	411.5
Certificates of participation	68.3	73.4	2.3	4.4	70.6	77.8
Capitalized lease obligations	3.4	4.8	-	-	3.4	4.8
Total long-term debt	199.7	207.0	369.7	294.3	569.4	501.3
Operational Liabilities:						
Compensated absences	10.8	9.8	-	-	10.8	9.8
OPEB	26.7	22.9	-	-	26.7	22.9
Insurance Claims Payable	49.7	37.1	-	-	49.7	37.1
Total operational liabilities	87.2	69.8	-	-	87.2	69.8
Totals	\$ 286.9	276.8	369.7	294.3	656.6	571.1
Net pension obligation	\$ 372.3	318.2	79.0	67.7	451.3	385.9

Additional information on the City of Pasadena's long-term debt can be found in note 9 on pages 78 to 87 of this report. Information on Insurance Claims Payable can be found in note 16 on pages 109 to 111, Other Post-Employment Benefits can be found in note 19 on pages 131 to 136 and Net Pension Obligation in note 18 on pages 113 to 130.

The City reports two items of significant economic importance in its subsequent event note 23 on page 140.

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 S348, Pasadena, California, 91109.

CITY OF PASADENA
Statement of Net Position
June 30, 2017

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
Assets			
Cash and investments (note 2)	\$ 254,807,791	238,751,537	493,559,328
Accounts receivable, net (note 3)	30,355,264	38,099,790	68,455,054
Notes receivable (note 4)	-	31,122,500	31,122,500
Internal balances	5,136,497	(5,136,497)	-
Inventories	390,998	20,433,710	20,824,708
Prepays and other assets	1,257,142	18,605,680	19,862,822
Advances to component units (note 6)	903,859	-	903,859
Due from City	-	-	-
Due from Successor Agency	4,598,830	2,085,000	6,683,830
Restricted assets - cash and investments (note 2)	8,329,762	120,574,261	128,904,023
Derivative instrument asset (note 10)	14,073	-	14,073
Capital assets (note 7):			
Land	83,353,604	14,676,119	98,029,723
Construction in progress	58,180,915	120,707,879	178,888,794
Other capital assets, net	351,879,776	639,934,583	991,814,359
Total assets	<u>799,208,511</u>	<u>1,239,854,562</u>	<u>2,039,063,073</u>
Deferred outflow of resources			
Accumulated decrease in fair value of hedging derivatives	-	-	-
Deferred charges - bond refunding (note 8)	5,083,736	3,289,179	8,372,915
Deferred Outflows related to net pension liability (note 8 and 18)	85,626,443	17,505,462	103,131,905
Total deferred outflow of resources	<u>90,710,179</u>	<u>20,794,641</u>	<u>111,504,820</u>
Liabilities			
Accounts payable and accrued liabilities	32,529,874	28,670,437	61,200,311
Deposits	3,916,219	9,307,976	13,224,195
Due to primary government	-	-	-
Due to other governments	438,142	-	438,142
Unearned revenues	1,338,333	3,992,535	5,330,868
Derivative instrument liability (note 10)	-	-	-
Noncurrent liabilities:			
Net pension liability (note 18)	372,353,674	79,043,431	451,397,105
Other post employment benefits liability (note 20)	26,725,840	-	26,725,840
Due within one year (note 9)	30,584,410	18,596,172	49,180,582
Due in more than one year (note 9)	229,610,755	351,067,372	580,678,127
Total liabilities	<u>697,497,247</u>	<u>490,677,923</u>	<u>1,188,175,170</u>
Deferred inflow of resources			
Accumulated increase in fair value of interest rate swap (note 10)	14,073	-	14,073
Derivative instruments (note 10)	347,766	-	347,766
Deferred inflows related to net pension liability (note 8 and 18)	28,804,529	6,203,250	35,007,779
Sale of future revenue	-	-	-
Service concession agreement	-	-	-
Total deferred inflow of resources	<u>29,166,368</u>	<u>6,203,250</u>	<u>35,369,618</u>
Net Position			
Net Investment in capital assets	418,266,146	408,944,216	827,210,362
Restricted:			
Expendable:			
Public safety	1,641,852	-	1,641,852
Culture and leisure	2,309,866	-	2,309,866
Capital projects	4,360,267	-	4,360,267
Community development	18,476,289	-	18,476,289
Contribution	-	18,420,431	18,420,431
Debt service	11,519,460	51,051,124	62,570,584
Stranded investments (notes 12 and 19)	-	100,248,043	100,248,043
Transportation	16,542,861	-	16,542,861
Other purposes	626,828	1,825,008	2,451,836
Unrestricted	(310,488,494)	183,279,208	(127,209,286)
Total net position	<u>\$ 163,255,075</u>	<u>763,768,030</u>	<u>927,023,105</u>

See accompanying notes to the basic financial statements.

Aggregate Component Units	Total
31,690,559	525,249,887
5,886,427	74,341,481
-	31,122,500
-	-
-	20,824,708
951,564	20,814,386
-	903,859
1,168,328	1,168,328
-	6,683,830
27,171,141	156,075,164
56,291	70,364
3,761,491	101,791,214
733,818	179,622,612
<u>336,760,753</u>	<u>1,328,575,112</u>
<u>408,180,372</u>	<u>2,447,243,445</u>
22,517,362	22,517,362
4,979,507	13,352,422
<u>1,386,340</u>	<u>104,518,245</u>
<u>28,883,209</u>	<u>140,388,029</u>
9,926,010	71,126,321
1,677,486	14,901,681
1,392,108	1,392,108
141,272	579,414
-	5,330,868
22,517,362	22,517,362
2,350,455	453,747,560
-	26,725,840
6,899,668	56,080,250
<u>369,765,767</u>	<u>950,443,894</u>
<u>414,670,128</u>	<u>1,602,845,298</u>
56,291	70,364
7,602,956	7,950,722
220,347	35,228,126
3,877,965	3,877,965
<u>406,632</u>	<u>406,632</u>
<u>12,164,191</u>	<u>47,533,809</u>
653,982	827,864,344
-	1,641,852
-	2,309,866
3,145,415	7,505,682
-	18,476,289
-	18,420,431
-	62,570,584
-	100,248,043
-	16,542,861
-	2,451,836
<u>6,429,865</u>	<u>(120,779,421)</u>
<u>10,229,262</u>	<u>937,252,367</u>

CITY OF PASADENA
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 42,894,480	14,650,902	1,085,456	-
Public safety	127,760,428	19,243,659	2,465,188	-
Transportation	41,738,357	16,662,821	10,056,926	5,874,151
Sanitation	4,289,652	7,126,578	-	-
Health	10,558,405	869,990	6,051,420	-
Culture and leisure	34,248,613	5,869,575	149,359	-
Community development	39,787,172	15,803,639	21,242,056	3,208,911
Interest and other fiscal charges	8,610,478	-	-	-
Total governmental activities	<u>309,887,585</u>	<u>80,227,164</u>	<u>41,050,405</u>	<u>9,083,062</u>
Business-type activities:				
Electric	183,522,103	202,480,329	-	2,847,324
Water	48,009,326	58,286,718	-	1,963,814
Refuse	14,330,222	11,774,510	-	-
Parking	13,062,016	14,594,972	-	-
Telecommunication	110,132	669,032	-	-
Total business-type activities	<u>259,033,799</u>	<u>287,805,561</u>	<u>-</u>	<u>4,811,138</u>
Total primary government	<u>\$ 568,921,384</u>	<u>368,032,725</u>	<u>41,050,405</u>	<u>13,894,200</u>
Aggregate Component Units	<u>\$ 67,415,105</u>	<u>43,906,851</u>	<u>-</u>	<u>139,989</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

Motor Vehicle In Lieu, unrestricted

Investment earnings

Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, as restated (note 21)

Net position - end of year

See accompanying notes to the basic financial statements.

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

Primary Government				
Governmental Activities	Business-type Activities	Total Primary Government	Aggregate Component Units	Total
(27,158,122)	-	(27,158,122)	-	(27,158,122)
(106,051,581)	-	(106,051,581)	-	(106,051,581)
(9,144,459)	-	(9,144,459)	-	(9,144,459)
2,836,926	-	2,836,926	-	2,836,926
(3,636,995)	-	(3,636,995)	-	(3,636,995)
(28,229,679)	-	(28,229,679)	-	(28,229,679)
467,434	-	467,434	-	467,434
(8,610,478)	-	(8,610,478)	-	(8,610,478)
(179,526,954)	-	(179,526,954)	-	(179,526,954)
-	21,805,550	21,805,550	-	21,805,550
-	12,241,206	12,241,206	-	12,241,206
-	(2,555,712)	(2,555,712)	-	(2,555,712)
-	1,532,956	1,532,956	-	1,532,956
-	558,900	558,900	-	558,900
-	33,582,900	33,582,900	-	33,582,900
(179,526,954)	33,582,900	(145,944,054)	-	(145,944,054)
-	-	-	(23,368,265)	(23,368,265)
68,752,020	-	68,752,020	-	68,752,020
35,708,352	-	35,708,352	-	35,708,352
28,250,715	-	28,250,715	-	28,250,715
15,229,345	-	15,229,345	10,108,463	25,337,808
3,490,530	-	3,490,530	-	3,490,530
6,347,084	-	6,347,084	-	6,347,084
2,797,360	4,892,971	7,690,331	-	7,690,331
7,298,260	-	7,298,260	3,604,576	10,902,836
627,110	-	627,110	138,308	765,418
17,632,230	-	17,632,230	-	17,632,230
1,857,419	2,372,400	4,229,819	151,597	4,381,416
8,223,758	8,153,989	16,377,747	9,393,814	25,771,561
18,652,292	(18,652,292)	-	-	-
214,866,475	(3,232,932)	211,633,543	23,396,758	235,030,301
35,339,521	30,349,968	65,689,489	28,493	65,717,982
127,915,554	733,418,062	861,333,616	10,200,769	871,534,385
\$ 163,255,075	763,768,030	927,023,105	10,229,262	937,252,367

CITY OF PASADENA
Balance Sheet
Governmental Funds
June 30, 2017

	General	Project Management Capital Projects	General Debt Service	Housing Successor	Non-Major Governmental Funds	Total
Assets:						
Cash and investments (note 2)	\$ 70,416,142	998,418	3,204,456	5,356,535	143,025,188	223,000,739
Cash with fiscal agent (note 2)	-	-	-	-	8,304,762	8,304,762
Accounts receivable, net (note 3)	19,080,736	2,849,180	10,242	5,854	8,057,207	30,003,219
Notes receivable (note 4)	-	-	-	20,671,228	50,144,003	70,815,231
Due from other funds (note 5)	4,711,579	554,925	-	-	-	5,266,504
Due from Successor Agency	7,293,544	-	-	-	-	7,293,544
Prepays and other assets	109,272	-	-	-	1,047,453	1,156,725
Restricted cash and investments	25,000	-	-	-	-	25,000
Advances to other funds (note 6)	5,496,011	-	-	-	-	5,496,011
Advances to component units (note 6)	903,859	-	-	-	-	903,859
Allowance for uncollectible notes receivable (note 4)	-	-	-	(20,671,228)	(50,144,003)	(70,815,231)
Allowance for due to Successor Agency	(2,694,714)	-	-	-	-	(2,694,714)
Total assets	<u>105,341,429</u>	<u>4,402,523</u>	<u>3,214,698</u>	<u>5,362,389</u>	<u>160,434,610</u>	<u>278,755,649</u>
Liabilities:						
Accounts payable and accrued liabilities	10,524,012	7,149,572	-	10	4,206,508	21,880,102
Deposits	3,886,345	-	-	-	29,874	3,916,219
Due to other funds (note 5)	-	-	-	-	2,014,695	2,014,695
Due to other governments	1,964	-	-	-	436,178	438,142
Unearned revenue	107,943	-	-	-	1,230,390	1,338,333
Advances from other funds (note 6)	660,000	-	-	-	-	660,000
Total liabilities	<u>15,180,264</u>	<u>7,149,572</u>	<u>-</u>	<u>10</u>	<u>7,917,645</u>	<u>30,247,491</u>
Deferred inflow of resources:						
Unavailable revenues (note 8)	432,850	2,724,070	-	-	2,382,815	5,539,735
Fund balances:						
Nonspendable	11,107,972	-	-	-	2,481,584	13,589,556
Restricted	400,000	2,440,688	3,214,698	5,362,379	44,059,658	55,477,423
Committed	47,563,000	1,851,019	-	-	104,780,057	154,194,076
Assigned	26,824,736	-	-	-	-	26,824,736
Unassigned	3,832,607	(9,762,826)	-	-	(1,187,149)	(7,117,368)
Total fund balances	<u>89,728,315</u>	<u>(5,471,119)</u>	<u>3,214,698</u>	<u>5,362,379</u>	<u>150,134,150</u>	<u>242,968,423</u>
Total liabilities and fund balances	<u>\$ 105,341,429</u>	<u>4,402,523</u>	<u>3,214,698</u>	<u>5,362,389</u>	<u>160,434,610</u>	<u>278,755,649</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2017

Fund balances of governmental funds	\$	242,968,423
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		476,956,754
Long-term debt has not been included in governmental fund activity.		
Notes payable	\$	(6,217,983)
Pension bonds		(119,460,000)
Revenue bonds		(4,520,000)
Certificates of participation		(62,533,634)
Capitalized lease obligations		(2,409,625)
Other post employment benefits liability		(26,725,840)
Unamortized premium (discount)		(3,599,461)
Net adjustment		(225,466,543)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		
		(2,130,376)
Unavailable revenue related to GASB 33 requirement, which consisted primarily of intergovernmental receivables not collected within the availability period.		
Revenues not available		
General Fund	\$	432,850
Project Management Capital Project Fund		2,724,070
Non-Major Governmental Funds		2,382,815
Total revenues not available		5,539,735
The substance of an advanced refunding is reported as deferring the difference and amortizing it over future periods.		
		5,077,685
The City uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. The following related items have been reflected in the Statement of Net Position.		
Deferred amount related to the hedgeable portion of the derivative instrument		(347,766)
The City implemented GASB68. The following related items have been reflected in the Statement of Net Position.		
Net pension liability	\$	(283,330,748)
Net pension liability - deferred inflows		(21,685,178)
Net pension liability - deferred outflows		65,833,256
		(239,182,670)
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 Position and Liabilities of the Internal Service Funds must be added to the Statement of Net Position		
Internal service funds	\$	(126,886,007)
OPEB liability included in long term debt		26,725,840
		(100,160,167)
Net position of governmental activities	\$	<u>163,255,075</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	<u>General</u>	<u>Project Management Capital Projects</u>	<u>General Debt Service</u>	<u>Housing Successor</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Revenues:						
Taxes	\$ 158,951,338	-	-	-	8,922,328	167,873,666
Licenses and permits	4,735,235	-	-	-	10,146,837	14,882,072
Intergovernmental revenues	17,416,007	5,300,249	-	-	39,404,712	62,120,968
Charges for services	37,640,927	187,236	-	660	11,494,842	49,323,665
Fines and forfeits	7,802,159	-	-	-	-	7,802,159
Investment earnings	943,002	-	26,389	16,906	766,060	1,752,357
Rental income	1,042,795	-	-	186,598	3,535,264	4,764,657
Miscellaneous revenues	6,964,213	-	-	406,496	4,701,510	12,072,219
Contributions	27,620	1,605,837	-	-	3,763,576	5,397,033
Total revenues	<u>235,523,296</u>	<u>7,093,322</u>	<u>26,389</u>	<u>610,660</u>	<u>82,735,129</u>	<u>325,988,796</u>
Expenditures:						
Current:						
General government	42,030,280	-	3,829	-	20,519	42,054,628
Public safety	114,204,909	-	-	-	2,371,907	116,576,816
Transportation	27,249,208	-	-	-	12,946,785	40,195,993
Sanitation	-	-	-	-	4,323,737	4,323,737
Health	-	-	-	-	10,309,130	10,309,130
Culture and leisure	19,545,090	-	-	-	13,118,091	32,663,181
Community development	7,355,440	-	-	54,397	26,960,012	34,369,849
Capital outlay	-	32,171,560	-	-	82,092	32,253,652
Debt service:						
Principal retirement	-	-	872,132	-	5,473,342	6,345,474
Interest	-	-	5,504,895	-	3,238,652	8,743,547
Total expenditures	<u>210,384,927</u>	<u>32,171,560</u>	<u>6,380,856</u>	<u>54,397</u>	<u>78,844,267</u>	<u>327,836,007</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,138,369</u>	<u>(25,078,238)</u>	<u>(6,354,467)</u>	<u>556,263</u>	<u>3,890,862</u>	<u>(1,847,211)</u>
Other financing sources (uses):						
Transfers in (note 15)	19,666,230	19,618,440	6,376,808	789,775	20,800,070	67,251,323
Transfers out (note 15)	(33,529,188)	(192,727)	-	-	(17,193,899)	(50,915,814)
Total other financing sources (uses)	<u>(13,862,958)</u>	<u>19,425,713</u>	<u>6,376,808</u>	<u>789,775</u>	<u>3,606,171</u>	<u>16,335,509</u>
Change in fund balances	<u>11,275,411</u>	<u>(5,652,525)</u>	<u>22,341</u>	<u>1,346,038</u>	<u>7,497,033</u>	<u>14,488,298</u>
Fund balances at beginning of year, as restated (note 21)	<u>78,452,904</u>	<u>181,406</u>	<u>3,192,357</u>	<u>4,016,341</u>	<u>142,637,117</u>	<u>228,480,125</u>
Fund balances at end of year	<u>\$ 89,728,315</u>	<u>(5,471,119)</u>	<u>3,214,698</u>	<u>5,362,379</u>	<u>150,134,150</u>	<u>242,968,423</u>

See accompanying notes to the basic financial statements.

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, 2017

Net change in fund balances - total governmental funds		\$ 14,488,298
<p>Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:</p> <p>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.</p>		
Capital outlay		32,253,652
Depreciation		(14,164,018)
Capital Projects Completed		(2,939,233)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		
		1,993,155
<p>Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, 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 Position.</p>		
Repayments:		
Changes in net pension obligations for FPRS	6,021,000	
To bond, certificate, and note holders	6,345,474	
Net adjustment	12,366,474	12,366,474
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>		
		478,374
<p>Bond issuance costs, premiums, discounts, and similar items are recorded as expenditures in governmental funds when debt is first issued, whereas these payments are deferred and amortized in the Statement of Activities. This amount is the net offset of the differences.</p>		
		282,846
<p>Interest payable related to debt services or long-term liabilities. This is the net change in interest payable expense for the current period.</p>		
		76,954
<p>GASB68 Pension Expense</p>		
		(4,468,615)
<p>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, worker's compensation general liability printing services and mail services, to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.</p>		
		(5,028,366)
Change in net position of governmental activities		\$ 35,339,521

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Statement of Net Position
Proprietary Funds
June 30, 2017

	Light and Power	Water	Off Street Parking	Non-Major Enterprise Funds
Assets				
Current assets:				
Cash and investments (note 2)	\$ 167,158,790	44,297,226	6,707,811	20,587,710
Accounts receivable, net (note 3)	26,843,725	8,150,321	250,674	2,655,070
Due from other funds (note 5)	254,439	-	-	-
Notes receivable (note 4)	6,125,000	-	-	-
Due from Successor Agency	-	-	2,085,000	-
Inventories	12,271,488	8,162,222	-	-
Prepays and other assets	2,796,059	391,121	174,598	-
Total current assets	215,449,501	61,000,890	9,218,083	23,242,780
Noncurrent assets:				
Restricted assets - cash and investments:				
To finance stranded investments (note 12)	69,125,543	-	-	-
Other restricted cash and investments	40,969,873	6,024,623	4,454,222	-
Advances to other funds (note 6)	660,000	-	-	-
Deposit with Independent System Operator (ISO)	200,000	-	-	-
Notes receivable (note 4)	24,997,500	-	-	-
Prepaid long-term assets	15,243,902	-	-	-
Capital assets (note 7)	900,050,948	286,319,141	85,009,549	11,980,913
Less accumulated depreciation	(369,543,671)	(93,866,926)	(37,669,744)	(6,961,629)
Net property, plant and equipment	530,507,277	192,452,215	47,339,805	5,019,284
Total noncurrent assets	681,704,095	198,476,838	51,794,027	5,019,284
Total assets	897,153,596	259,477,728	61,012,110	28,262,064
Deferred outflow of resources				
Deferred charges - bond refunding	2,892,213	396,966	-	-
Deferred Outflows related to net pension liability	11,216,771	4,525,896	211,720	1,551,075
Total	14,108,984	4,922,862	211,720	1,551,075
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	19,340,248	6,253,782	1,068,884	2,007,523
Deposits	2,261,294	272,294	252,616	6,521,772
Insurance claims payable - current (note 16)	-	-	-	-
Due to other funds (note 5)	264,265	216,377	-	74,283
Unearned revenues	2,120,597	1,871,938	-	-
Compensated absences	-	-	-	-
Notes payable - current (note 9)	-	-	185,647	-
Revenue bonds - current (note 9)	12,000,000	3,525,000	700,000	-
Certificates of participation - current (note 9)	-	-	2,185,525	-
Capitalized lease obligations - current (note 9)	-	-	-	-
Total current liabilities	35,986,404	12,139,391	4,392,672	8,603,578
Noncurrent liabilities:				
Insurance claims payable - long-term (note 16)	-	-	-	-
OPEB liability - long-term (notes 9 and 20)	-	-	-	-
Advances from other funds (note 6)	-	-	5,496,011	-
GASB68 Net pension liability	53,138,190	18,142,386	973,985	6,788,870
Notes payable - long-term (note 9)	-	-	296,461	-
Revenue bonds - long-term (note 9)	262,685,487	64,579,583	23,400,000	-
Certificates of participation - long-term (note 9)	-	-	105,841	-
Capitalized lease obligations - long-term (note 9)	-	-	-	-
Total long-term liabilities	315,823,677	82,721,969	30,272,298	6,788,870
Total liabilities	351,810,081	94,861,360	34,664,970	15,392,448
Deferred inflow of resources:				
Deferred inflows related to net pension liability	4,081,812	1,509,652	61,836	549,950
Total	4,081,812	1,509,652	61,836	549,950
Net Position				
Net Investment in capital assets	258,714,003	124,744,598	20,466,331	5,019,284
Restricted:				
Debt Service	40,572,279	6,024,623	4,454,222	-
Contribution	16,846,635	1,573,796	-	-
Stranded investments (notes 12 and 19)	100,248,043	-	-	-
Other purposes	1,825,008	-	-	-
Unrestricted	137,164,719	35,686,561	1,576,471	8,851,457
Total net position	\$ 555,370,687	168,029,578	26,497,024	13,870,741

See accompanying notes to the basic financial statements.

Total Enterprise Funds	Governmental Activities- Internal Service Funds	Total
238,751,537	31,807,052	270,558,589
37,899,790	352,045	38,251,835
254,439	-	254,439
6,125,000	-	6,125,000
2,085,000	-	2,085,000
20,433,710	390,998	20,824,708
3,361,778	100,417	3,462,195
<u>308,911,254</u>	<u>32,650,512</u>	<u>341,561,766</u>
69,125,543	-	69,125,543
51,448,718	-	51,448,718
660,000	-	660,000
200,000	-	200,000
24,997,500	-	24,997,500
15,243,902	-	15,243,902
1,283,360,551	42,219,829	1,325,580,380
(508,041,970)	(25,762,288)	(533,804,258)
<u>775,318,581</u>	<u>16,457,541</u>	<u>791,776,122</u>
<u>936,994,244</u>	<u>16,457,541</u>	<u>953,451,785</u>
<u>1,245,905,498</u>	<u>49,108,053</u>	<u>1,295,013,551</u>
3,289,179	6,051	3,295,230
17,505,462	19,793,187	37,298,649
<u>20,794,641</u>	<u>19,799,238</u>	<u>40,593,879</u>
28,670,437	8,519,396	37,189,833
9,307,976	-	9,307,976
-	12,587,162	12,587,162
554,925	2,951,323	3,506,248
3,992,535	-	3,992,535
-	10,785,966	10,785,966
185,647	-	185,647
16,225,000	-	16,225,000
2,185,525	-	2,185,525
-	631,254	631,254
<u>61,122,045</u>	<u>35,475,101</u>	<u>96,597,146</u>
-	37,130,152	37,130,152
-	26,725,840	26,725,840
5,496,011	-	5,496,011
79,043,431	89,022,926	168,066,357
296,461	-	296,461
350,665,070	-	350,665,070
105,841	-	105,841
-	319,928	319,928
<u>435,606,814</u>	<u>153,198,846</u>	<u>588,805,660</u>
<u>496,728,859</u>	<u>188,673,947</u>	<u>685,402,806</u>
6,203,250	7,119,351	13,322,601
<u>6,203,250</u>	<u>7,119,351</u>	<u>13,322,601</u>
408,944,216	15,512,410	424,456,626
51,051,124	-	51,051,124
18,420,431	-	18,420,431
100,248,043	-	100,248,043
1,825,008	-	1,825,008
183,279,208	(142,398,417)	40,880,791
<u>763,768,030</u>	<u>(126,886,007)</u>	<u>636,882,023</u>

CITY OF PASADENA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	Light and Power	Water	Off Street Parking	Non-Major Enterprise Funds
Operating revenues:				
Utilities	\$ 202,480,329	58,286,718	-	-
Offstreet parking	-	-	14,594,972	-
Refuse collection	-	-	-	11,774,510
Telecommunication	-	-	-	669,032
Computing and communication services	-	-	-	-
Building maintenance	-	-	-	-
Fleet maintenance	-	-	-	-
Employee benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
311 Call Center	-	-	-	-
Total operating revenues	<u>202,480,329</u>	<u>58,286,718</u>	<u>14,594,972</u>	<u>12,443,542</u>
Operating expenses:				
Utility production	104,169,690	24,979,735	-	-
Utility transmission and distribution	17,361,554	4,840,031	-	-
Utility commercial and general	28,896,422	8,422,330	-	-
Offstreet parking	-	-	10,874,204	-
Refuse collection	-	-	-	13,384,409
Telecommunications	-	-	-	38,198
Computing and communication services	-	-	-	-
Building maintenance	-	-	-	-
Fleet maintenance	-	-	-	-
Benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
311 Call Center	-	-	-	-
Depreciation	24,638,166	6,148,295	1,790,218	1,029,307
Total operating expenses	<u>175,065,832</u>	<u>44,390,391</u>	<u>12,664,422</u>	<u>14,451,914</u>
Operating income (loss)	<u>27,414,497</u>	<u>13,896,327</u>	<u>1,930,550</u>	<u>(2,008,372)</u>
Non-operating revenues (expenses):				
Taxes	-	-	-	4,892,971
Intergovernmental revenues	-	624,754	-	110,370
Investment earnings	1,806,845	264,497	200,822	100,236
Miscellaneous	3,798,785	-	-	-
Interest expense	(7,194,059)	(3,638,454)	(349,763)	-
Gain (loss) on disposal of assets	(1,262,212)	19,519	(47,831)	11,560
Other	1,215,711	2,072,909	6,060	325,400
Total nonoperating revenues (expenses)	<u>(1,634,930)</u>	<u>(656,775)</u>	<u>(190,712)</u>	<u>5,440,537</u>
Income (loss) before transfers and contributions	<u>25,779,567</u>	<u>13,239,552</u>	<u>1,739,838</u>	<u>3,432,165</u>
Capital contributions	2,847,324	1,963,814	-	-
Transfers in (note 15)	2,444,390	-	-	186,795
Transfers out (note 15)	(17,371,327)	(1,894,138)	(1,512,127)	(505,885)
Net income (loss)	<u>13,699,954</u>	<u>13,309,228</u>	<u>227,711</u>	<u>3,113,075</u>
Net position (deficit) at beginning of year, as restated (note 21)				
	<u>541,670,733</u>	<u>154,720,350</u>	<u>26,269,313</u>	<u>10,757,666</u>
Net position (deficit) at end of year	<u>\$ 555,370,687</u>	<u>168,029,578</u>	<u>26,497,024</u>	<u>13,870,741</u>

See accompanying notes to the basic financial statements.

Total Enterprise Funds	Governmental Activities- Internal Service Funds	Total
260,767,047	-	260,767,047
14,594,972	-	14,594,972
11,774,510	-	11,774,510
669,032	-	669,032
-	14,337,585	14,337,585
-	12,313,054	12,313,054
-	10,452,049	10,452,049
-	30,613,952	30,613,952
-	21,250,720	21,250,720
-	1,168,449	1,168,449
-	603,102	603,102
<u>287,805,561</u>	<u>90,738,911</u>	<u>378,544,472</u>
129,149,425	-	129,149,425
22,201,585	-	22,201,585
37,318,752	-	37,318,752
10,874,204	-	10,874,204
13,384,409	-	13,384,409
38,198	-	38,198
-	12,922,861	12,922,861
-	9,110,944	9,110,944
-	7,191,758	7,191,758
-	35,566,522	35,566,522
-	28,627,519	28,627,519
-	1,498,535	1,498,535
-	596,128	596,128
<u>33,605,986</u>	<u>2,688,069</u>	<u>36,294,055</u>
<u>246,572,559</u>	<u>98,202,336</u>	<u>344,774,895</u>
<u>41,233,002</u>	<u>(7,463,425)</u>	<u>33,769,577</u>
4,892,971	-	4,892,971
735,124	-	735,124
2,372,400	105,062	2,477,462
3,798,785	2,582	3,801,367
(11,182,276)	(42,606)	(11,224,882)
(1,278,964)	53,238	(1,225,726)
<u>3,620,080</u>	<u>-</u>	<u>3,620,080</u>
<u>2,958,120</u>	<u>118,276</u>	<u>3,076,396</u>
<u>44,191,122</u>	<u>(7,345,149)</u>	<u>36,845,973</u>
4,811,138	-	4,811,138
2,631,185	3,109,958	5,741,143
<u>(21,283,477)</u>	<u>(793,175)</u>	<u>(22,076,652)</u>
<u>30,349,968</u>	<u>(5,028,366)</u>	<u>25,321,602</u>
<u>733,418,062</u>	<u>(121,857,641)</u>	<u>611,560,421</u>
<u>763,768,030</u>	<u>(126,886,007)</u>	<u>636,882,023</u>

CITY OF PASADENA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2017

	Light and Power	Water	Off Street Parking	Non-Major Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	197,754,643	56,688,385	14,555,062	12,398,897
Cash payments to suppliers for goods and services	(115,900,596)	(24,780,243)	(8,734,615)	(3,148,369)
Cash payments to employees for services	(32,998,577)	(10,016,577)	(754,564)	(5,649,105)
Cash payments to other funds for services	(6,672,525)	(3,071,352)	(1,375,109)	(2,920,068)
Cash payments from other funds for services	194,062	92,991	(2,085,000)	-
Net cash provided by (used for) operating activities	<u>42,377,007</u>	<u>18,913,204</u>	<u>1,605,774</u>	<u>681,355</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	2,189,951	-	-	186,795
Transfers to other funds	(17,371,327)	-	(1,512,127)	(505,885)
Advances to other funds	-	(1,894,138)	4,055,000	-
Cash received (paid) on loans from other funds	110,000	-	(1,817,203)	-
Cash received (paid) on loans to other funds	-	-	-	-
Taxes received	-	-	-	4,892,971
Non-operating miscellaneous revenue	5,014,496	2,072,909	6,060	325,400
Intergovernmental revenues	-	624,754	-	110,370
Net cash provided by (used for) noncapital financing activities	<u>(10,056,880)</u>	<u>803,525</u>	<u>731,730</u>	<u>5,009,651</u>
Cash flows from capital and related financing activities:				
Proceeds from long-term debt	119,440,000	15,395,000	-	-
Bond premiums received from debt issuance	22,683,999	2,399,352	-	-
Acquisition and construction of capital assets	(36,350,675)	(11,253,230)	-	(1,603,455)
Capital Contributions	2,434,290	2,470,283	-	-
Principal paid on debt	(104,120,000)	(21,235,000)	(2,666,658)	-
Interest paid on debt	(8,950,409)	(3,899,463)	(349,763)	-
Net cash used for capital and related financing activities	<u>(4,862,795)</u>	<u>(16,123,058)</u>	<u>(3,016,421)</u>	<u>(1,603,455)</u>
Cash flows from investing activities:				
Purchase of investments	(55,860,602)	-	-	-
Proceeds from sale of investments	36,238,523	221,322	-	-
Investment earnings	1,666,464	227,781	200,822	100,236
Payments received from loans made to suppliers	5,385,122	-	-	-
Net cash provided by (used for) investing activities	<u>(12,570,493)</u>	<u>449,103</u>	<u>200,822</u>	<u>100,236</u>
Net increase (decrease) in cash and cash equivalents	14,886,839	4,042,774	(478,095)	4,187,787
Cash and cash equivalents at beginning of year	<u>163,982,095</u>	<u>40,344,777</u>	<u>11,640,128</u>	<u>16,399,923</u>
Cash and cash equivalents at end of year	<u>\$ 178,868,934</u>	<u>44,387,551</u>	<u>11,162,033</u>	<u>20,587,710</u>

Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:

Cash and investments	\$ 167,158,790	44,297,226	6,707,811	20,587,710
Stranded investments	69,125,543	-	-	-
Other restricted cash and investments	40,969,873	6,024,623	4,454,222	-
Less non-cash equivalents	(98,385,272)	(5,934,298)	-	-
Cash and cash equivalents at end of year	<u>\$ 178,868,934</u>	<u>44,387,551</u>	<u>11,162,033</u>	<u>20,587,710</u>

Total Enterprise Funds	Governmental Activities- Internal Service Funds	Total
281,396,987	-	281,396,987
(152,563,823)	(14,781,879)	(167,345,702)
(49,418,823)	(61,902,875)	(111,321,698)
(14,039,054)	(3,364,789)	(17,403,843)
(1,797,947)	90,758,122	88,960,175
<u>63,577,340</u>	<u>10,708,579</u>	<u>74,285,919</u>
2,376,746	3,109,958	5,486,704
(19,389,339)	(753,646)	(20,142,985)
2,160,862	-	2,160,862
(1,707,203)	-	(1,707,203)
-	(200,413)	(200,413)
4,892,971	-	4,892,971
7,418,865	2,582	7,421,447
735,124	-	735,124
<u>(3,511,974)</u>	<u>2,158,481</u>	<u>(1,353,493)</u>
134,835,000		134,835,000
25,083,351		25,083,351
(49,207,360)	(1,334,001)	(50,541,361)
4,904,573	-	4,904,573
(128,021,658)	(601,802)	(128,623,460)
(13,199,635)	(42,606)	(13,242,241)
<u>(25,605,729)</u>	<u>(1,978,409)</u>	<u>(27,584,138)</u>
(55,860,602)	-	(55,860,602)
36,459,845	-	36,459,845
2,195,303	97,267	2,292,570
5,385,122	-	5,385,122
<u>(11,820,332)</u>	<u>97,267</u>	<u>(11,723,065)</u>
22,639,305	10,985,918	33,625,223
<u>232,366,923</u>	<u>20,821,134</u>	<u>253,188,057</u>
<u>255,006,228</u>	<u>31,807,052</u>	<u>286,813,280</u>
238,751,537	31,807,052	270,558,589
69,125,543	-	69,125,543
51,448,718	-	51,448,718
(104,319,570)	-	(104,319,570)
<u>255,006,228</u>	<u>31,807,052</u>	<u>286,813,280</u>

CITY OF PASADENA
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2017

	Light and Power	Water	Off Street Parking	Non-Major Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 27,414,497	13,896,327	1,930,550	(2,008,372)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	24,638,166	6,148,295	1,790,218	1,029,307
(Increase) decrease in accounts receivable	(4,478,830)	(1,476,183)	(39,910)	(44,645)
Increase (decrease) in allowance for uncollectible accounts	(52,794)	(29,159)	-	-
(Increase) decrease in due from other funds	-	-	(2,085,000)	-
(Increase) decrease in inventories	994,406	282,634	-	-
(Increase) decrease in prepaids and other assets	2,357,280	(69,091)	126,619	-
(Increase) decrease in deferred outflow	(8,005,555)	(3,418,200)	(140,359)	(130,512)
Increase (decrease) in accounts payable and accrued liabilities	(7,471,637)	434,378	(77,544)	586,711
Increase (decrease) in due to other funds	-	-	-	74,283
Increase (decrease) in insurance claims payable	-	-	-	-
Increase (decrease) in OPEB liability	-	-	-	-
Increase (decrease) in deposits payable	362,208	28,499	(789)	1,205,323
Increase (decrease) in deferred inflow	(763,519)	344,947	(43,551)	(1,004,720)
Increase (decrease) in net pension obligations	7,382,785	2,770,757	145,540	973,980
Total adjustments	14,962,510	5,016,877	(324,776)	2,689,727
Net cash provided by (used for) operating activities	\$ 42,377,007	18,913,204	1,605,774	681,355
Non-cash charges:				
Gain/(Loss) on disposal of capital assets	\$ (1,262,215)	19,520	-	-
Amortization of deferred charges	(428,196)	(66,161)	-	-
Amortization of premiums/(discounts)	399,484	211,961	-	-
Changes in fair value of investments	(3,362,476)	(429,294)	(54,002)	(153,097)

See accompanying notes to the basic financial statements

Total Enterprise Funds	Governmental Activities- Internal Service Funds	Total
41,233,002	(7,463,425)	33,769,577
33,605,986	2,688,069	36,294,055
(6,039,568)	19,211	(6,020,357)
(81,953)	-	(81,953)
(2,085,000)	-	(2,085,000)
1,277,040	(27,332)	1,249,708
2,414,808	7,489	2,422,297
(11,694,626)	(12,701,271)	(24,395,897)
(6,528,092)	119,136	(6,408,956)
74,283	287,016	361,299
-	12,629,113	12,629,113
-	3,832,060	3,832,060
1,595,241	-	1,595,241
(1,466,843)	(1,106,222)	(2,573,065)
11,273,062	12,424,735	23,697,797
22,344,338	18,172,004	40,516,342
63,577,340	10,708,579	74,285,919

(1,242,695)	53,238	(1,189,457)
(494,357)	-	(494,357)
611,445	-	611,445
(3,998,869)	(173,120)	(4,171,989)

CITY OF PASADENA
Statement of Net Position
Fiduciary Funds
June 30, 2017

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>	<u>Private Purpose Trust Funds</u>
Assets:			
Cash and cash equivalents (note 2)	\$ 269,791,440	1,118,130	6,679,375
Receivables:			
Accounts receivable	-	756,562	-
Contribution	1,585,224	-	-
Interest	122,475	-	-
Notes receivable	-	-	1,858,000
Allowance for uncollectible long-term receivables	-	-	(1,858,000)
Total receivables	<u>1,707,699</u>	<u>756,562</u>	<u>-</u>
Due from City	-	-	440,106
Other assets	-	1,013,920	3,297
Investments, at fair value (note 2)			
Government and agencies	15,872,832	-	-
Corporate obligations	28,166,500	-	-
Fixed income mutual fund	16,593,296	-	-
Real estate	15,952,321	-	-
Corporate stocks	49,226,856	-	-
Total investments	<u>125,811,805</u>	<u>-</u>	<u>-</u>
Capital assets	-	-	1,129,261
Less accumulated depreciation	-	-	-
Capital assets, net	<u>-</u>	<u>-</u>	<u>1,129,261</u>
Total assets	<u>397,310,944</u>	<u>\$ 2,888,612</u>	<u>8,252,039</u>
Liabilities:			
Accounts payable and accrued liabilities	54,147	777,842	32,536
Due to City	-	-	440,106
Due to other governments	-	1,049,935	-
Due to bondholders	-	1,060,835	-
Advances from City	-	-	9,378,543
Bonds payable - due within one year	-	-	275,000
Bonds payable - due in more than one year	-	-	830,000
Pending purchases	4,717,540	-	-
Total liabilities	<u>4,771,687</u>	<u>\$ 2,888,612</u>	<u>10,956,185</u>
Net Position:			
Net Position restricted for pensions	<u>\$ 392,539,257</u>		
Net Position held in trust			<u>(2,704,146)</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Pension Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Plan members	\$ 16,047,910	-
Property taxes	-	12,978,822
Total contributions	16,047,910	12,978,822
Net investment income:		
Investment earnings	34,989,637	1,385
Interest	1,104,673	-
Dividends	1,759,095	-
Gross investment income	37,853,405	1,385
Less investment expenses	(509,501)	-
Net investment income	37,343,904	1,385
Miscellaneous revenues	-	7,560,171
Total additions	53,391,814	20,540,378
Deductions:		
Benefits paid to participants	30,155,081	-
Fiscal agency expenses	-	3,948
Interest expense	-	342,212
Statutory pass-through expenses	-	2,990,643
Lease expense	-	41,908
Fire and Police Retirement System Pension Trust	460,295	-
County administrative expenses	-	660,755
Successor agency administrative cost allowance	-	8,596,148
Total deductions	30,615,376	12,635,614
Transfers:		
Transfers in	-	10,341,136
Transfers out	-	(10,341,136)
Change in net position	22,776,438	7,904,764
Net Position held in trust - beginning	369,762,819	(10,608,910)
Net Position held in trust - ending	\$ 392,539,257	(2,704,146)

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Discretely Presented Component Units
Combining Statement of Net Position
June 30, 2017

	Rose Bowl Operating Company	Pasadena Center Operating Company	Pasadena Community Access Corp.	Total
Assets				
Current assets:				
Cash and investments (note 2)	\$ 18,227,782	13,105,530	357,247	31,690,559
Cash and investments restricted (note 2)	15,847,088	11,324,053	-	27,171,141
Accounts receivable, net	5,259,427	623,568	3,432	5,886,427
Due from primary government	-	1,168,328	-	1,168,328
Prepays and other assets	314,219	129,358	30,305	473,882
Total current assets	39,648,516	26,350,837	390,984	66,390,337
Noncurrent assets:				
Other receivable	477,682	-	-	477,682
Derivative instrument asset	56,291	-	-	56,291
Capital assets (note 7):				
Land	-	3,761,491	-	3,761,491
Construction in progress	733,818	-	-	733,818
Other capital assets, net	201,728,171	134,857,545	175,037	336,760,753
Total noncurrent assets	202,995,962	138,619,036	175,037	341,790,035
Total assets	242,644,478	164,969,873	566,021	408,180,372
Deferred outflow of resources:				
Accumulated decrease in fair value of hedging derivatives (note 10)	-	22,517,362	-	22,517,362
Deferred refunding charges	3,680,375	1,299,132	-	4,979,507
Outflows related to pension liability	1,386,340	-	-	1,386,340
Total deferred outflow of resources	5,066,715	23,816,494	-	28,883,209
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	4,458,803	1,692,458	102,930	6,254,191
Deposits	335,470	1,342,016	-	1,677,486
Interest payable	3,118,358	553,461	-	3,671,819
Due to other governments	-	-	141,272	141,272
Due to primary government	1,127,028	265,080	-	1,392,108
Current portion of compensated absences	129,480	-	18,790	148,270
Current portion of long-term debt (note 9)	2,110,000	4,641,398	-	6,751,398
Total current liabilities	11,279,139	8,494,413	262,992	20,036,544
Noncurrent liabilities:				
Derivative instrument liability (note 10)	-	22,517,362	-	22,517,362
Net pension liability	2,350,455	-	-	2,350,455
Compensated absences	147,461	-	-	147,461
Long-term debt (note 9)	211,885,510	157,732,796	-	369,618,306
Total noncurrent liabilities	214,383,426	180,250,158	-	394,633,584
Total liabilities	225,662,565	188,744,571	262,992	414,670,128
Deferred inflow of resources:				
Deferred refunding charge (note 10)	1,391,662	6,211,294	-	7,602,956
Accumulated increase in fair value of interest rate swap	56,291	-	-	56,291
Sale of future revenue	3,877,965	-	-	3,877,965
Service concession agreement (note 10)	-	406,632	-	406,632
Inflows related to net pension liability	220,347	-	-	220,347
Total deferred inflow of resources	5,546,265	6,617,926	-	12,164,191
Net Position:				
Net Investment in capital assets	12,910,050	(12,431,105)	175,037	653,982
Restricted	-	3,145,415	-	3,145,415
Unrestricted	3,592,313	2,709,560	127,992	6,429,865
Total net position	\$ 16,502,363	(6,576,130)	303,029	10,229,262

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Discretely Presented Component Units
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2017

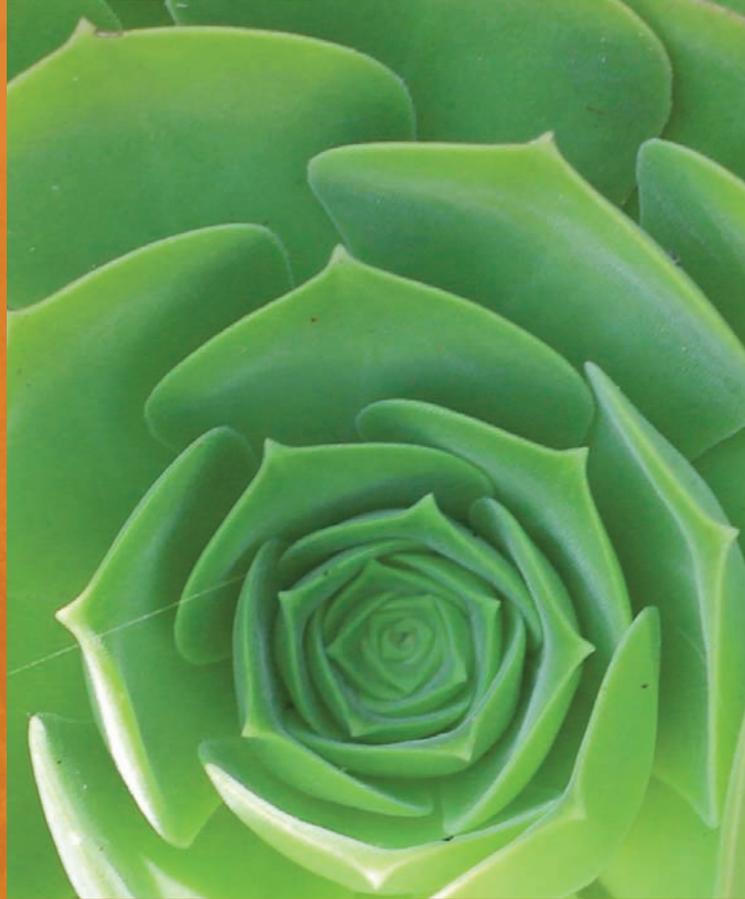
	Rose Bowl Operating Company	Pasadena Center Operating Company	Pasadena Community Access Corp.	Total
Operating revenues:				
Charges for services:				
Rose Bowl	\$ 31,456,223	-	-	31,456,223
Golf course	1,965,280	-	-	1,965,280
Pasadena Center Operating Company	-	9,420,558	-	9,420,558
Pasadena Community Access Corporation	-	-	1,064,790	1,064,790
Total operating revenues	<u>33,421,503</u>	<u>9,420,558</u>	<u>1,064,790</u>	<u>43,906,851</u>
Operating expenses:				
Rose Bowl	20,682,670	-	-	20,682,670
Golf course	510,082	-	-	510,082
Pasadena Center Operating Company	-	10,968,962	-	10,968,962
Pasadena Community Access Corporation	-	-	1,000,355	1,000,355
Depreciation	11,442,887	4,613,092	55,973	16,111,952
Total operating expenses	<u>32,635,639</u>	<u>15,582,054</u>	<u>1,056,328</u>	<u>49,274,021</u>
Operating income	<u>785,864</u>	<u>(6,161,496)</u>	<u>8,462</u>	<u>(5,367,170)</u>
Nonoperating revenues (expenses):				
Transient occupancy taxes, net	-	10,108,463	-	10,108,463
Tourism business improvement district tax	-	3,604,576	-	3,604,576
Facility restoration fee	-	138,308	-	138,308
Investment earnings	(58,814)	210,351	60	151,597
Interest expense	(11,394,105)	(6,765,880)	-	(18,159,985)
Public, education, and government(PEG) revenue	-	-	308,371	308,371
PEG expense	-	-	(289,470)	(289,470)
Other nonoperating revenues	9,393,814	-	-	9,393,814
Total nonoperating revenues	<u>(2,059,105)</u>	<u>7,295,818</u>	<u>18,961</u>	<u>5,255,674</u>
Income (loss) before transfers	<u>(1,273,241)</u>	<u>1,134,322</u>	<u>27,423</u>	<u>(111,496)</u>
Capital contributions	-	139,989	-	139,989
Total transfers from (to) other funds	-	139,989	-	139,989
Change in net position	(1,273,241)	1,274,311	27,423	28,493
Net position at beginning of year	<u>17,775,604</u>	<u>(7,850,441)</u>	<u>275,606</u>	<u>10,200,769</u>
Net position at end of year	<u>\$ 16,502,363</u>	<u>(6,576,130)</u>	<u>303,029</u>	<u>10,229,262</u>

See accompanying notes to the basic financial statements.

(This page intentionally left blank)



NOTES TO THE BASIC FINANCIAL STATEMENTS



CITY OF PASADENA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

<u>Note</u>	<u>Page</u>
(1) Summary of Significant Accounting Policies	40
(2) Cash and Investments	62
(3) Accounts Receivable	69
(4) Notes Receivable – <i>Primary Government</i>	70
(5) Due From and To Other Funds	70
(6) Advances To and From Other Funds	71
(7) Capital Assets	73
(8) Deferred Inflows and Outflows	76
(9) Long-Term Debt and Other Liabilities	78
(10) Derivative Instruments	88
(11) Fund Balance and Net Position	100
(12) Restricted Net Position – <i>Stranded Investments</i>	103
(13) Accumulated Fund Deficits	104
(14) Pledged Revenue	106
(15) Transfers	107
(16) Self-Insurance	109
(17) Deferred Compensation Plan	112
(18) Pension Plans	113
(19) Post-employment Benefits Other than Pensions	131
(20) Commitments and Contingencies	137
(21) Restatement of Beginning Net Position and Fund Balance	138
(22) State Assembly Bill 1484, Cleanup Legislation	139
(23) Subsequent Events	140

CITY OF PASADENA

Notes to the Basic Financial Statements

Year Ended June 30, 2017

(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 City's operations; data from these units are combined with data of the City. Component units that do not meet the 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.

Jointly governed organizations provide goods or services to the citizenry of two or more governments, but do not have an ongoing financial interest or responsibility by the participating governments.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

(a) Reporting Entity, (Continued)

Blended Component Units

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 City has operational responsibility for the Authority. The Authority is reported as an Enterprise Fund and does not release a separate financial report.

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. The PCIC does not release a separate financial report.

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 and the City has operational responsibility for the Authority. The Housing Authority's financial data and transactions are blended as a Special Revenue Fund. The Housing Authority does not release a separate financial report.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

(a) Reporting Entity, (Continued)

Blended Component Units, (Continued)

Pasadena Public Financing Authority (PPFA)

The Pasadena Public Financing Authority 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. PCDC ceased operations as an entity on January 31, 2012, and the City became the successor agency to the PCDC to perform all of PCDC's continuing obligations. Please see Note 23 for additional information. PPFA's financial data and transactions are blended with the Debt Service and Capital Projects fund types. The PPFA does not release a separate financial report.

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 18. The FPRS's Annual Report and Audited Financial Statements can be obtained by contacting the Pasadena Fire and Police Retirement System, 100 North Garfield Avenue, N206, Pasadena, CA 91109.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

(a) Reporting Entity, (Continued)

Blended Component Units, (Continued)

Successor Agency to PCDC (Successor Agency)

The Successor Agency to PCDC was created to serve, in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Pasadena Community Development Commission (PCDC). The Successor Agency operates under the auspices of a legislatively formed oversight board who has authority over its financial affairs and supervises its operations and timely dissolution. Its assets are held in trust for the benefit of the taxing entities within the former PCDC boundaries and as such are not available for City use. The accompanying financial statements include the Successor Agency under the statutorily required Private-Purpose Trust Fund.

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 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 blended component units, as described above, have been met. RBOC's budget is reviewed and approved by the City Council. RBOC is presented as an Enterprise Fund Type. Separate component unit financial statements of RBOC are issued and available upon request from the RBOC Administration Office at 1001 Rose Bowl Drive, Pasadena, California 91103. 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, 2017

(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.

Pasadena Community Access Corporation Board (PCAC)

PCAC was created by the City Council in July 1983 and established on December 9, 1983 by Articles of Incorporation. The PCAC's primary purpose is to provide a means for individuals or groups to use cable telecommunications in order to communicate and share information. The PCAC board consists of eleven members. Seven are appointed from each Council district, one each by the Mayor and City Manager, two members, including one representing Pasadena City College (PCC) and another one representing Pasadena Unified School District (PUSD) with residency required except for the PCC and PUSD representative. The City is able to impose its will on PCAC through its ability to appoint a majority of its board members. PCAC's budget is reviewed and approved by the City Council. The City provides support through the 1% Public, Education, and Government (PEG) allocation. Separate component unit financial statements of PCAC are issued and available upon request from Pasadena Community Access Corporation, 2061 North Los Robles Avenue, Pasadena, CA 91104. PCAC was audited in accordance with Generally Accepted Governmental Auditing Standards. Additional information is available at www.pasadenamedia.webs.com.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

(a) Reporting Entity, (Continued)

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.

County of Los Angeles (County)

Under a Joint Powers Agreement dated November 22, 1966, both the City and the 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.

Foothill Air Support Team (FAST)

On July 31, 2000, the cities of Monrovia, Arcadia, Azusa, Covina, West Covina, and Pasadena formed a Joint Powers Agreement (JPA) for police helicopter services known as the FAST. Currently, the cities of Alhambra, Arcadia, Covina, Glendora, Monrovia, Pasadena, Pomona, San Marino, Sierra Madre, and South Pasadena are parties to the JPA. This arrangement provides police helicopter support to a number of neighboring cities on an hourly cost reimbursement basis. The City of Pasadena operates a fleet of police helicopters which it has made available for a limited set number of weekend hours and then on an on call basis. Cities are billed for their actual utilization. FAST does not own or operate helicopters, has not issued debt, and cannot levy taxes. The City bears the burden of purchasing, operating, maintaining, and providing helicopter support. It does so under the City's General Fund.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

(a) Reporting Entity, (Continued)

Jointly Governed Organizations (Continued)

Rose Bowl Aquatics Center (RBAC)

On December 11, 1987, the City and the RBAC entered into an Operating and License Agreement for RBAC to build and operate swimming facilities owned by the City in the designated area of Brookside Park. The most recent Operating and License Agreement has a 15-year term with 3 five-year extensions and was executed on June 3, 2008. The City leases the property to the RBAC for \$1 per year and provides various financial and operational supports to the community aquatics facility. In return RBAC operates as a year-round community aquatics facility, is responsible for capital improvements and repairs, and provides scholarship assistance and community services. The City Council and Mayor appoint 5 of the 21 member of the RBAC Board of Directors.

Foothill Workforce Development Board (FWDB)

Developed 35 years ago, the City Council approved a Joint Powers Agreement (JPA) among the cities of Arcadia, Duarte, Monrovia, Sierra Madre, South Pasadena, and Pasadena. The JPA created the Foothill Employment and Training Consortium (FETC) which the City of Pasadena is the fiscal agent and has the authority to receive and administer workforce development funds. FETC formed the Foothill Workforce Development Board (FWDB) to take the lead in developing the implementation plan for workforce development services for job seekers and businesses. The mission is to support economic growth in the San Gabriel Valley by investing in skill development and job training to ensure that businesses have qualified workforce talent and job seekers have career opportunities. The FWDB's Americas Job Center of California is located at 1207 East Green Street in Pasadena and is funded through the Workforce Innovation and Opportunity Act (WIOA).

(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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

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

Government-wide Financial Statements

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

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 expenditures. 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 City are reported as a reduction of the related liability, rather than as expenditures.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

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

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 City are governmental, proprietary, and fiduciary funds and they 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 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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

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

Governmental Funds, (Continued)

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.

Noncurrent 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 non-spendable 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 *other financing source* 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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

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

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 position.

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, Off Street Parking Facilities Fund and of the City's Internal Service Funds are charges to customers for sales and services. Operating expenses for the Enterprise 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 expense. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements. Amounts paid to reduce long-term liability of the proprietary funds are reported as a reduction of the related liability.

Fiduciary Funds

The City's fiduciary funds include Pension Trust Funds, Agency Funds, and Private-Purpose Trust 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. Private-Purpose Trust Funds are to account for receipt of incremental property tax and payment of enforceable obligations (debts) of the former redevelopment agency.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

(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.

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.

General Debt Service Fund - to account for the payment of interest and principal of the 2015 pension bonds and other city-wide obligations.

Housing Successor Fund - to account for the use of property tax increment legally restricted for increasing or improving housing for low and moderate income households effective February 1, 2012.

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.

Off Street Parking Fund – In FY 2014, the City combined all of the parking funds into the Off Street Parking Fund. This fund is used to account for the operation of the parking facilities throughout the City.

Additionally, the City reports the following fund types:

Special Revenue Funds - Used to account for specific revenues that are legally restricted to expenditure for particular purposes.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

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

Permanent Funds - 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.

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 FPRS 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.

Private-Purpose Trust Funds – To account for the receipt of incremental property tax and payment of enforceable obligations (debts) of the former redevelopment agency that were approved on the Recognized Obligation Payment Schedule by the California Department of Finance until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

(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 Funds' 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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

(e) Cash and Investments, (Continued)

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 debts. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

(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, 2017.

(g) Inventories

Inventories held for consumption by the Light and Power Fund and Water Fund (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 nonspendable fund balance by the advancing governmental fund.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

(i) Prepays

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

(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 12 – Restricted Net Position, deferred compensation and all cash and investments belonging to Pension Trust and Agency Funds which are held by trustees.

(k) Property Held for Resale

Property held for resale represents land, structures, and their related improvements that were acquired for resale. This includes the properties acquired in accordance with the objective of the former Pasadena Community Development Commission (PCDC) project area.

On December 29, 2011 the California Supreme Court upheld Assembly Bill 1X 26 that provides for the dissolution of all redevelopment agencies in California. The bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. The City Council elected to become the Successor Agency on January 30, 2012.

(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, works of art, and capital assets received in a service concession agreements are reported at acquisition value. 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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

(l) Capital Assets, (Continued)

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

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

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

Light and Power Fund		Water Fund	
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
Governmental Activities		All Other Business-Type Activities	
Building and		Building and	
Improvements	20 to 50 years	Improvements	20 to 50 years
Machinery and		Machinery and	
Equipment	2 to 20 years	Equipment	2 to 20 years
Infrastructure	8 to 200 years		
Fiduciary Funds		Fiduciary Funds	
Building and		Machinery and	
Improvements	20 to 50 years	Equipment	2 to 20 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. These claims are only recorded on a case-by-case basis. These liabilities are recorded and liquidated from the City's Workers' Compensation and General Liability Internal Service Funds. As mentioned in more detail in Note 16, 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, 2017

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

(n) Compensated Absences

The City accounts for compensated absences including accumulated vacation, floating holidays, and compensatory time-off, and certain sick leave in the Benefits Internal Service Fund. Management time off is recorded under departmental expense as incurred. Upon separation, employees are paid for all of their unused vacation leave, floating holidays, management time off, and compensatory time-off subject to maximums described below.

Eligible employees accumulate 3 to 22 days of vacation each year, depending on the employee's bargaining unit and length of service, but may not carry over from one year to the next more than the equivalent of one to three (depends on Memorandum of Understanding or Salary Resolution) 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. The City does not accrue for unused holiday and management time off.

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

Sick pay benefits only accumulate; they can be converted at retirement from the City for PERS Service Credit. Consistent with this policy, the City does not accrue sick pay benefits.

The total outstanding vacation, compensatory time-off obligations are accrued at fiscal year-end and included under "Compensated Absences" in the Benefits Internal Service Fund as a current liability. See Note 9. The total actual payments in FY2017 and FY2016 were 87% and 96% of prior year accruals, respectively.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

(o) Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office, and are in accordance with the implementation of GASB Statement No. 68. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications. See Note 18 for additional details.

(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 and are liquidated by the Benefits Internal Service Fund. See Note 19 for additional details.

(q) Bond Premiums / Discounts / Issuance Costs

For Governmental-Wide Financial Statements and Proprietary Funds financial statements, issuance costs are recognized during the current period. Any bond premiums and discounts are capitalized and amortized over the life of the bonds. Bond proceeds are reported as other financing sources net of any applicable discount or premium. The City implemented GASB Statement No. 65 beginning with fiscal year 2014.

(r) Deferred Outflows and Inflows of Resources

Pursuant to GASB Statements No. 63 and 65, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. See Note 8 for additional details.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

(s) Fund Balance

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

- Non-spendable fund balance is the portion of fund balance that cannot be spent due to form. Examples include inventories, prepaid amounts, long-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 non-spendable 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 City Council resolutions, 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 the City Council to the Finance Director through the Fund Balance Policy.
- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. 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

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

(s) Fund Balance, (Continued)

In June 2017 City Council directed staff to revise the Fund Balance Policy to split the General Fund Emergency Contingency into two components of committed fund balance, the General Fund Emergency Contingency Reserve and a General Fund Operating Reserve. The goal of a 20 percent General Fund reserve as committed fund balance continues, but is split 15 percent to the Emergency Contingency Reserve and 5 percent to the Operating Reserve. These percentages continue to be calculated using that year's General Fund budgeted appropriations. It is intended that these committed fund balances would not be reduced below a 20 percent level without the direction of Council or upon a declared local emergency.

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

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

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

(t) Property Taxes, (Continued)

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.

(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) Interfund Activities

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, internal services funds transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated.

(w) Endowments

The City has been the recipient of endowments that are recorded in Permanent Funds. The endowments are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs or specific restrictions that were placed on the endowment when the donation to the City was made. Please refer to the Permanent Funds section for additional details.

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2017

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

(x) Future GASB Statements

Below is a summary of the GASB Statements that will be implemented in future financial statements (note all effective dates reflect that the provisions of these statements are effective for financial statements periods beginning after the date stated):

Statement No.	Title	Effective for Fiscal Year Beginning On or After
75	<i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i>	June 15, 2017
81	<i>Irrevocable Split-Interest Agreements</i>	December 15, 2016
83	<i>Certain Asset Retirement Obligations</i>	June 15, 2018
84	<i>Fiduciary Activities</i>	December 15, 2018
86	<i>Certain Debt Extinguishment Issues</i>	June 15, 2017
87	<i>Leases</i>	December 15, 2019

Management is in the process of evaluating the impact of the statements to be implemented for the fiscal year ended June 30, 2018 and beyond. For the fiscal year ended June 30, 2018, management does not anticipate any significant impact from the new statements on the financial statements.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(2) Cash and Investments

Primary Government (excluding FPRS Cash and Investments)

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 493,559,328
Restricted cash and investments	128,904,023
Fiduciary funds:	
Cash and cash equivalents	<u>268,292,629</u>
Total cash and investments	<u>\$ 890,755,980</u>

Cash and investments as of June 30, 2017 consist of the following:

Cash on hand	\$ 104,587
Deposits with financial institutions	(1,669,627)
Investments	<u>892,321,020</u>
Total cash and investments	<u>\$ 890,755,980</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(2) Cash and Investments, (Continued)

Primary Government (excluding FPRS Cash and Investments), (Continued)

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, 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 City, rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types Authorized by State Law	Authorized By Investment Policy	* Maximum Maturity	* Maximum Percentage of Portfolio	* Maximum Investment in One Issuer
Local Agency Bonds +	Yes	5 years	None	None
US Treasury Obligations +	Yes	5 years	None	None
US Agency Securities +	Yes	5 years	None	None
Banker's Acceptance	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	10%
Negotiable Certificates of Deposit	Yes	5 years	25%	None
Repurchase Agreement	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
Corporate Bonds	Yes	5 years	20%	10%
County Pooled Investment Fund	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
Registered State Warrants	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 type of investment can be held for more than five years

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(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 City'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>
US Treasury Obligations	None
US Agency Securities	None
Banker's Acceptance	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 Obligation Bonds	None

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 fair value of the investment is more susceptible to changes in market interest rates. One of the ways that the City 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, 2017

(2) Cash and Investments, (Continued)

Primary Government, (Continued)

Disclosures Relating to Interest Rate Risk, (Continued)

Information about the sensitivity of the fair values of the City'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 City's investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Corporate Bonds	\$ 92,451,781	51,669,832	9,422,111	26,822,586	4,537,252
Supernationals	20,830,943	-	18,554,025	2,276,918	-
Federal Agency Securities	351,277,244	3,227,666	59,287,525	267,188,870	21,573,183
Municipal Bond	34,161,682	2,795,560	6,217,248	22,382,468	2,766,406
Commercial Paper	6,710,237	6,710,237	-	-	-
Money Market Funds	38,920,170	38,920,170	-	-	-
State Investment Pool	44,511,598	44,511,598	-	-	-
US Treasury	17,048,287	4,880,525	2,366,890	9,800,872	-
Held by Bond Trustee:					
Federal Agency Securities	15,900,255	-	8,622,803	6,096,107	1,181,345
Money Market Funds	1,043,856	1,043,856	-	-	-
Investment Contracts	2,290,468	-	2,290,468	-	-
Deferred Compensation Plan:					
Mutual Fund	267,174,499	267,174,499	-	-	-
Total	<u>\$ 892,321,020</u>	<u>420,933,943</u>	<u>106,761,070</u>	<u>334,567,821</u>	<u>30,058,186</u>

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(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 notional recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type		Minimum Legal Rating	Rating as of Year-End			Not Rated	SP-1+ Rated
			AAA	Aa	A		
Corporate Bonds	\$ 92,451,781	A	9,806,823	31,843,460	50,801,498	-	-
Supernationals	20,830,943	A	20,830,943	-	-	-	-
Federal Agency Securities	351,277,244	N/A	351,277,244	-	-	-	-
Municipal Bond	34,161,682	N/A	2,788,852	27,212,743	4,160,087	-	-
Commercial Paper	6,710,237	A	-	-	-	-	6,710,237
Money Market Funds	38,920,170	A	-	-	-	38,920,170	-
State Investment Pool	44,511,598	N/A	-	-	-	44,511,598	-
US Treasury	17,048,287	N/A	17,048,287	-	-	-	-
Held by Bond Trustee:							
Federal Agency Securities	15,900,255	N/A	15,900,255	-	-	-	-
Money Market Funds	1,043,856	A	1,043,856	-	-	-	-
Investment Contracts	2,290,468	N/A	2,290,468	-	-	-	-
Deferred Compensation Plan:							
Mutual Fund	267,174,499	N/A	-	267,174,499	-	-	-
Total	\$ 892,321,020		420,986,728	326,230,702	54,961,585	83,431,768	6,710,237

N/A Not Applicable

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:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(2) Cash and Investments, (Continued)

Concentration of Credit Risk, (Continued)

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit Bank	Federal Agency Securities	\$ 109,753,472
Federal Home Loan Mortgage Corp.	Federal Agency Securities	88,764,066
Federal National Mortgage Assoc.	Federal Agency Securities	88,091,518
Federal Home Loan Bank	Federal Agency Securities	71,701,164
Local Agency Investment Fund	State Investment Pool	45,402,772
East West Bank	Money Market Funds	29,662,500

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 City'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, 2017, \$0 of the City'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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(2) Cash and Investments, (Continued)

Investment in State Investment Pool

The City 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 City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City'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.

Fair Value Hierarchy

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Company has the following recurring fair value measurements as of June 30, 2017:

Measure by Fair Value	Level			Total
	1	2	3	
Corporate Bonds	\$ -	\$ 92,451,781	\$ -	\$ 92,451,781
Supnationals	-	20,830,943	-	20,830,943
Federal Agency Securities	-	351,277,244	-	351,277,244
Commercial Paper	-	6,710,237	-	6,710,237
Municipal Bond	-	34,161,682	-	34,161,682
Money Market Funds	-	38,920,170	-	38,920,170
State Investment Pool	-	44,511,598	-	44,511,598
US Treasury	-	17,048,287	-	17,048,287
Held by Bond Trustee:				
Federal Agency Securities	-	15,900,255	-	15,900,255
Money Market Funds	-	1,043,856	-	1,043,856
Investment Contracts	-	2,290,468	-	2,290,468
Deferred Compensation Plan:				
Mutual Fund	-	267,174,499	-	267,174,499
Total	\$ -	892,321,020	-	892,321,020

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(3) Accounts Receivable

As of June 30, 2017, the accounts receivable are categorized as follows:

	General	Project Management Capital Project	General Debt Service	Housing Successor	Non-Major Governmental Funds	Internal Service
Governmental activities:						
Accounts receivable	\$ 2,217,400	2,592,046	-	5,854	5,249,372	197,998
Accrued revenue receivable	13,516,027	257,134	-	-	1,850,860	84,673
Interest receivable	272,482	-	10,242	-	517,098	69,374
Paramedics receivable	3,323,245	-	-	-	-	-
Utility receivable	1,483,217	-	-	-	468,782	-
	<u>20,812,371</u>	<u>2,849,180</u>	<u>10,242</u>	<u>5,854</u>	<u>8,086,112</u>	<u>352,045</u>
Less: allowance for un- collectible amounts	<u>(1,731,635)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,905)</u>	<u>-</u>
Total	<u>\$ 19,080,736</u>	<u>2,849,180</u>	<u>10,242</u>	<u>5,854</u>	<u>8,057,207</u>	<u>352,045</u>
	Light and Power	Water	Off-Street Parking	Non-Major Proprietary		
Business-type activities:						
Accounts receivable	\$ 3,049,466	467,420	216,337	274,434		
Accrued revenue receivable	14,931,462	4,861,135	34,337	1,560,091		
Interest receivable	717,882	185,656	-	57,441		
Utility receivable	8,744,701	2,811,056	-	811,157		
	<u>27,443,511</u>	<u>8,325,267</u>	<u>250,674</u>	<u>2,703,123</u>		
Less: allowance for un- collectible amounts	<u>(599,786)</u>	<u>(174,946)</u>	<u>-</u>	<u>(48,053)</u>		
Total	<u>\$ 26,843,725</u>	<u>8,150,321</u>	<u>250,674</u>	<u>2,655,070</u>		

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(4) Notes Receivable – Primary Government

The notes receivable in the Governmental Funds amounted to \$70,815,231 at June 30, 2017. \$50,144,003 consisted of primarily Housing and Community Development loans, which arose from the sale of land to project developers and other agencies, and the provision of loan assistance under the City’s affordable housing programs, subject to approved redevelopment plans. \$20,671,228 consisted of loans that the former redevelopment agency made to assist the development of affordable rental housing projects and the purchase of homes by homebuyers. These loans are secured by trust deeds and were funded with redevelopment low-moderate income housing set-aside funds. These notes have various terms, including maturities ranging from 5 to 45 years and interest rates ranging from 1.5% to 11%. Due to the uncertainty of their collectability at June 30, 2017, the City has recorded an allowance for uncollectible long-term receivables of \$70,815,231.

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, 2017 is \$31,122,500.

(5) Due From and To Other Funds

Current interfund receivable and payable balances at June 30, 2017 are as follows:

Due to other funds	Due from other funds			Total
	General Fund	Project Management Capital Project Fund	Light and Power Fund	
Non-Major Governmental Funds	\$ 1,760,256	-	254,439	2,014,695
Light and Power Fund	-	264,265	-	264,265
Water Fund	-	216,377	-	216,377
Non-Major Enterprise Funds	-	74,283	-	74,283
Internal Service Funds	2,951,323	-	-	2,951,323
Total	<u>\$ 4,711,579</u>	<u>554,925</u>	<u>254,439</u>	<u>5,520,943</u>

The above balances are due to short term payable between funds and negative cash balances at the end of the fiscal year.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(6) Advances To and From Other Funds

Primary Government

Long-term interfund receivable and payable balances at June 30, 2017 are as follows:

	Advances to other funds		
Advances from other funds	General Fund	Light and Power Fund	Total
General Fund	\$ -	660,000	660,000
Offstreet Parking Fund	5,496,011	-	5,496,011
Total	\$ 5,496,011	660,000	6,156,011

**Outstanding at
June 30, 2017**

General Fund

The General Fund has an agreement with Old Pasadena Parking providing for advance of funds to finance parking activities. The annual reimbursements, including interest, to the General Fund are \$1,979,903 from FY 2018-2019 and \$1,753,022 for FY 2020.

\$5,496,011

Light and Power

On May 14, 2012, City Council authorized a loan from Power Fund of Pasadena Water and Power (PWP) to Public Works Department (Public Works) and appropriated it to the Fiscal Year 2013 Capital Improvement Program Budget for the repair and/or replacement of existing street lighting systems CIP Project. Public Works agreed to repay the loan to PWP in ten equal annual installments of \$110,000 each on January 31 of each year starting on January 31, 2014 and ending on January 31, 2023.

660,000

Total advances between City funds

\$6,156,011

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

Discretely Presented Component Units

Long-term interfund advance balances between the City and discretely presented component units as of June 30, 2017 are as follows:

Advances To Component Units	Advances From the City	Amount
General Fund	Pasadena Center Operating Company	\$ 903,859

**Outstanding at
June 30, 2017**

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.

\$259,101

On September 11 and October 25, 2011, PCOC borrowed a total of \$1,500,000 from the City to fund a new ice rink. The loan carries an interest rate of 2.5%. PCOC anticipates that the loan repayment will be from ice skating net income by the 5th year of operation of the new rink over a 10-year period.

644,758

Total advances between City and discretely presented component units

\$903,859

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(7) Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2017 is as follows:

Governmental activities	Balance at June 30, 2016	Additions	Deletions	Transfers and Adjustments	Prior Period Adjustment	Balance at June 30, 2017
Depreciable assets:						
Buildings and improvements	\$ 284,903,113	997,711	(1,217,651)	-	-	284,683,173
Machinery and equipment	67,924,736	1,277,387	(3,688,026)	92,775	-	65,606,872
Infrastructure	308,050,009	-	-	709,923	-	308,759,932
Total cost of depreciable assets	<u>660,877,858</u>	<u>2,275,098</u>	<u>(4,905,677)</u>	<u>802,698</u>	<u>-</u>	<u>659,049,977</u>
Less accumulated depreciation:						
Buildings and improvements	(120,312,262)	(6,084,697)	889,927	-	-	(125,507,032)
Machinery and equipment	(40,987,205)	(4,823,826)	3,445,412	-	-	(42,365,619)
Infrastructure	(133,353,986)	(5,943,564)	-	-	-	(139,297,550)
Total accumulated depreciation	<u>(294,653,453)</u>	<u>(16,852,087)</u>	<u>4,335,339</u>	<u>-</u>	<u>-</u>	<u>(307,170,201)</u>
Net depreciable assets	366,224,405	(14,576,989)	(570,338)	802,698	-	351,879,776
Capital assets not depreciated:						
Land	76,447,083	6,906,521	-	-	-	83,353,604
Construction in progress	36,622,246	24,140,330	(56,799)	(802,698)	(1,722,164)	58,180,915
Total cost of non-depreciable assets	<u>113,069,329</u>	<u>31,046,851</u>	<u>(56,799)</u>	<u>(802,698)</u>	<u>(1,722,164)</u>	<u>141,534,519</u>
Capital assets, net	<u>\$ 479,293,734</u>	<u>16,469,862</u>	<u>(627,137)</u>	<u>-</u>	<u>(1,722,164)</u>	<u>493,414,295</u>

During the year, the Governmental activities received proceeds of \$153,310 from the disposal of capital assets and incurred a loss on disposal of \$497,208.

Depreciation expense was charged in the following functions and activities in the statement of activities:

General government	\$ 5,557,691
Public safety	1,427,209
Transportation	768,600
Health	121,664
Culture and leisure	1,410,200
Community development	4,878,654
Computing and Communication	1,350,395
Building Maintenance	1,625
Fleet Maintenance	1,306,872
Printing Services	29,177
	<u>\$ 16,852,087</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(7) Capital Assets, (Continued)

Primary Government, (Continued)

Business-type activities	Balance at June 30, 2016	Additions	Deletions	Transfers and Adjustments	Balance at June 30, 2017
Depreciable assets:					
Buildings and improvements	\$ 126,739,065	-	(20,577,603)	27,830,753	133,992,215
Utility lines, machinery and equipment	845,423,719	2,194,370	(7,926,084)	174,292,324	1,013,984,329
Total cost of depreciable assets	<u>972,162,784</u>	<u>2,194,370</u>	<u>(28,503,687)</u>	<u>202,123,077</u>	<u>1,147,976,544</u>
Less accumulated depreciation:					
Buildings and improvements	(73,579,010)	(2,673,253)	20,258,528	-	(55,993,735)
Utility lines, machinery and equipment	(427,438,161)	(30,932,733)	6,322,668	-	(452,048,226)
Total accumulated depreciation	<u>(501,017,171)</u>	<u>(33,605,986)</u>	<u>26,581,196</u>	<u>-</u>	<u>(508,041,961)</u>
Net depreciable assets	471,145,613	(31,411,616)	(1,922,491)	202,123,077	639,934,583
Capital assets not depreciated:					
Land	14,676,119	-	-	-	14,676,119
Construction in progress	274,672,069	48,849,238	(690,351)	(202,123,077)	120,707,879
Total cost of non-depreciable assets	<u>289,348,188</u>	<u>48,849,238</u>	<u>(690,351)</u>	<u>(202,123,077)</u>	<u>135,383,998</u>
Capital assets, net	<u>\$ 760,493,801</u>	<u>17,437,622</u>	<u>(2,612,842)</u>	<u>-</u>	<u>775,318,581</u>

During the year, the Business-type activities received proceeds of \$64,498 from the disposal of capital assets.

Depreciation expense was charged in the following functions in the statement of activities:

Electric	\$ 24,638,166
Water	6,148,295
Refuse	957,373
Parking	1,790,218
Telecommunication	71,934
	<u>\$ 33,605,986</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(7) Capital Assets, (Continued)

Primary Government, (Continued)

A portion of the interest expense for bonds issued were capitalized and included as part of the costs of capital assets for the year ended June 30, 2017.

	Interest Expense	Amount Capitalized
Electric	\$ 10,048,392	\$ 2,884,385
Water	3,610,169	-
Parking	922,905	-
	\$ 14,581,466	\$ 2,884,385

Fiduciary Funds – Private Purpose Trust Fund

Fiduciary Funds	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017
Depreciable assets:				
Buildings and improvements	\$ -	-	-	-
Machinery and equipment	-	-	-	-
Total cost of depreciable assets	-	-	-	-
Less accumulated depreciation:				
Buildings and improvements	-	-	-	-
Machinery and equipment	-	-	-	-
Total accumulated depreciation	-	-	-	-
Net depreciable assets	-	-	-	-
Capital assets not depreciated:				
Land	2,009,941	-	(880,680)	1,129,261
Total cost of non-depreciable assets	2,009,941	-	(880,680)	1,129,261
Capital assets, net	\$ 2,009,941	-	(880,680)	1,129,261

Depreciation expense in the private purpose trust funds were \$0 for the year ended June 30, 2017.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(8) Deferred Inflows and Outflows

Primary Government

Deferred Outflows on the Government-Wide Statement of Net Position consists of the following at June 30, 2017:

Governmental Activities

	Balance at June 30, 2016	Increase	Decrease	Adjustment	Balance at June 30, 2017
2015A Refunding COP Deferred Charges	\$ 5,324,374	-	(246,689)	-	5,077,685
Equipment Lease	24,206	-	(18,155)	-	6,051
GASB68 Contribution Subsequent to Measurement Date	29,007,336	32,390,231	(29,007,336)	-	32,390,231
GASB68 Net Difference on Pension Plan Investments	-	58,682,980	-	(7,948,768)	50,734,212
FPRS Net Difference on Pension Plan Investments	8,569,000	-	(6,067,000)	-	2,502,000
	<u>\$ 42,924,916</u>	<u>91,073,211</u>	<u>(35,339,180)</u>	<u>(7,948,768)</u>	<u>90,710,179</u>

Business-Type Activities

	Balance at June 30, 2016	Increase	Decrease	Adjustment	Balance at June 30, 2017
1998 Electric Bonds Deferred Charges	\$ 759,246	-	(108,464)	-	650,782
2002 Electric Bonds Deferred Charges	1,464,977	-	(292,995)	-	1,171,982
2008 Electric Bonds Deferred Charges	-	1,096,185	(26,736)	-	1,069,449
2003 Water Bonds Deferred Charges	463,127	-	(66,161)	-	396,966
GASB68 Contribution Subsequent to Measurement Date	6,323,641	6,898,118	(6,323,641)	-	6,898,118
GASB68 Net Difference on Pension Plan Investments	-	12,757,742	-	(2,150,398)	10,607,344
	<u>\$ 9,010,991</u>	<u>20,752,045</u>	<u>(6,817,997)</u>	<u>(2,150,398)</u>	<u>20,794,641</u>

Deferred Inflows on the Government-Wide Statement of Net Assets consists of the following at June 30, 2017:

Governmental Activities

	Balance at June 30, 2016	Increase	Decrease	Adjustment	Balance at June 30, 2017
Derivative Instruments	\$ 446,487	-	(98,721)	-	347,766
Accumulated increase in fair value of interest rate swap	106,079	-	(92,006)	-	14,073
GASB68 Change of Assumptions	16,680,547	-	(7,795,750)	-	8,884,797
GASB68 Difference in Experience	14,377,822	7,658,652	(10,065,510)	7,948,768	19,919,732
	<u>\$ 31,610,935</u>	<u>7,658,652</u>	<u>(18,051,987)</u>	<u>7,948,768</u>	<u>29,166,368</u>

Business-Type Activities

	Balance at June 30, 2016	Increase	Decrease	Adjustment	Balance at June 30, 2017
GASB68 Change of Assumptions	\$ 2,793,823	2,722,957	(1,176,174)	-	4,340,606
GASB68 Difference in Experience	3,216,949	-	(3,504,703)	2,150,398	1,862,644
	<u>\$ 6,010,772</u>	<u>2,722,957</u>	<u>(4,680,877)</u>	<u>2,150,398</u>	<u>6,203,250</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(8) Deferred Inflows and Outflows, (Continued)

Primary Government, (Continued)

Deferred Inflows on the Governmental Funds consists of the following at June 30, 2017:

	General Fund	Project Management Capital Project	Non-Major Governmental	Total Governmental
Revenues not "available"	\$ 432,850	2,724,070	2,382,815	5,539,735
	<u>\$ 432,850</u>	<u>2,724,070</u>	<u>2,382,815</u>	<u>5,539,735</u>

In accordance with GASB Statement No. 33 revenue recognition requirements, the following revenues have been deferred because they were not available at year end: \$432,850 of park projects, \$2,724,070 of capital improvement projects, \$1,208,132 of Health grants, \$264,690 of Transportation services, \$707,497 of Housing grants, \$16,349 of land resource protection projects, and \$186,147 of public art projects.

(Balance of page intentionally left blank)

CITY OF PASADENA
Notes to the Basic Financial Statements, (Continued)
Year Ended June 30, 2017

(9) Long-Term Debt and Other Liabilities

Primary Government

Changes in long-term debt and other liabilities for the year ended June 30, 2017 are as follows:

Governmental Activities:	Balance at June 30, 2016	Additions	Reductions	Balance at June 30, 2017	Due Within One Year	Due in More Than One Year
Notes payable						
Rose Bowl Operating Company	\$ 532,849	-	(14,866)	517,983	15,179	502,804
Section 108	6,000,000	-	(300,000)	5,700,000	300,000	5,400,000
Total Notes Payable	<u>6,532,849</u>	<u>-</u>	<u>(314,866)</u>	<u>6,217,983</u>	<u>315,179</u>	<u>5,902,804</u>
Pension bonds:						
2015 Taxable Pension Obligation Bonds	119,460,000	-	-	119,460,000	-	119,460,000
Bond Premiums/(Discount)	(2,200,147)	-	76,086	(2,124,061)	-	(2,124,061)
Total Pension Bonds	<u>117,259,853</u>	<u>-</u>	<u>76,086</u>	<u>117,335,939</u>	<u>-</u>	<u>117,335,939</u>
Certificates of participation:						
2008 COP Series B Refunding 2004 A&B	9,101,976	-	(2,903,342)	6,198,634	3,019,475	3,179,159
2008 COP Series C Refunding 2003 COP	3,490,000	-	(1,710,000)	1,780,000	1,780,000	-
2015 COP Series A Refunding 2008 COP	54,555,000	-	-	54,555,000	-	54,555,000
Bond Premiums/(Discount)	6,250,854	-	(508,819)	5,742,035	-	5,742,035
Total certificates of participation	<u>73,397,830</u>	<u>-</u>	<u>(5,122,161)</u>	<u>68,275,669</u>	<u>4,799,475</u>	<u>63,476,194</u>
Revenue Bonds:						
2006 Revenue Bonds	5,080,000	-	(560,000)	4,520,000	580,000	3,940,000
Bond Premiums/(Discount)	(20,432)	-	1,919	(18,513)	-	(18,513)
Total Revenue Bonds	<u>5,059,568</u>	<u>-</u>	<u>(558,081)</u>	<u>4,501,487</u>	<u>580,000</u>	<u>3,921,487</u>
Capitalized lease obligations	<u>4,838,030</u>	<u>-</u>	<u>(1,477,223)</u>	<u>3,360,807</u>	<u>1,516,628</u>	<u>1,844,179</u>
Other:						
Compensated absences	9,792,780	9,548,386	(8,555,200)	10,785,966	10,785,966	-
Insurance claims payable	37,088,201	22,869,086	(10,239,973)	49,717,314	12,587,162	37,130,152
Total governmental activity long-term liabilities	<u>\$ 253,969,111</u>	<u>32,417,472</u>	<u>(26,191,418)</u>	<u>260,195,165</u>	<u>30,584,410</u>	<u>229,610,755</u>

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

Primary Government, (Continued)

Business-Type Activities:	Balance at June 30, 2016	Additions	Reductions	Balance at June 30, 2017	Due Within One Year	Due In More Than One Year
Notes payable	\$ 658,777	-	(176,669)	482,108	185,647	296,461
Revenue bonds:						
2007 Water Revenue Bonds	17,370,000	-	(17,370,000)	-	-	-
2008 Power Revenue Bonds	48,615,000	-	(48,615,000)	-	-	-
2009 Electric Revenue Refunding Bonds	25,545,000	-	(3,510,000)	22,035,000	3,015,000	19,020,000
2010 Electric Revenue Refunding Bonds	23,290,000	-	(4,365,000)	18,925,000	4,490,000	14,435,000
2010A Water Revenue Bonds (Taxable Build America)	25,425,000	-	-	25,425,000	-	25,425,000
2010B Water Revenue Bonds (Tax-Exempt)	2,765,000	-	(645,000)	2,120,000	675,000	1,445,000
2011A Water Revenue Bonds (Refunding Bonds)	23,560,000	-	(2,420,000)	21,140,000	2,375,000	18,765,000
2012A Electric Revenue Refunding Bonds	6,510,000	-	(505,000)	6,005,000	515,000	5,490,000
2013A Electric Revenue Refunding Bonds	80,485,000	-	(1,425,000)	79,060,000	1,500,000	77,560,000
2016A Electric Revenue Refunding Bonds	-	119,440,000	-	119,440,000	2,480,000	116,960,000
2017A Water Revenue Refunding Bonds	-	15,395,000	(800,000)	14,595,000	475,000	14,120,000
Total Water and Power	<u>253,565,000</u>	<u>134,835,000</u>	<u>(79,655,000)</u>	<u>308,745,000</u>	<u>15,525,000</u>	<u>293,220,000</u>
2008 Paseo Colorado Taxable Revenue Bonds	<u>24,700,000</u>	<u>-</u>	<u>(600,000)</u>	<u>24,100,000</u>	<u>700,000</u>	<u>23,400,000</u>
Bond Premiums/(Discounts)	<u>11,027,444</u>	<u>25,083,350</u>	<u>(2,065,724)</u>	<u>34,045,070</u>	<u>-</u>	<u>34,045,070</u>
Total revenue bonds	<u>289,292,444</u>	<u>159,918,350</u>	<u>(82,320,724)</u>	<u>366,890,070</u>	<u>16,225,000</u>	<u>350,665,070</u>
Certificates of participation:						
1993 Refunding COP (Old Pasadena)	4,055,000	-	(1,970,000)	2,085,000	2,085,000	-
2008 COP Series B Refunding 2004A&B	303,024	-	(96,658)	206,366	100,525	105,841
Total certificates of participation	<u>4,358,024</u>	<u>-</u>	<u>(2,066,658)</u>	<u>2,291,366</u>	<u>2,185,525</u>	<u>105,841</u>
Total business-type activity long-term liabilities	<u>\$ 294,309,245</u>	<u>159,918,350</u>	<u>(84,564,051)</u>	<u>369,663,544</u>	<u>18,596,172</u>	<u>351,067,372</u>

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(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, \$951,182 of internal service funds capitalized lease obligations are included in the governmental activities schedule.

Discretely Presented Component Units

Changes in discretely presented component unit's long-term debt and other liabilities for the year ended June 30, 2017 are as follows:

Discretely Presented Component Units	Balance at June 30, 2016	Additions Including Accretion	Reductions	Balance at June 30, 2017	Due Within One Year	Due In More Than One Year
Certificates of participation:						
2006 COP (CONFERENCE CENTER PROJECT	\$ 27,668,770	1,301,447	(3,810,000)	25,160,217	4,125,000	21,035,217
2008 Refunding COP Series 2008A (Conference Center Project)	<u>134,720,000</u>	-	-	<u>134,720,000</u>	-	<u>134,720,000</u>
Total Certificates of participation	<u>162,388,770</u>	<u>1,301,447</u>	<u>(3,810,000)</u>	<u>159,880,217</u>	<u>4,125,000</u>	<u>155,755,217</u>
Revenue Bonds:						
2010A Revenue Bonds-Tax Exempt	41,976,773	1,139,262	(23,385,000)	19,731,035	-	19,731,035
2010B Revenue Bonds-Taxable Build America Bonds	106,660,000	-	-	106,660,000	-	106,660,000
2010C Revenue Bonds-Taxable	4,120,000	-	(745,000)	3,375,000	935,000	2,440,000
2010D Revenue Bonds-Taxable Recovery	7,400,000	-	-	7,400,000	-	7,400,000
2013A Revenue Bonds-Refunding-Tax Exempt	34,900,000	-	-	34,900,000	-	34,900,000
2013B Revenue Bonds-Refunding-Taxable Fixed Rate	15,875,000	-	(1,175,000)	14,700,000	1,175,000	13,525,000
2016A Revenue Bonds-Partial Refunding 2010A Bonds	-	21,865,000	-	21,865,000	-	21,865,000
Bond Premiums/(Discounts)	-	5,777,127	(412,652)	5,364,475	-	5,364,475
Total Revenue Bonds (Rose Bowl Renovation)	<u>210,931,773</u>	<u>28,781,389</u>	<u>(25,717,652)</u>	<u>213,995,510</u>	<u>2,110,000</u>	<u>211,885,510</u>
Energy Conservation Loan	1,841,403	-	(251,285)	1,590,118	261,310	1,328,808
Conference Center Loan	354,111	-	(95,009)	259,102	99,819	159,283
Skating Rink Loan	796,240	-	(151,483)	644,757	155,269	489,488
Compensated absences	225,535	175,618	(105,422)	295,731	148,270	147,461
Total discretely presented component units long- term liabilities	<u>\$ 376,537,832</u>	<u>30,258,454</u>	<u>(30,130,851)</u>	<u>376,665,435</u>	<u>6,899,668</u>	<u>369,765,767</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

Fiduciary Funds – Private Purpose Trust Fund

	Balance at June 30, 2016	Additions	Reductions	Balance at June 30, 2017	Due Within One Year	Due In More Than One Year
Successor Agency to Pasadena Community Development Commission (PCDC):						
Tax allocation bonds:						
2006 Tax Allocation Refunding Bonds (Fair Oaks)	\$ 1,190,000	-	(175,000)	1,015,000	185,000	830,000
2006 Tax Allocation Refunding Bonds (Lake/Washington)	180,000	-	(90,000)	90,000	90,000	-
Total tax allocation bonds	<u>1,370,000</u>	<u>-</u>	<u>(265,000)</u>	<u>1,105,000</u>	<u>275,000</u>	<u>830,000</u>
Advances Payable-City	15,183,159	114,259	(5,918,875)	9,378,543	6,683,830	2,694,713
Total Successor Agency to PCDC long-term liabilities	<u>\$ 16,553,159</u>	<u>114,259</u>	<u>(6,183,875)</u>	<u>10,483,543</u>	<u>6,958,830</u>	<u>3,524,713</u>

Governmental Activities:

	Issue Date	Purpose	Original Amount	Coupon Interest Rate	Final Principal Payment Date	Outstanding at June 30, 2017
<u>Detail of Long-Term Debts</u>						
Governmental Activities:						
Notes payable						
Notes Payable-RBOC	1/15/2013	a	\$ 575,642	2.10%	1/7/2043	\$ 517,983
Notes Payable-Section 108	10/29/2015	v	6,000,000	variable	8/1/2035	5,700,000
Total Notes Payable						<u>\$ 6,217,983</u>
Pension bonds:						
2015 Taxable Pension Obligation Bonds	5/5/2015	b	\$ 119,460,000	2.577% to 4.796%	5/1/1945	\$ 119,460,000
Total Pension Bonds						<u>\$ 119,460,000</u>
Certificates of Participation:						
2008 COP Series B Refunding 2004A&B	5/15/2008	c	\$ 26,759,131	3.0% to 5.25%	2/1/2019	\$ 6,198,634
2008 COP Series C Refunding 2003 COP	7/16/2008	d	71,450,000	4.0% to 5.0%	2/1/2018	1,780,000
2015 COP Series A Refunding 2008 COP	12/2/2015	w	55,350,000	3.0% to 5.0%	2/1/2038	54,555,000
Total Certificates of Participation						<u>\$ 62,533,634</u>
Revenue Bonds:						
2006 Revenue Bonds	2/1/2006	e	\$ 10,355,000	variable	12/1/2023	\$ 4,520,000
Capitalized Lease Obligations						
2001 Property Lease 965 N Fair Oaks	12/27/2000	f	\$ 4,000,000	variable	12/27/2020	\$ 652,923
2011 Equipment Lease-ARTS Buses	12/23/2011	g	2,072,805	3.560%	1/15/2022	1,130,006
2012 Equipment Lease-Helicopter	6/18/2012	g	1,584,326	1.873%	11/20/2018	382,283
2012 Equipment Lease -911 System	6/18/2012	g	3,947,507	1.814%	11/20/2018	951,182
2013 Equipment Lease-Dental Clinic	6/28/2013	g	265,187	1.950%	6/28/2018	55,115
2014 Equipment Lease-Civic Center Parking Meter	7/15/2013	g	350,708	1.950%	7/15/2018	108,808
2015 Equipment Lease-South Lake Parking Meter	9/23/2015	g	112,924	2.470%	9/23/2020	80,490
Total Capitalized Lease Obligations						<u>\$ 3,360,807</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

Business-Type Activities:

	<u>Issue Date</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Coupon Interest Rate</u>	<u>Final Principal Payment Date</u>	<u>Outstanding at June 30, 2017</u>
<u>Detail of Long-Term Debts</u>						
<u>Business-Type Activities:</u>						
Notes payable						
Notes Payable-Marriott Parking Garage	8/18/1999	h	2,600,000	4.950%	12/19/2019	\$ 482,108
						\$ 482,108
Revenue bonds:						
2007 Water Revenue Bonds	4/23/2007	j	21,550,000	3.5% to 4.44%	6/1/2036	\$ -
2008 Power Revenue Bonds	1/28/2008	k	58,555,000	4.0% to 5.0%	6/1/2037	-
2008 Paseo Colorado Taxable Revenue Bonds	9/17/2008	l	28,800,000	variable	6/1/2038	24,100,000
2009 Electric Revenue/Refunding Bonds	11/24/2009	m	40,655,000	4.0% to 5.0%	8/1/2024	22,035,000
2010 Electric Revenue/Refunding Bonds	8/3/2010	o	36,320,000	2.0% to 4.0%	6/1/2021	18,925,000
2010A Water Revenue Bonds (Taxable Build America)	12/23/2010	j	25,425,000	6.0% to 7.3%	6/1/2040	25,425,000
2010B Water Revenue Bonds (Tax-Exempt)	12/23/2010	j	4,575,000	3.0% to 5.0%	6/1/2020	2,120,000
2011A Water Revenue/Refunding Bonds	12/20/2011	n	29,770,000	3.0% to 5.0%	6/1/2033	21,140,000
2012A Electric Revenue Refunding Bonds	10/4/2012	o	11,780,000	1.0% to 4.0%	6/1/2022	6,005,000
2013A Electric Revenue Refunding Bonds	12/3/2013	i, p	80,485,000	4.25% to 5.0%	6/1/2043	79,060,000
2016A Electric Revenue Refunding Bonds	11/7/2016	x	119,440,000	4.0% to 5.0%	6/1/2041	119,440,000
2017A Water Revenue Refunding Bonds	3/13/2017	y	15,395,000	5.00%	6/1/2036	14,595,000
Total Revenue Bonds						\$ 332,845,000
Certificates of Participation:						
1993 Refunding COP (Old Pasadena)	7/01/1993	t	28,050,000	2.75% to 5.25%	1/1/2018	\$ 2,085,000
2008 COP Series B Refunding 2004A&B	5/15/2008	c	890,869	3.0% to 5.25%	2/1/2019	206,366
Total Certificates of Participation						\$ 2,291,366

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

Business-Type Activities (Continued):

	Issue Date	Purpose	Original Amount	Coupon Interest Rate	Final Principal Payment Date	Outstanding at June 30, 2017
<u>Detail of Long-Term Debts</u>						
<u>Discretely Presented Component Units</u>						
Certificates of Participation						
2006 COP (Conference Center Project)	8/23/2006	CC1	27,139,972	3.85% to 4.81%	2/1/2023	\$ 25,160,217
2008 Refunding COP, Series 2008A (Conference Center Project)	4/15/2008	CC2	134,720,000	variable	2/1/2035	134,720,000
Total Certificates of Participation (PCOC)						<u>\$ 159,880,217</u>
Revenue Bonds						
2010A Revenue Bonds-Tax Exempt	11/18/2010	RB1	25,220,000	4.0% to 5.0%	3/1/2027	\$ 1,835,000
2010A Revenue Bonds-Tax Exempt Capital Appreciation	11/18/2010	RB1	11,558,265	6.43% to 6.52%	3/1/2033	17,896,035
2010B Revenue Bonds-Taxable Build America Bonds	11/18/2010	RB1	106,660,000	6.998% to 7.148%	3/1/2043	106,660,000
2010C Revenue Bonds-Taxable	11/18/2010	RB1	5,005,000	2.935% to 4.924%	3/1/2020	3,375,000
2010D Revenue Bonds-Taxable Recovery Zone Economic Development	11/18/2010	RB1	7,400,000	7.148%	3/1/2043	7,400,000
2013A Revenue Bonds-Refunding-Tax Exempt	1/15/2013	RB2	23,865,000	0.888% to 2.091%	12/1/2042	23,865,000
2013A Revenue Bonds-Refunding-Tax Exempt	1/15/2013	RB2	11,035,000	0.888% to 2.091%	12/1/2042	11,035,000
2013B Revenue Bonds-Refunding-Taxable Fixed Rate	1/15/2013	RB2	19,065,000	1.9% to 5.2%	12/1/2027	14,700,000
2016A Revenue Bonds-Partial Refunding 2010A Bonds	10/5/2016	RB3	21,865,000	5.00%	4/1/2017	21,865,000
Total Revenue Bonds (RBOC)						<u>\$ 208,631,035</u>

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

	<u>Issue Date</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Coupon Interest Rate</u>	<u>Final Principal Payment Date</u>	<u>Outstanding at June 30, 2017</u>
<u>Fiduciary Funds</u>						
Successor Agency to Pasadena Community Development Commission (PCDC):						
Tax Allocation bonds:						
2006 Tax Allocation Refunding Bond (Fair Oaks)	5/17/2006	T1	2,470,000	3.8% to 4.9%	7/1/2021	\$ 1,015,000
2006 Tax Allocation Refunding Bond (Lake/ Washington)	5/17/2006	T2	805,000	3.8% to 4.7%	7/1/2017	<u>90,000</u>
Total tax allocation bonds						1,105,000
Advances Payable – City	various		-	1.25% to 10.00%	various	<u>9,378,543</u>
Total Successor Agency to PCDC long-term liabilities						<u>\$ 10,483,543</u>

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

Purpose of Debt:

a	Refund 2006 Revenue Bonds
b	Fire and Police Retirement
c	Refund 2004A&B Certificates of Participation
d	Refund 2003 Certificates of Participation City Hall and Park Improvements
e	City Facilities
f	Land Acquisition
g	Equipment Purchases, assets purchased collateralizes debt
h	Marriott Parking Improvements
i	GT5 Improvements
j	Water System Capital Improvements
k	Modernization power warehouse
l	Refund 2000 Paseo Bonds
m	Refund partial 1998 Electric Bonds
n	Refund partial 2003 Water Bonds
o	Refund partial 2002/2003 Electric Bonds
p	Refund 2002 Electric Bonds and Capital Improvements to the Electric System
t	Refund 1986 Certificates of Participation
v	Section 108 Note for Robinson Park Improvements
w	Partially refund 2008 Certificates of Participation
x	Refund 2008 Electric Bonds, repay Line of Credit and Capital Improvements to the Electric System
y	Refund 2007 Water Bonds
CC1	Conference Center Improvements
CC2	Refund 2006B Certificates of Participation
RB1	Rose Bowl Stadium Renovation
RB2	Refund 2006 Rose Bowl Variable Rate Lease Revenue Bonds
RB3	Partial refund 2010A Rose Bowl Revenue Bonds
T1	Fair Oaks Redevelopment Project & Public Improvement Program
T2	Lake Washington Redevelopment Project & Public Improvement Program

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

The annual requirements to amortize as of June 30, 2017, are as follows:

Governmental Activities:

Year Ending June 30	Notes Payable		Pension Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 315,179	90,779	-	5,429,959	4,799,475	2,847,039
2019	315,498	86,255	-	5,429,959	4,989,159	2,617,316
2020	315,824	81,724	710,000	5,429,959	1,895,000	2,399,650
2021	316,156	77,187	890,000	5,411,662	1,995,000	2,304,900
2022	316,495	72,642	1,075,000	5,386,529	2,090,000	2,205,150
2023-2027	1,587,820	294,786	9,435,000	26,227,896	12,140,000	9,348,500
2028-2032	1,597,437	180,036	13,085,000	24,054,555	15,480,000	5,996,000
2033-2037	1,308,106	64,233	20,610,000	20,272,780	15,015,000	2,797,275
2038-2042	119,944	10,342	40,985,000	14,205,277	4,130,000	165,199
2043-2045	25,524	533	32,670,000	3,151,625	-	-
Total Payment	\$ 6,217,983	958,517	119,460,000	115,000,201	62,533,634	30,681,029

Year Ending June 30	Revenue Bonds		Capitalized Lease	
	Principal	Interest	Principal	Interest
2018	\$ 580,000	213,245	1,516,628	63,185
2019	600,000	185,882	1,011,493	36,578
2020	620,000	157,575	344,706	23,721
2021	640,000	128,325	245,753	15,032
2022	660,000	98,131	242,227	6,487
2023-2026	1,420,000	100,961	-	-
Total Payment	\$ 4,520,000	884,119	3,360,807	145,003

Business-Type Activities

Year Ending June 30	Notes Payable *		Revenue Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 185,647	21,894	16,225,000	14,989,553	2,185,525	139,823
2019	195,081	12,461	16,870,000	14,333,853	105,841	4,234
2020	101,380	2,547	16,180,000	13,615,440	-	-
2021	-	-	16,930,000	12,906,815	-	-
2022	-	-	17,555,000	12,220,440	-	-
2023-2027	-	-	53,975,000	52,240,513	-	-
2028-2032	-	-	57,840,000	40,053,028	-	-
2033-2037	-	-	66,415,000	25,545,545	-	-
2038-2042	-	-	47,555,000	11,304,175	-	-
2043-2046	-	-	23,300,000	2,099,248	-	-
Total Payment	\$ 482,108	36,902	332,845,000	199,308,610	2,291,366	144,057

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

Fiduciary Funds

Year Ending June 30	Tax Allocation Bonds	
	Principal	Interest
2018	\$ 275,000	46,535
2019	195,000	35,441
2020	200,000	26,010
2021	210,000	16,118
2022	225,000	5,513
Total Payment	<u>\$ 1,105,000</u>	<u>129,617</u>

New Debts Issued FY2017

2016A Electric Revenue/Refunding Bonds

On November 7, 2016, the City issued the Electric Revenue/Refunding Bonds, Series 2016A (2016A Revenue Bonds) in the amount of \$119,440,000 to advance refund the City's 2008 Electric Revenue Bonds, repay the 2015 Line of Credit with Bank of America, pay the cost of issuance of the 2016A Revenue Bonds and to fund improvements to the City's Electrical System. The rates of interest vary from 4.00% to 5.00% payable semi-annually on December 1 and June 1 of each year, commencing June 1, 2017. Principal is payable in annual installments ranging from \$2,480,000 to \$4,885,000 commencing June 1, 2018 and ending June 1, 2046. The City realized debt service savings of \$9.67 million and a present value savings of \$5.77 million. The true interest cost of the financing was 2.88%. The refunding resulted in a deferred charge of \$1,096,185.

2017A Water Revenue/Refunding Bonds

On March 13, 2017, the City issued the Water Revenue/Refunding Bonds, Series 2017A (2017A Revenue Bonds) in the amount of \$15,395,000 to advance refund the City's 2007 Water Revenue Bonds and pay the cost of issuance of the 2017A Revenue Bonds. The rate of interest is 5.00% payable semi-annually on December 1 and June 1 of each year, commencing June 1, 2017. Principal is payable in annual installments ranging from \$475,000 to \$1,150,000 commencing June 1, 2017 and ending June 1, 2036. The City realized debt service savings of \$1.67 million and a present value savings of \$1.23 million. The true interest cost of the financing was 3.25%.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(10) Derivative Instruments

Primary Government

Governmental activities

Objective of the swaps: The City 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 both 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 counterparty the fixed rate of 3.285% and receives a floating rate equal to 65% of the one month LIBOR rate.

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, 2017, along with the credit rating of the associated counterparty.

Cash Flow Hedge	Objective	Notional Amount	Effective Date	Maturity Date	Term	Counterparty Credit Rating
Pay-fixed interest rate swaps	Hedge of changes in cash flows on the 2006 Bonds	\$ 4,520,000	2/23/2006	12/1/2023	Pays 3.285%; receive 65% of LIBOR index	Baa2/A-

On May 3, 2011, the City restructured the 2006 Bonds in order to take advantage of a more attractive interest rate adjustment mode than the 2006 previously had. As a result, pursuant to GASB Statement No.53, the hedging relationship terminated and the value of the swap was re-characterized as a deferred amount upon a refunding and a new hedging relationship was established between the remaining on-market swap (the 2011 On-Market Swap) and the restructured 2006 bonds. The deferred amount is amortized over the life of the swap using the effective interest method for the life of the swap with adjustments to interest expense during each fiscal year as follows:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(10) Derivative Instruments, (Continued)

Primary Government, (Continued)

Governmental activities, (Continued)

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
2018	\$ 215,902	4,935	(58,939)	161,898
2019	161,898	3,615	(50,718)	114,795
2020	114,795	2,479	(42,219)	75,055
2021	75,055	1,540	(33,440)	43,155
2022	43,155	811	(24,384)	19,582
2023	19,582	304	(14,909)	4,977
2024	4,977	38	(5,015)	-

On January 15, 2013, a portion of the restructured 2006 Bonds were refunded by the City's Lease Revenue Bonds (Rose Bowl), Series 2013A (the 2013A Bonds). As a result, pursuant to GASB Statement No. 53, a portion of the hedging relationship established in 2011 terminated and the value of that portion of the 2011 On-Market Swap was re-characterized as a deferred amount upon a refunding and a new hedging relationship was established between the remaining on-market swap (the 2013 On-Market Swap) and the 2013A Bonds. The deferred amount is amortized over the life of the swap using the effective interest method for the life of the swap with adjustments to interest expense during each fiscal year as follows:

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
2018	\$ 131,864	273	(34,038)	98,099
2019	98,099	198	(29,291)	69,006
2020	69,006	135	(24,382)	44,759
2021	44,759	83	(19,313)	25,529
2022	25,529	43	(14,082)	11,490
2023	11,490	16	(8,610)	2,896
2024	2,896	2	(2,898)	-

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(10) Derivative Instruments, (Continued)

Primary Government, (Continued)

Governmental activities, (Continued)

The remaining portion of the 2011 On-Market Swap and the 2013 On-Market Swap were deemed to be "effective" under GASB Statement No. 53. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2017, classified by type, and the change in fair value of such derivative instruments for the year then ended are as follows:

Cash Flow Hedge	Changes in Fair Value		Fair Value at June 30, 2017		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred Inflow	\$ (120,152)	Asset	\$ 14,073	\$ 4,520,000

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

Credit risk: The City is exposed to credit risk on hedging derivative instruments to the extent the value of the swap is positive from the City's perspective. The aggregate fair value of hedging derivative instruments was negative as of June 30, 2017 and therefore the City had no credit risk exposure.

Interest rate risk: The purpose of the swap is to eliminate interest rate risk on the associated hedged bonds and therefore the swap, in combination with related bonds does not create interest rate risk for the City.

Basis risk: The City is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by the City on these hedging derivative instruments are based on a rate or index other than interest rates the City pays on its hedged variable-rate debt, which is remarketed every 30 days. As of June 30, 2017, the weighted-average interest rate on the City's hedged variable-rate debt is 0.99504% while 65 percent of LIBOR is 0.64675%.

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

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(10) Derivative Instruments, (Continued)

Primary Government, (Continued)

Governmental activities, (Continued)

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

Collateral requirements: There are no collateral requirements.

Hedging derivative instruments and hedged debt. The aggregate debt service payments for the City's hedged debt and net receipts/payments on associated derivative instruments assumes current interest rates on variable bonds and the current reference rates of hedging derivative instruments will remain the same for their terms. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

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 position 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, 2017 and the changes in fair value of the derivative instrument for the year then ended are as follows:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

Cash Flow Hedge	Changes in Fair Value		Fair Value at June 30, 2017		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred inflow	\$ (480,608)	Asset	\$ 56,291	\$ 18,080,000

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

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of RBOC's hedging derivative instrument outstanding at June 30, 2017, along with the credit rating of the associated counterparty.

Cash Flow Hedge	Objective	Notional Amount	Effective Date	Maturity Date	Term	Counterparty Credit Rating
Pay-fixed interest rate swaps	Hedge of changes in cash flows on the 2006 Bonds	\$18,080,000	2/23/2006	12/1/2023	Pays 3.285%; receive 65% of LIBOR index	Baa2/A-

Credit risk: RBOC is exposed to credit risk on hedging derivative instruments to the extent the value of the swap is positive from the RBOC's perspective. The aggregate fair value of hedging derivative instruments was negative as of June 30, 2017 and therefore the RBOC had no credit risk exposure.

Interest rate risk: RBOC 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, RBOC's net payment on the swap increases.

Basis risk: RBOC is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by RBOC on these hedging derivative instruments are based on a rate or index other than interest rates RBOC pays on its hedged variable-rate debt, which is remarketed every 30 days. As of June 30, 2017, the weighted-average interest rate on RBOC's hedged variable-rate debt is 0.99500%, while 65 percent of LIBOR is 0.64675%.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

Termination risk: RBOC 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, RBOC would be liable to the counterparty for a payment equal to the liability.

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of RBOC's hedging derivative instrument outstanding at June 30, 2017, along with the credit rating of the associated counterparty.

Cash Flow Hedge	Objective	Notional Amount	Effective Date	Maturity Date	Term	Counterparty Credit Rating
Pay-fixed interest rate swaps	Hedge of changes in cash flows on the 2006 Bonds	\$18,080,000	2/23/2006	12/1/2023	Pays 3.285%; receive 65% of LIBOR index	Baa2/A-

Credit risk: RBOC is exposed to credit risk on hedging derivative instruments to the extent the value of the swap is positive from the RBOC's perspective. The aggregate fair value of hedging derivative instruments was negative as of June 30, 2017 and therefore the RBOC had no credit risk exposure.

Interest rate risk: RBOC 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, RBOC's net payment on the swap increases.

Basis risk: RBOC is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by RBOC on these hedging derivative instruments are based on a rate or index other than interest rates RBOC pays on its hedged variable-rate debt, which is remarketed every 30 days. As of June 30, 2017, the weighted-average interest rate on RBOC's hedged variable-rate debt is 0.99500%, while 65 percent of LIBOR is 0.64675%.

Termination risk: RBOC 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, RBOC would be liable to the counterparty for a payment equal to the liability.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

Rollover risk: RBOC 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, RBOC 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, 2017, the balance was \$863,613.

The annual amortization and balance of the borrowing as of June 30, 2017 are as follows:

<u>June 30</u>	<u>Beginning Balance</u>	<u>Accrued Interest</u>	<u>Payment</u>	<u>Ending Balance</u>
2018	\$ 863,613	19,738	(235,754)	647,597
2019	647,597	14,459	(202,872)	459,184
2020	459,184	9,917	(168,874)	300,227
2021	300,227	6,162	(133,762)	172,627
2022	172,627	3,243	(97,535)	78,335
2023	78,335	1,214	(59,636)	19,913
2024	19,913	151	(20,064)	-

On January 15, 2013, a portion of the restructured 2006 Bonds were refunded by the City's Lease Revenue Bonds (Rose Bowl), Series 2013A (the 2013A Bonds). As a result, pursuant to GASB Statement No. 53, a portion of the hedging relationship established in 2011 terminated and the value of that portion of the 2011 On-Market Swap was re-characterized as a deferred amount upon a refunding and a new hedging relationship was established between the remaining on-market swap (the 2013 On-Market Swap) and the 2013A Bonds. The deferred amount is amortized over the life of the swap using the effective interest method for the life of the swap with adjustments to interest expense during each fiscal year as follows:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Rose Bowl Operating Company (RBOC), (Continued)

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
2018	\$ 527,449	1,091	(136,153)	392,387
2019	392,387	793	(117,163)	276,017
2020	276,017	539	(97,528)	179,028
2021	179,028	333	(77,251)	102,110
2022	102,110	174	(56,328)	45,956
2023	45,956	64	(34,440)	11,580
2024	11,580	8	(11,588)	-

Hedging derivative instruments and hedged debt. The aggregate debt service payments for the RBOC's hedged debt and net receipts/payments on associated derivative instruments assumes current interest rates on variable bonds and the current reference rates of hedging derivative instruments will remain the same for their terms. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Company has the following recurring fair value measurements as of June 30, 2017:

Measurements by Fair Value Level		Level		
		1	2	3
Derivative Instrument Liability	\$ 56,291	\$ -	\$ 56,291	\$ -

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC)

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

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

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of PCOC's hedging derivative instruments outstanding at June 30, 2017, along with the credit rating of the associated counterparty:

Cash Flow Hedge	Objective	Notional Amount	Effective Date	Maturity Date	Term	Counterparty Credit Rating
Pay-fixed interest rate swaps	Hedge of changes in cash flows on the 2008A COP's	\$ 133,000,000	9/18/2006	2/1/2034	Pays 3.536%; receive 64% of LIBOR index	A1/AA-

Note in 2011, due to its declining credit ratings, DEPFA Bank was replaced by RBC as the counterparty for the swap. Pursuant to GASB Statement No. 64, the replacement did not require any change in accounting treatment.

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 COP (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 position and recorded as a deferred amount upon a refunding.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

Objective and Terms of Hedging Derivative Instruments, (Continued)

During the fiscal year ending June 30, 2011, PCOC 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 \$8,935,613. As of the year ended June 30, 2017, the balance was \$6,211,294.

June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
2018	\$ 6,211,294	273,518	(646,380)	5,838,432
2019	5,838,432	256,284	(646,380)	5,448,336
2020	5,448,336	238,252	(646,380)	5,040,208
2021	5,040,208	219,387	(646,380)	4,613,215
2022	4,613,215	199,651	(646,380)	4,166,486
2023	4,166,486	179,003	(646,380)	3,699,109
2024	3,699,109	157,461	(635,404)	3,221,166
2025	3,221,166	136,068	(601,344)	2,755,890
2026	2,755,890	115,332	(563,760)	2,307,462
2027	2,307,462	95,454	(522,409)	1,880,507
2028	1,880,507	76,649	(477,171)	1,479,985
2029	1,479,985	59,154	(427,721)	1,111,418
2030	1,111,418	43,226	(373,774)	780,870
2031	780,870	29,157	(315,009)	495,018
2032	495,018	17,258	(251,140)	261,136
2033	261,136	7,877	(181,805)	87,208
2034	87,208	1,487	(88,695)	-

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

Objective and Terms of Hedging Derivative Instruments, (Continued)

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Company has the following recurring fair value measurements as of June 30, 2017:

Measurements by Fair Value Level		Level		
		1	2	3
Derivative Instrument Liability	\$ 22,517,362	\$ -	\$ 22,517,362	\$ -

Derivative Instrument Liability

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2017, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

Cash Flow Hedge	Changes in Fair Value		Fair Value at June 30, 2017		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred Inflow	\$ (11,818,605)	Debt	\$ (22,517,362)	\$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.

Credit risk: PCOC is exposed to credit risk on hedging derivative instruments to the extent that value of the swap is positive from PCOC's perspective. The aggregate fair value of hedging derivative instruments was negative as of June 30, 2017 and therefore PCOC had no credit risk exposure.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(10) Derivative Instruments, (Continued)

Discretely Presented Component Units, (Continued)

Pasadena Center Operating Company (PCOC), (Continued)

Derivative Instrument Liability, (Continued)

Interest rate risk: The purpose of the swap is to eliminate interest rate risk on the associated hedged bonds and therefore the swap, in combination with related bonds does not create interest rate risk for PCOC.

Basis risk: PCOC is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by PCOC on these hedging derivative instruments are based on a rate or index other than interest rates PCOC pays on its hedged variable-rate debt, which is typically remarketed every 7 days. As of June 30, 2017, the weighted-average interest rate on the PCOC's hedged variable-rate debt is 1.050%, while 64 percent of LIBOR is 0.67232%.

Termination risk: PCOC 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, PCOC may optionally terminate the agreement on any date. If at the time of a termination, PCOC may be required to make a termination payment to its counterparty. If PCOC had to terminate the Swap for any reason on June 30, 2017, the maximum exposure/loss would have been \$30,706,507.

Rollover risk: PCOC 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 prior to the maturity of the related debt, PCOC will be re-exposed to the risks being hedged by the hedging derivative instrument.

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(11) Fund Balance and Net Position

Fund balances, Governmental Funds

On the Governmental Balance Sheet, the fund balances are reported in the aggregate in the classifications defined by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances by classification for the year ended June 30, 2017, are as follows:

	<u>General Fund</u>	<u>Project Management Capital Project</u>	<u>General Debt Service</u>	<u>Housing Successor</u>	<u>Non-Major Governmental Funds</u>
Fund Balances					
Nonspendable:					
Notes Receivable	\$ -	-	-	20,671,228	50,144,003
Prepaid and Other Assets	109,272	-	-	-	1,047,453
Advances to Other Funds	12,789,555	-	-	-	-
Advances to Component Units	903,859	-	-	-	-
Allowance for Uncollectible Long-Term	(2,694,714)	-	-	(20,671,228)	(50,144,003)
Permanent Fund Principal	-	-	-	-	1,434,131
Total Nonspendable	<u>11,107,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,481,584</u>
Restricted for:					
Air Quality Improvement	-	-	-	-	129,498
City Charter/Capital Projects	-	2,440,688	-	-	1,919,579
Debt Service	-	-	3,214,698	-	8,304,762
Donated Funds	-	-	-	-	1,909,866
Housing and Community Development					
Housing Funds	-	-	-	-	4,963,103
CDBG	-	-	-	-	5,927,398
Inclusionary Housing Trust	-	-	-	-	1,681,293
Rental Assistance Programs	-	-	-	-	542,115
Other Purpose	-	-	-	5,362,379	497,330
Public Safety					
Asset Forfeiture	-	-	-	-	902,095
Public Safety Augmentation	-	-	-	-	739,757
Section 108 HUD Loan Security for					
Robinson Park Rehab	400,000	-	-	-	-
Transportation	-	-	-	-	16,542,862
Total Restricted	<u>400,000</u>	<u>2,440,688</u>	<u>3,214,698</u>	<u>5,362,379</u>	<u>44,059,658</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(11) Fund Balance and Net Position, (Continued)

Fund balances, Governmental Funds, Continued

	General Fund	Project Management Capital Project	General Debt Service	Housing Successor	Non-Major Governmental Funds
Fund Balances, continued					
Total from previous page	11,507,972	2,440,688	3,214,698	5,362,379	46,541,242
Committed to:					
Building Plan Check and Permit Services	-	-	-	-	10,614,341
Building Services - General Plan Maintenance Fee and Technology Fee	-	-	-	-	4,618,791
Capital Projects	-	1,851,019	-	-	26,448,383
Emergency Contingency	47,563,000	-	-	-	-
Libraries	-	-	-	-	4,160,021
Pasadena Center Capital Improvement Trust	-	-	-	-	43,054
Parking	-	-	-	-	2,770,576
Sewer Construction and Maintenance	-	-	-	-	8,580,523
Underground Utilities	-	-	-	-	47,544,368
Total Committed	<u>47,563,000</u>	<u>1,851,019</u>	<u>-</u>	<u>-</u>	<u>104,780,057</u>
Assigned to:					
General Government	20,082,899	-	-	-	-
Parking	-	-	-	-	-
Health	1,497,056	-	-	-	-
Capital Projects	4,981,581	-	-	-	-
Public Safety	263,200	-	-	-	-
Transportation	-	-	-	-	-
Total Assigned	<u>26,824,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned:	<u>3,832,607</u>	<u>(9,762,826)</u>	<u>-</u>	<u>-</u>	<u>(1,187,149)</u>
Total Fund Balance	<u>\$ 89,728,315</u>	<u>(5,471,119)</u>	<u>3,214,698</u>	<u>5,362,379</u>	<u>150,134,150</u>

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(11) Fund Balance and Net Position, (Continued)

Net Position

On the Government-Wide Statement of Net Position, the Net Position is reported in one of three classifications: Net Investment in Capital Assets, Restricted, or Unrestricted. Net position by classification as of June 30, 2017 are as follows:

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total Primary Government	Aggregate Component Units
Net Investment in Capital Assets	\$ 418,266,146	410,270,624	828,536,770	653,982
Restricted:				
Expendable:				
Public Safety	1,641,852	-	1,641,852	-
Cultural and Leisure	2,309,866	-	2,309,866	-
Capital Projects	4,360,267	-	4,360,267	3,145,415
Community Development	18,476,289	-	18,476,289	-
Contributions	-	18,420,431	18,420,431	-
Debt Service	11,519,460	51,051,124	62,570,584	-
Stranded Investments (notes 12 and 19)	-	100,248,043	100,248,043	-
Transportation	16,542,861	-	16,542,861	-
Other Purposes	626,828	1,825,008	2,451,836	-
Unrestricted:	(310,488,494)	183,279,208	(127,209,286)	6,429,865
Total Net Position	\$ 163,255,075	765,094,438	928,349,513	10,229,262

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(12) Restricted Net Position – 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 Reserves, including investment earnings, were recorded as income during the year collected or realized.

In November 2006, the City Council approved the Stranded Investment Reserve (SIR) Utilization Plan (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 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, 2017, the Stranded Investment Reserve balance was \$100.2 million. The details of the additions and subtractions from the Reserve that occurred during fiscal year 2017 are shown below.

Restricted Cash and Investment

Beginning balance	\$	69,503,836
Interest earnings		1,259,149
Market gain/losses		<u>(1,637,442)</u>
Restricted cash and investment ending balance	\$	<u>69,125,543</u>

IPA Subordinated Notes

	Balance at June 30, 2016	Reduction	Balance at June 30, 2017
Notes Receivable	\$ 36,948,750	<u>(5,826,250)</u>	<u>31,122,500</u>
Total IPA Subordinated Notes	<u>\$ 36,948,750</u>	<u>(5,826,250)</u>	<u>31,122,500</u>
Restricted for Stranded Investments at June 30, 2017			<u>\$ 100,248,043</u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(13) Accumulated Fund Deficits

The following funds reported accumulated deficits in their respective fund balances/net position at June 30, 2017:

	Due to Operations	Due to GASB68 Implementation	Total Accumulated Deficit
Governmental Activities:			
Special Revenue Funds:			
Health	\$ (1,187,149)	\$ -	\$ (1,187,149)
Capital Project Funds:			
Project Management	(5,471,119)	-	(5,471,119)
Internal Service Funds:			
Computing and Communications Service	7,439,757	(12,424,258)	(4,984,501)
Benefits	(29,809,633)	(58,912,224)	(88,721,857)
Workers Compensation	(30,912,745)	(6,881,661)	(37,794,406)
General Liability	(5,527,774)	(371,346)	(5,899,120)
Printing Services	(2,869,016)	(833,085)	(3,702,101)
311 Call Center	288,861	(472,593)	(183,732)

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

Health

The Health Fund was established to account for all grants received for the provision of health services which are restricted by grant award agreements. The Department has completed a reorganization of the operation to focus resources on health promotion, fee supported inspection programs and disease prevention programming. This model emphasizes full cost recovery, fee collection, grant funding, and public health realignment revenues to sustain programming. The Department has made significant progress using this approach and has ended each of the last two fiscal years in positive financial standing. The Department will continue to identify new public health partners and streams of revenue to further improve fund status and service provision. New grant opportunities will continue to be an important focus with continued diligence to maximize grant billings, minimize non-reimbursable expenditures and monitor revenue streams to facilitate continued success with paying down the outstanding negative fund balance according to the plan approved by City Council in June 2017.

Project Management

The Project Management Fund was established to account for all capital improvement projects, except those involving utilities and special assessments districts where revenues are received from grants by other governments, private properties and through transfer from other City funds. The negative fund balance is due, in part, to unbilled costs and deferred revenue, under GASB33, of \$2,724,070. The Department of Public Works and the Department of Finance are cooperating to improve the timeliness of all billings.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(13) Accumulated Fund Deficits, (Continued)

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 as low as possible. The overall fiscal year 2017 fund balance decrease is attributable to an increase of \$8 million increase in GASB68 pension liability. The City Council directed staff in June 2017 to create Section 115 trusts for both pension stabilization and the other post-employment benefit liabilities. An intialy deposit of \$12 million will be made in fiscal year 2018.

Workers' Compensation

The Workers' Compensation Fund was established to provide for 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 has reviewed the deficit, and is correcting the situation through a combination of more aggressive claims management, including improved review and justification of reserve levels, improved Return to Work procedures, increased focus on medical management and payment of claims as well as an increase in rates charged to Departments as part of the annual budget process.

General Liability

The General Liability Fund was established 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 reviewed the deficit and is correcting the situation through an increase in rates charged as part of the annual budget process. This is evidenced by the net income of \$400 thousand in fiscal year 2017.

Printing Services

The Printing Fund was established to account for printing services provided to other departments by the Printing Services Section of the Department of Finance. In an effort to reduce staffing costs, the Press Operator position was downgraded during FY17 to a less expensive classification. The net decrease will be reflected FY18. While internal service (IS) costs did decrease from FY16 to FY17, total IS costs continue to present an expense that cannot be offset by annual revenues. This is an ongoing challenge for a section that is expected to recover its operating costs. Disregarding internal services charges, Printing Services generated sufficient revenue to return a positive net balance of almost \$60,000. While Printing Services continues to look for ways to increase revenue, changes are being made to decrease costs of operations for the upcoming fiscal year, including new contract awards for outsourced offset and oversized printing.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(13) Accumulated Fund Deficits, (Continued)

GASB68 Implementation

In fiscal year 2015, the City implemented GASB Statement No. 68. As part of the implementation, the City has recorded certain deferred inflows/outflows and obligations related to the pension benefit provided to employees to the proprietary funds. This caused several of the fund's fund balances to fall into or increase a deficit position.

(14) 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.

Total pledge revenue reported for Successor Agency to Pasadena Community Development Commission (SA PCDC) is the net property tax revenue received to pay for all approved expenses (not exclusive to debt service) on the Recognized Obligation Payment Schedule (ROPS). Of the total \$12,159,608 reported, \$2,831,185 was received and recorded in June 2016, per Department of Finance guidelines, it is not to be spent until next fiscal year.

<u>Description of Pledged Revenue</u>	<u>Annual Amount of Pledged Revenue (net of expenses) (in thousands)</u>	<u>Annual Debt Service Payment (in thousands)</u>	<u>Debt Service as a Percentage of Pledged Revenue</u>
<u>Primary Government</u>			
Light and Power Revenues	\$ 52,788	22,155	42%
Water Revenues	19,962	8,064	40%
<u>Fiduciary Funds</u>			
Tax Increment (SA PCDC)	\$ 12,159 (a)	2,469	20%

Note:

(a) \$2,831,185 of \$12,158,608 of pledge revenue was received and recorded in June 2016 to be spent during the period of July 2016 - December 2016

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(15) Transfers

Primary Government

The following is a summary of transfers in and out for the year ended June 30, 2017:

Transfers Out	Transfers In								Total
	General Fund	Project Management Fund	General Debt Service Fund	Housing Successor	Non-Major Governmental Funds	Light and Power Fund	Non-Major Enterprise Funds	Internal Service Funds	
General Fund	\$ -	4,177,692	5,974,069	789,775 A	19,851,737 B	-	85,000	2,650,915	33,529,188
Project Management Fund	-	-	-	-	-	-	101,795	90,932	192,727
Non-Major Governmental Funds	167,525	13,230,912 C	402,739	-	948,333	2,444,390	-	-	17,193,899
Light and Power Fund	17,371,327 D	-	-	-	-	-	-	-	17,371,327
Water Fund	1,894,138	-	-	-	-	-	-	-	1,894,138
Off Street Parking Fund	35,000	1,477,127	-	-	-	-	-	-	1,512,127
Non-Major Enterprise Funds	198,240	(20,937) E	-	-	-	-	-	328,582	505,885
Internal Service Funds	-	753,646	-	-	-	-	-	39,529	793,175
Total	\$ 19,666,230	19,618,440	6,376,808	789,775	20,800,070	2,444,390	186,795	3,109,958	72,992,466

Fiduciary Funds

The following is a summary of transfers in and out for the year ended June 30, 2017:

Transfers In	Transfers Out	
	Redevelopment Obligation Retirement Fund	Total
Successor Agency Administration	\$ 267,799	267,799
Successor Agency Debt Service	10,073,337	10,073,337
Total	\$ 10,341,136	10,341,136

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(15) Transfers, (Continued)

Primary Government

(A) Transfers from the General Fund to General Debt Service Fund consist of:

- \$5,429,739 to pay interest for the 2015 Taxable Pension Obligation Bonds
- \$544,330 for other debt service payments

(B) Transfers from the General Fund to Non-Major Governmental Funds consist of:

- \$7,309,430 to pay for various debt service obligations, including 2008B, 2008C and 2015A Refunding COPs
- \$10,664,865 to support the Library Services Fund.
- \$1,877,442 to Housing and Community Development and various Transportation and Parking funds to support their operations.

(C) Transfers from the Non-Major Governmental Funds to the Project Management Fund were for various capital improvement projects.

(D) Light and Power contributed \$17,371,327 to the General Fund for the payment of interest and principal on City bonds, municipal improvements and other purposes.

(E) Negative transfers between the Non-Major Enterprise Funds and Project Management Fund were due to the grant revenues received in the current fiscal year which covered a transfer from the prior year and the subsequent reversal of that transfer.

Fiduciary Funds

The Redevelopment Obligation Retirement Fund transferred \$10,073,337 to the Successor Agency Debt Service Funds (SADSF) and \$267,799 to the Successor Agency Administration Fund.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(16) Self-Insurance

The City maintains self-insurance and excess insurance programs for various lines of liability coverage. Liability claims are self-administered, within the self-insured retention. For the period July 1, 2016 to June 30, 2017 excess liability insurance was purchased with limits of \$25 million excess of a \$3 million per occurrence self-insured retention. Excess worker's compensation insurance, with a \$5,000,000 self-insured retention, was initially purchased in FY 2016 and has been renewed for FY17. Worker's Compensation claims for all City workers, including Public Safety, Fire and Police, with claim dates of 7/1/2012 onwards, are administered by a Third Party Administrator, Adminsure. The City maintains a few self-administered claims (with dates before 7/1/2012).

Five workers' compensation claims from prior years, when the retention was \$500,000, have exceeded the excess level. Nine workers' compensation claims from prior years, when the retention was \$250,000, have exceeded the excess level. Three workers' compensation claims from prior years, when the retention was \$50,000, have exceeded the excess level. No workers' compensation injury was incurred during the past two fiscal years that is expected to exceed \$1,000,000 over the course of succeeding years.

The Civil Division of the Department of the City Attorney/City Prosecutor, primarily using in-house civil attorneys, controls litigated liability claims. A Claim is a demand seeking damages allegedly arising out of a wrongful act for which the claimant asserts the City is responsible. During FY17, for Claims occurring in FY17, the City paid approximately \$54,489 (loss payments). The overall total incurred for Claims occurring in FY17 is \$104,516 (losses plus expenses). Liability against a public entity is mitigated by existing laws/statutes/codes, which provide certain immunities. On November 30/December 1, 2011, Pasadena was hit by a windstorm which toppled trees; insurance companies previously presented Claims against the City arising from the windstorm exposing the City to property damage liability for damage to private property. We received an adverse judgment, by the trial court, in one of the windstorm lawsuits. On appeal, City's outside counsel, monitored by in-house City Attorney, achieved a reversal of the trial court's decision and a judgment was entered in favor of City. A series of other windstorm cases, brought by multiple plaintiffs, are pending at the trial court level,. A child in a stroller was hit in the head by an errant golf ball near Brookside Golf Course – the City prevailed by motion at the trial court level, and this case is on appeal. In FY 2015, the City was also sued in a police officer-involved shooting that resulted in a suspect claiming significant injuries requiring long-term care. City is appealing the trial court's denial of City's Motion to Dismiss. In FY 2016, City received claims and a lawsuit was filed against the City pertaining to the July 28, 2015 tree falling on the grounds of Kidspace: A Participatory Museum. The claims have been settled. On September 30, 2016, a suspect's death resulted from an incident in which our police officers used a Taser and a Claim was filed against the City related to that incident. No other pending liability claims appear to have sufficient damages and potential adverse 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, 2017

(16) 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 Claims Coordinator or the Workers' Compensation Claims Supervisor, including expected litigation expenses and losses that will be paid by the City Treasurer.

Heliport and aircraft liability limits were raised from \$20,000,000 to \$50,000,000 for FY16. The increased policy limit remains in effect for FY 17. Hull insurance with a 1.5% deductible is purchased on helicopters. There have been no hull-coverage claims during the past three years.

The City renewed an All Risk Property Insurance on all its buildings, with a separate Equipment Breakdown policy for production facilities not at the power plant, with a combined total scheduled insured value in excess of \$1.7 billion. Limit of Liability under "all risk" policy is \$250,000,000, with various sub-limits. The deductible on this policy ranges from \$5,000 to \$25,000, depending on coverage triggered. Exclusions include earthquake, collapse of buildings and nuclear hazard. There have been no new claims during FY 2017 under either of these policies. Limit of Liability under the Equipment Breakdown policy is \$250,000,000 with various sub-limits; and a deductible of \$50,000. Exclusions under this policy include earthquake, fungus, and contingent business income/extra expense.

The City's Property: Power Plant Boiler and Machinery policy, with total insured value of \$348,862,120, was renewed with a policy limit of \$130,000,000, increased from \$100,000,000, from FY16, with various sub-limits and a deductible of \$1,500,000 for machinery breakdown and \$750,000 for all other property. Increased policy limit is based on increase in total insured value resulting from placing GT5 unit in service. The City has received no new claims under this policy, for FY 2017.

In an effort to protect the City's assets and transfer potential risk, the City also purchases the following insurance policies: Medical Malpractice; Pollution Liability; Terrorism for Property and Business Interruption and Terrorism & Sabotage Insurance; Auto Physical Damage; Cyber Risk Privacy Liability; Fiduciary (purchased for and by the Fire and Police Retirement System); Crime; Underground Storage Tank policies.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(16) Self-Insurance, (Continued)

Pasadena Center Operating Company “PCOC” is entitled to indemnity from the City; however, PCOC purchases a Special Liability Insurance Program (SLIP) for general liability and employment practice coverage. The City manages the PCOC claims and tenders to the insurance carrier third party administrator. 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. PCOC buys separate liability insurance on the ice rink. There are lawsuits pending that are being defended by an insurance company without a reservation of rights.

Rose Bowl Operating Company “RBOC” is entitled to indemnity from the City, and its losses are included in the City’s general liability self-insurance program and under the excess general liability policies. 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, naming City of Pasadena as additional insured on their policies. 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 to 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, 2017, liability claims payable amounted to \$13,484,885 of which \$3,087,162 is estimated to be paid within one year. Workers’ Compensation claims payable amounted to \$36,232,429, of which \$9,500,000 is estimated to be paid within one year.

	Current Beginning Liability	Year Claims and Prior Year Changes Fiscal Year in Estimates	Claim Payments	Ending Fiscal Year Liability
2015-16	39,886,092	5,407,013	8,204,904	37,088,201
2016-17	37,088,201	22,869,086	10,239,973	49,717,314

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(17) 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 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, the Director of Finance or his designee, 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>2017</u>	<u>2016</u>
Assets, beginning of year (market value)	\$ 243,494,259	\$ 240,727,087
Deferrals of compensation	16,047,910	16,736,777
Earnings and adjustments to market value	24,830,353	326,346
Payments to eligible employees	(17,037,358)	(14,160,178)
Plan fees	(160,665)	(135,773)
Assets, end of year (market value)	<u>\$ 267,174,499</u>	<u>243,494,259</u>

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans

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

Pasadena Fire and Police Retirement System

Plan Description

FPRS is a single-employer defined benefit plan governed by a Retirement Board (Board) under provisions of the City Charter. The plan covers all fire and police personnel who were employed by the City prior to July 1, 1977, except for those who elected to transfer to CalPERS when FPRS closed to new member in June 2004. In June 2004, active members were provided a one-time opportunity to transfer from 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.

Cash and investments

Unrestricted Pooled Cash	\$	136,563
Restricted Pooled Cash		1,250,000
Cash with Fiscal Agent		<u>1,230,378</u>
Total cash and cash equivalents		2,616,941
Investments held by Trustee		<u>125,811,805</u>
Total cash and investments	\$	<u>128,428,746</u>

Please see the FPRS annual report for additional cash and investment details.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Funding Policy

Section 1509.9 of the City Charter provides that the normal member contribution rates will provide an average annuity, at age 50, equal to 1/100 of the final compensation of members for each year of service according to tables adopted by the Board. The basic benefits otherwise funded by these contributions have now been fully funded by Contribution Agreement 16,900. Pursuant to the agreement, the City contributed \$100,000,000 net proceeds from the issuance of pension bonds to 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 cost-of-living adjustment (COLA) benefits. Contributions are recognized when due. Therefore, member contributions are suspended as long as basic benefits remain fully funded.

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 required the City to issue pension obligation bonds that would yield approximately \$46.6 million in net proceeds to the plan by March 31, 2012, which would meet the plan's funding requirement if they were paid by that date because the net proceeds would be treated as if they had been assets of the plan as of June 30, 2011, and the City no longer owed supplemental contribution to the plan for fiscal year 2011/2012. The City contributed \$46,600,000 in net proceeds to the plan on March 29, 2012; therefore, the City no longer owed supplemental contribution to the plan for fiscal year ending June 30, 2012. 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.

As of June 30, 2017, the funded percentage of FPRS, calculated in accordance with Agreement No. 20,823 and Agreement No. 16,900, was 82.5%. As provided by Contribution Agreement No. 16,900, if the funded percentage is below the minimum funding percentage of 78.5% for fiscal year 2017, the City will reimburse FPRS in the following fiscal year subject to certain reimbursement limits. Based on the June 30, 2017 actuarial valuation, the funding deficiency was \$0, or 0%, below the funding requirement of 78.5% as of June 30, 2017. Thus, no required supplemental contribution is owed to FPRS by the City for the fiscal year ended June 30, 2017, on January 1, 2018.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Net Pension Liability

At June 30, 2017, the Net Pension Liability of FPRS was as follows:

FPRS	
Net Pension Liability	6/30/2017
Discount Rate	6.50%
Beginning Total Pension Liability (TPL)	\$ 149,197,000
Interest	9,272,000
Benefit Payments	(13,118,000)
Experience Losses (Gains)	(3,081,000)
Ending Total Pension Liability (TPL)	\$ 142,270,000
Beginning Fiduciary Net Position (FNP)	\$ 126,269,000
Employer Contribution	-
Net Investment Income	12,512,000
Benefit Payments	(13,118,000)
Administrative Expenses	(300,000)
Ending Fiduciary Net Position (FNP)	\$ 125,363,000
Net Pension Liability (NPL)	\$ 16,907,000
FNP as a Percentage of TPL	88.10%

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. Upon analysis provided by the System's Actuary on May 17, 2017, the Board accepted the recommended assumptions (that were concurred with by City Treasury and the System's Investment Advisor) for use in the preparation of the actuarial valuation for the fiscal year ending June 30, 2017. The TPL was determined by the actuarial valuation performed as of June 30, 2017, using the following actuarial assumptions:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability, (Continued)

Actuarial Assumptions

Discount Rate	6.50%*	
Inflation	3.00%	
Salary Increases	No active employees	
Mortality	CalPERS 1997-2011 Experience Study, Modified MP-2014	
Geometric Real Rate of Return	Based on the CalPERS 2013 10-year Expected Geometric Rate of Return	
	Global Equity	5.00%
	Domestic Equity	5.00%
	Fixed Income and Bank Loans	0.74%
	TIPS	0.20%
	Hedge Funds	3.14%
	Real Estate	4.25%

* Discount Rate reflects assumed investment expense of 40bp.

Inactive employees or beneficiaries currently receiving benefits	217
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
Total	<u>217</u>

Discount Rate

The discount rate of 6.5% to measure the June 30, 2017 Total Pension Liability for accounting purposes was selected by the System actuary. The actuary performed a stochastic analysis of expected returns using the System's target asset allocation and capital market assumptions from CalPERS' investment advisors in 2013. The discount rate is the expected real long-term rate of return determined by this analysis plus the inflation assumption of 3% less assumed investment expenses of 40 basis points. Based on the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments. Therefore, the long-term expected rate of return on Plan investment of 6.50% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Discount Rate, (Continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>
Global Equity	20.00%
Domestic Equity	20.00%
Fixed Income and Bank Loans	40.00%
TIPS	5.00%
Hedge Funds	5.00%
Real Estate	10.00%
Total	100.00%

Changes in Pension Liability

	<u>Increase (Decrease)</u>		
	<u>A</u>	<u>B</u>	<u>C = B - A</u>
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Asset/(Liability)</u>
Balance at 6/30/16	\$ 149,197,000	\$ 126,269,000	\$ (22,928,000)
Changes Recognized for the Measurement Period:			
Service Cost	-	-	-
Liability	9,272,000	-	(9,272,000)
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	(3,081,000)	-	3,081,000
Contribution from Employers	-	-	-
Contribution from Employees	-	-	-
Net Investment Income	-	12,512,000	12,512,000
Benefit Payments	(13,118,000)	(13,118,000)	-
Administrative Expense	-	(300,000)	(300,000)
Net Change during 2016-17	(6,927,000)	(906,000)	6,021,000
Balance at 6/30/17	\$ 142,270,000	\$ 125,363,000	\$ (16,907,000)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Pension Expense

	Pension Expense/(Income)
Service Cost	\$ -
Interest on Total Pension Liability	9,272,000
Projected Earnings on Pension Plan Investments	(7,781,000)
Recognize Differences between Projected and Actual Earnings on Plan Investments	(1,745,000)
Administrative Expenses	300,000
Total	\$ 46,000

Sensitivity of the Net Pension Liability to Changes in the Discount Rates

Examining the sensitivity of the NPL to changes in the discount rate by a 1% decrease, from 6.5% to 5.5%, revealed an increase in the NPL by \$12,867,000 to a total NPL of \$29,774,000. Conversely, increasing the discount rate by 1%, from 6.5% to 7.5% revealed a corresponding decrease in the NPL of \$11,060,000 to total NPL of \$5,847,000 as of June 30, 2017.

FPRS			
	Discount Rate -1% (5.50%)	Current Discount Rate (6.5%)	Discount Rate +1% (7.5%)
Total Pension Liability	\$ 155,137,000	\$ 142,270,000	\$ 131,210,000
Fiduciary Net Position	125,363,000	125,363,000	125,363,000
Net Pension Liability	29,774,000	16,907,000	5,847,000
NPL Funded Percentage	80.8%	88.1%	95.5%

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

Pasadena Fire and Police Retirement System, (Continued)

Deferred Outflows and Deferred Inflows of Resources Related to Pensions

	FPRS		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred of Resources
Changes of Assumption	\$ -	\$ -	\$ -
Differences between Expected and Actual Experience	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,502,000	-	2,502,000
Total	\$ 2,502,000	\$ -	\$ 2,502,000

	FPRS	
Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources	
2018	\$	1,336,000
2019		1,336,000
2020		777,000
2021		(947,000)
2022		-
Thereafter		-

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan and Safety Plan (Plans), agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2016, are summarized as follows:

<u>Miscellaneous</u>		<u>Safety</u>	
Hire date	Prior to January 1, 2013	Hire date	Prior to January 1, 2013
Benefit formula	2.5% @ 55	Benefit formula	3% @ 55
Benefit vesting schedule	5 years service	Benefit vesting schedule	5 years service
Benefit payments	monthly for life	Benefit payments	monthly for life
Retirement age	50	Retirement age	50
Monthly benefits, as a % of eligible compensation	2.00% to 2.50%	Monthly benefits, as a % of eligible compensation	2.40% to 3.00%
Required employee contribution rates	7.974%	Required employee contribution rates	9.000%
Required employer contribution rates	17.377%	Required employer contribution rates	27.226%

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms of the plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	1,476	246
Inactive employees entitled to but not yet receiving benefits	853	101
Active employees	1,362	381
Total	3,691	728

Contribution Description

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer-Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

There were no changes of assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Discount Rate, (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 ⁽¹⁾</u>	<u>Real Return Years 11+ ⁽²⁾</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	10.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

⁽¹⁾ An expected inflation of 2.5% used for this period

⁽²⁾ An expected inflation of 3.0% used for this period

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Changes in the Net Pension Liability, (Continued)

Miscellaneous

	Increase (Decrease)		
	A	B	C = B - A
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Asset/(Liability)</u>
Balance at 6/30/15	\$ 979,816,050	\$ 736,108,045	\$ (243,708,005)
Changes Recognized for the Measurement Period:			
Service Cost	16,452,421	-	(16,452,421)
Interest on the Total Pension Liability	72,631,606	-	(72,631,606)
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	(13,975,158)	-	13,975,158
Changes of Assumption	-	-	-
Plan to Plan Resource Movement	-	(207)	(207)
Contribution from Employers	-	22,252,101	22,252,101
Contribution from Employees	-	8,658,628	8,658,628
Net Investment Income	-	3,806,528	3,806,528
Benefit Payments, including Refunds of Employee Contribution	(49,268,669)	(49,268,669)	-
Administrative Expense	-	(448,619)	(448,619)
Other Changes in Fiduciary Net Position	-	-	-
Net Change during 2015-16	<u>25,840,200</u>	<u>(15,000,238)</u>	<u>(40,840,438)</u>
Balance at 6/30/16	<u>\$ 1,005,656,250</u>	<u>\$ 721,107,807</u>	<u>\$ (284,548,443)</u>

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Changes in the Net Pension Liability, (Continued)

Safety

	Increase (Decrease)		
	A	B	C = B - A
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Asset/(Liability)</u>
Balance at 6/30/15	\$ 520,763,789	\$ 401,411,144	\$ (119,352,645)
Changes Recognized for the Measurement Period:			
Service Cost	10,508,643	-	(10,508,643)
Interest on the Total Pension Liability	39,393,555	-	(39,393,555)
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	-	-	-
Changes of Assumption	(634,242)	-	634,242
Plan to Plan Resource Movement	-	207	207
Contribution from Employers	-	13,026,190	13,026,190
Contribution from Employees	-	3,803,804	3,803,804
Net Investment Income	-	2,093,377	2,093,377
Benefit Payments, including Refunds of Employee Contribution	(20,870,861)	(20,870,861)	-
Administrative Expense	-	(244,639)	(244,639)
Net Change during 2015-16	<u>28,397,095</u>	<u>(2,191,922)</u>	<u>(30,589,017)</u>
Balance at 6/30/16	<u>\$ 549,160,884</u>	<u>\$ 399,219,222</u>	<u>\$ (149,941,662)</u>

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rates

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability/(Assets)	\$ 412,006,477	\$ 284,548,443	\$ 178,466,482
Safety			
	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability/(Assets)	\$ 229,090,590	\$ 149,941,662	\$ 85,265,810

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Recognition of Gains and Losses, (Continued)

The amortization period differs depending on the source of the gain or loss:

<u>Difference between projected and actual earnings</u>	<u>5 year straight-line amortization</u>
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund

The EARSL for the Plan for the 2015-16 measurement period is 3.4 years for Miscellaneous and 5.4 years for Safety, which was obtained by dividing the total service years of 13,010 (Miscellaneous) and 4,154 (Safety) (the sum of remaining service lifetimes of the active employees) by 3,881 (Miscellaneous) and 771 (Safety) (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

	<u>Miscellaneous</u>	<u>Safety</u>
	<u>Pension Expense/(Income)</u>	<u>Pension Expense/(Income)</u>
Service Cost	\$ 16,452,420	\$ 10,508,643
Interest on Total Pension Liability	72,631,606	39,393,555
Changes of Benefit Terms	-	-
Recognized Changes of Assumptions	(4,906,426)	(1,765,668)
Recognized Differences between Expected and Actual Experience	(8,371,424)	(1,627,245)
Plan to Plan Resource Movement	207	(207)
Employee Contributions	(8,658,628)	(3,803,804)
Projected Earnings on Pension Plan Investments	(55,444,560)	(30,515,864)
Recognize Differences between Projected and Actual Earnings on Plan Investments	5,418,837	3,200,962
Administrative Expenses	448,619	244,639
Total	\$ 17,570,651	\$ 15,635,011

Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

(Balance of page intentionally left blank)

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (Continued)

As of June 30, 2016, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous		Safety		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumption	\$ -	\$ (6,868,997)	\$ -	\$ (6,356,406)	\$ -	\$ (13,225,403)
Differences between Expected and Actual Experience	-	(15,830,332)	-	(5,952,044)	-	(21,782,376)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	39,308,346	-	22,033,210	-	61,341,556	-
Contributions Subsequent to the Measurement Date	25,201,205	-	14,087,144	-	39,288,349	-
Total	<u>\$ 64,509,551</u>	<u>\$ (22,699,329)</u>	<u>\$ 36,120,354</u>	<u>\$ (12,308,450)</u>	<u>\$ 100,629,905</u>	<u>\$ (35,007,779)</u>

The amounts above are net of outflows and inflows recognized in the 2015-16 measurement period expense.

The \$25,201,205 and \$14,087,144 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(18) Pension Plans, (Continued)

CalPERS Miscellaneous and Safety Plans, (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (Continued)

Miscellaneous		Safety	
Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources	Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2017	\$ (7,859,013)	2017	\$ (191,951)
2018	(2,358,505)	2018	(191,950)
2019	16,498,927	2019	6,553,873
2020	10,327,608	2020	3,601,770
2021	-	2021	(46,982)
Thereafter	-	Thereafter	-

Defined Contribution Plan (PARS)

The City provides pension benefits for employees not covered by CalPERS or FPRS through the 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. On October 29, 2012, the City adopted a Salary Resolution for the Non-Represented Non-Management employees requiring the covered employees to contribute the full 7.5% of their earnings effective December 31, 2012. Prior to the adoption of the Salary Resolutions, the plan agreement required the City to contribute an amount equal to 4.0% of the employees' earnings and the covered employee contributed 3.5%. The City contributions for each employee were fully vested.

The City's payroll for employees covered by PARS for the year ended June 30, 2017, was \$4,371,439. The covered employees made the total required 7.5% contributions of \$327,858.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(19) 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 \$128.00 or \$70.40 per month depending on the bargaining unit or the unrepresented group the employee was a member of. For fiscal year ended June 30, 2017 the number of employees covered by the subsidy follows:

	Partial Benefit Group	Full Benefit Group	Total
Active Participants	1,031	731	1,762
Participants receiving subsidy	321	325	646
	<u>1,352</u>	<u>1,056</u>	<u>2,408</u>

Plan Description

Eligibility. The plan is an agent multiple-employer plan provides benefits under PEMHCA to individuals who retire with the City and begin to collect a monthly benefit under one of the retirement plans sponsored by the City. Employees who terminate under service retirement or disability retirement and certain survivors of Safety members who die in active service are eligible.

Service Retirement: Employees retiring directly from active status receive medical benefits commencing at retirement. Employee must be age 50 (or 52 if a "new member" as defined in the Public Employees' Pension Reform Act of 2013) 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, 2017

(19) 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 2016, this monthly amount is \$128.00 for certain classes of employees and \$70.40 for remaining employees.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

Funding Policy and Annual OPEB Cost. The City contribution requirements have been established at the individual retiree levels of \$128.00 or \$70.40 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 post-employment 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 No. 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 accrued actuarial liability (UAAL) over a period not to exceed thirty years. A closed amortization period of 22 years was established as of June 30, 2016. As of June 30, 2017 the remaining amortization period for the UAAL is assumed to be 21 years. This is the tenth year of implementation of GASB Statement No. 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:

	<u>2017</u>
Annual Required Contribution (ARC)	\$ 5,983,601
Interest on Net OPEB Obligation	915,751
Adjustment to ARC	<u>(1,284,257)</u>
Annual OPEB Cost	5,615,095
Contributions made	<u>(1,783,035)</u>
Increase in net OPEB obligation	3,832,060
Net OPEB obligation – beginning of year	<u>22,893,780</u>
Net OPEB obligation – end of year	<u><u>\$ 26,725,840</u></u>

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

Annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY 2017 and the two preceding years are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	2,733,000	47.21%	19,080,000
6/30/2016	5,394,537	29.30%	22,893,780
6/30/2017	5,615,095	31.75%	26,725,840

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2017 follows:

	<u>Partial Benefit Group</u>	<u>Full Benefit Group</u>	<u>Total</u>
Actuarial accrued liability	27,149,451	29,869,217	57,018,668
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability	27,149,451	29,869,217	57,018,668
Funded Ratio	0%	0%	0%

Actuarial valuations of an ongoing OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into 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 schedule of funding progress for the City's OPEB plan, presented as required supplementary information, presents 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. As the City operates on a pay-as-you-go basis, the actuarial value of the plan assets is zero.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

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% per year.
Administrative Expenses:	Not assumed to be paid from this plan.
Future Mutual Price Inflation:	2.5% per year
Pre-retirement Turnover:	Utilizing CalPERS 2014 experience study rates
Pre-retirement Mortality:	Utilizing CalPERS 2014 experience study rates
Post-retirement Mortality:	Utilizing CalPERS 2014 experience study rates
Disability Rates:	Utilizing CalPERS 2014 experience study rates
Medical Inflation Rates:	Assumed to be 4.00% per year

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:	Utilizing CalPERS 2014 experience study rates
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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

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

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:	In past valuations the liability for the implicit rate subsidy was excluded from the valuation as GASB Statement No. 45 had provided an exemption for community rated plans. This valuation includes an estimate of the liability for the implicit rate as required by current actuarial standards.
Census:	Provided by the City as of July 1, 2016 as used for the most recent actuarial report dated June 30, 2016.
Actuarial Methods: Funding Method:	Entry Age Normal – level percentage of pay-as-you-go basis.
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 21 year period on a level dollar basis.

Schedule of Funding Progress

Actuarial Valuation Fiscal Year	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll
6/30/2015	\$ -	28,619,000	28,619,000	0.0%	143,419,430	20.0%
6/30/2016	-	54,208,217	54,208,217	0.0%	158,288,000	34.2%
6/30/2017	-	57,018,667	57,018,667	0.0%	163,037,000	35.0%

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(20) Commitments and Contingencies

Primary Government

“Take or Pay” Contracts

The City’s electric operation has entered into various long term “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. The contracts expire at various times through FY 2036. The total commitment under these contracts as of June 30, 2017 is \$232 million.

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

Stranded Investments

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 \$100.2 million in 2017. 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.

SB481

This matter has been resolved. Please see Note 22 for additional information.

Lawsuits and Claims

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.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(20) Commitments and Contingencies, (Continued)

Primary Government, (Continued)

Commitments

The City has various contracts with significant commitments that are in force at June 30, 2017. These include a number of material power purchase contracts which extend over many years.

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.

(21) Restatement of Beginning Net Position

Primary Government

The accompanying financial statements reflect adjustments that resulted in the restatement of the beginning net position of the Governmental Activities and Business Activities of the Primary Government.

The City acquired some land and condominiums as Housing Property Held for Resale in the amount of \$7,563,853 from fiscal years 2012 to 2016. The City's intention changed later and is currently using these properties for senior housing projects and rental units for its housing programs. However, the City had not recorded the reclassification of the Property to Capital Assets until fiscal year 2017. This resulted in the restatement of the beginning fund balance of the Housing Successor Fund by \$1,400,000 and the beginning fund balance of the Housing and Community Development Fund by \$6,163,851.

In prior fiscal years, the City had included the Housing Assistance Payments made at the end of the fiscal year for the next fiscal year as current fiscal year expenses. They should be recorded as prepaid expenses. The correction resulted in the restatement of the beginning fund balance of the Housing and Community Development Fund and the beginning net position of the Governmental Activities by \$930,091.

In the fiscal year 2017, the City moved operation of one of its Internal Service Funds, Mail Services, to the General Fund. Since Internal Service Funds were presented using the accrual basis of accounting and the General Fund using the modified accrual basis of accounting, this change resulted in the restatement of the beginning net position of the Internal Service Funds by \$188,994.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(21) Restatement of Beginning Net Position, (Continued)

Primary Government, (Continued)

In the fiscal year 2017, the City made some corrections to the Work in Progress account balance which reduced it by \$1,722,164.

The following schedule summarizes the effect of the prior period adjustment to the beginning net positions as of July 1, 2016:

	Governmental Activities
Net Position at July 1, 2016	\$ 136,082,484
Book Prepaid June HAP Payment	930,091
Closure of Mail Services Fund	188,994
Reclass of WIP	(1,722,164)
Adjust Property Held for Resale	(7,563,851)
Net Position, as restated	\$ 127,915,554

	Housing Successor	Housing and Community Development
Fund Balance at July 1, 2016	\$ 5,416,341	18,041,870
Book Prepaid June HAP Payment	-	930,091
Adjust Property Held for Resale	(1,400,000)	(6,163,851)
Fund Balance, as restated	\$ 4,016,341	12,808,110

	Internal Service Fund
Fund Balance at July 1, 2016	\$ (122,046,635)
Mail Services Fund closed into the General Fund	188,994
Fund Balance, as restated	\$ (121,857,641)

(22) State Assembly Bill 1484, Clean-Up Legislation, and Current Status

After a lengthy process the City exhausted all of its available administrative and legal remedies that included administrative appeals, two hearings in Superior Court, and two arguments in the Court of Appeals. The January 13, 2017, Appellate Court decision, in favor of the California Department of Finance, ruled that the City is not entitled to repayment of the \$39.7 million in City's advances to the Pasadena Community Development Commission. In March 2017, the Los Angeles County Auditor Controller distributed the \$39.7 million held in escrow to all County taxing entities. As one of the County taxing entities the City of Pasadena received its portion, \$9.0 million, on March 24, 2017.

CITY OF PASADENA

Notes to the Basic Financial Statements, (Continued)

Year Ended June 30, 2017

(23) Subsequent Events

Subsequent events were evaluated through the date of the audit report.

The pending Tax Cuts and Job Act legislation is working its way through Congress. There are numerous elements of this major tax reform that could have a negative impact on local government and the economy which would also impact local government. Two areas under discussion which would impact the City of Pasadena are the elimination of Private Activity Bonds and advance refundings.

Light & Power Fund Transfer to the City's General Fund

In September 2017, the City was sued in a putative class action lawsuit by an electric service customer, challenging the validity of Charter-authorized transfers from the Light & Power Fund to the General Fund, which has amounted to approximately \$14.5 to \$17.4 million annually. The lawsuit seeks a refund of the transferred funds, dating back to 2014. The City was recently served, and intends to vigorously defend the matter.



REQUIRED SUPPLEMENTARY INFORMATION



CITY OF PASADENA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 149,302,200	149,577,200	158,951,338	9,374,138
Licenses and permits	3,486,534	3,639,534	4,735,235	1,095,701
Intergovernmental revenues	19,407,284	19,533,184	17,416,007	(2,117,177)
Charges for services	32,709,046	32,599,448	37,640,927	5,041,479
Fines and forfeits	6,995,700	7,140,700	7,802,159	661,459
Investment earnings	6,902,613	2,479,216	943,002	(1,536,214)
Rental income	1,189,500	1,189,500	1,042,795	(146,705)
Miscellaneous revenues	2,718,627	6,867,024	6,964,213	97,189
Contributions	27,620	27,620	27,620	-
Total revenues	<u>222,739,124</u>	<u>223,053,426</u>	<u>235,523,296</u>	<u>12,469,870</u>
Expenditures:				
Current:				
General government:				
City Attorney/City Prosecutor	6,703,144	6,703,144	6,661,411	41,733
City Clerk	2,890,205	2,895,205	2,810,644	84,561
City Council	2,497,384	2,492,384	2,401,870	90,514
City Manager	6,240,335	6,108,235	5,066,911	1,041,324
Finance	10,339,494	10,236,084	9,746,500	489,584
Human Resources	4,142,481	4,142,481	3,343,404	799,077
Non-departmental	5,545,360	4,942,725	6,281,007	(1,338,282)
Public safety:				
Fire	43,992,657	44,158,105	44,725,928	(567,823)
Police	73,875,577	74,057,360	73,292,997	764,363
Transportation:				
Public Works and Transportation	30,572,719	30,369,454	28,012,372	2,357,082
Culture and leisure:				
Human Services and Recreation	10,577,282	10,430,806	9,881,938	548,868
Non-departmental - PCOC	9,760,000	9,760,000	10,108,462	(348,462)
Community development:				
Planning and Permitting	9,094,102	8,568,321	8,051,483	516,838
Total expenditures	<u>216,230,740</u>	<u>214,864,304</u>	<u>210,384,927</u>	<u>4,479,377</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,508,384</u>	<u>8,189,122</u>	<u>25,138,369</u>	<u>16,949,247</u>
Other financing sources (uses):				
Transfers in	20,211,664	20,231,129	19,666,230	(564,899)
Transfers out	(28,782,721)	(32,988,974)	(33,529,188)	(540,214)
Total other financing sources (uses)	<u>(8,571,057)</u>	<u>(12,757,845)</u>	<u>(13,862,958)</u>	<u>(1,105,113)</u>
Change in fund balances	(2,062,673)	(4,568,723)	11,275,411	15,844,134
Fund balances at beginning of year	<u>78,452,904</u>	<u>78,452,904</u>	<u>78,452,904</u>	<u>-</u>
Fund balances at end of year	<u>\$ 76,390,231</u>	<u>73,884,181</u>	<u>89,728,315</u>	<u>15,844,134</u>

CITY OF PASADENA
Housing Successor Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ -	660	660
Investment earnings	-	-	16,906	16,906
Rental income	63,301	63,301	186,598	123,297
Miscellaneous revenues	118,453	118,453	406,496	288,043
Total revenues	<u>181,754</u>	<u>181,754</u>	<u>610,660</u>	<u>428,906</u>
Expenditures:				
Current:				
Community development	66,684	181,684	54,397	127,287
Total expenditures	<u>66,684</u>	<u>181,684</u>	<u>54,397</u>	<u>127,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>115,070</u>	<u>70</u>	<u>556,263</u>	<u>556,193</u>
Other financing sources (uses):				
Transfers in	-	-	789,775	789,775
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>789,775</u>	<u>789,775</u>
Change in fund balances	<u>115,070</u>	<u>70</u>	<u>1,346,038</u>	<u>1,345,968</u>
Fund balance at beginning of year, as restated (note 21)	<u>4,016,341</u>	<u>4,016,341</u>	<u>4,016,341</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 4,131,411</u></u>	<u><u>4,016,411</u></u>	<u><u>5,362,379</u></u>	<u><u>1,345,968</u></u>

CITY OF PASADENA

Notes to the Required Supplementary Information

Year Ended June 30, 2017

(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. Supplemental appropriations during the year must be approved by the City Council. All unencumbered appropriations lapse at the end of the fiscal year. 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 following funds reported an excess of expenditures over appropriations at June 30, 2017:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
General Fund:			
General government			
Non-departmental	\$ 4,942,725	\$ 6,281,007	\$ (1,338,282)
Public Safety			
Fire	44,158,105	44,725,928	(567,823)
Culture and leisure			
Non-departmental-PCOC	9,760,000	10,108,462	(348,462)

CITY OF PASADENA

Notes to the Required Supplementary Information

Year Ended June 30, 2017

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

General Fund

Non-departmental - the variances were primarily due to the under-budgeting of service and supplies expenses for some billable projects.

Fire - the department had vacancies which required the use position coverage which was paid at an overtime rate in the fiscal year. The salary savings from the vacancies did not cover the additional overtime costs.

Non-departmental-PCOC - the City received more Transient Occupancy Tax revenues than the projected amounts, and then passed 60% of the base and 100% of the increment to PCOC in the fiscal year 2017.

**CITY OF PASADENA
MISCELLANEOUS PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
TOTAL PENSION LIABILITY			
Service Cost	\$ 16,452,420	\$ 16,518,922	\$ 17,348,789
Interest	72,631,606	70,707,742	68,656,376
Changes of Benefits Terms	-	-	-
Difference Between expected and Actual Experience	(13,975,158)	(14,487,681)	-
Changes in Assumptions	-	(16,681,849)	-
Benefit Payments, Including Refunds of employee Contributions	(49,268,669)	(46,870,745)	(44,238,909)
Net Change in Total Pension Liability	\$ 25,840,199	\$ 9,186,389	\$ 41,766,256
Total Pension Liability - Beginning	979,816,050	970,629,661	928,863,405
Total Pension Liability - Ending (a)	\$ 1,005,656,249	\$ 979,816,050	\$ 970,629,661
PLAN FIDUCIARY NET POSITION			
Contribution - Employer	\$ 22,252,101	\$ 19,682,618	\$ 18,552,041
Contribution - Employee	8,658,628	8,503,246	10,977,440
Net Investment Income	3,806,528	16,554,269	111,123,445
Benefit Payments, Including Refunds of Employee Contributions	(49,268,669)	(46,870,745)	(44,238,909)
Plan to Plan Resource Movement	(207)	704	-
Administrative Expense	(448,619)	(828,526)	-
Other Changes in Fiduciary Net Position	-	(494,020)	-
Net Change in Fiduciary Net Position	\$ (15,000,238)	\$ (3,452,454)	\$ 96,414,017
Plan Fiduciary Net Position - Beginning	736,108,044	739,560,498	643,146,481
Plan Fiduciary Net Position - Ending (b)	\$ 721,107,806	\$ 736,108,044	\$ 739,560,498
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 284,548,443	\$ 243,708,006	\$ 231,069,163
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.71%	75.13%	76.19%
Covered-Employee Payroll	\$ 107,454,903	\$ 105,291,971	\$ 102,406,150
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	264.81%	231.46%	225.64%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017 there were no changes. In 2016 the amount reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2015, the amounts reported were based on the 7.5 percent discount rate.

*Additional years will be presented as they become available

**CITY OF PASADENA
SAFETY PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
TOTAL PENSION LIABILITY			
Service Cost	\$ 10,508,643	\$ 10,701,701	\$ 11,182,155
Interest	39,393,555	37,307,299	35,798,456
Changes of Benefits Terms	-	-	-
Difference Between expected and Actual Experience	(634,242)	(8,454,840)	-
Changes in Assumptions	-	(9,887,742)	-
Benefit Payments, Including Refunds of employee Contributions	(20,870,861)	(19,142,925)	(16,923,959)
Net Change in Total Pension Liability	\$ 28,397,095	\$ 10,523,493	\$ 30,056,652
Total Pension Liability - Beginning	520,763,789	510,240,296	480,183,644
Total Pension Liability - Ending (a)	\$ 549,160,884	\$ 520,763,789	\$ 510,240,296
PLAN FIDUCIARY NET POSITION			
Contribution - Employer	\$ 13,026,190	\$ 12,026,962	\$ 10,533,400
Contribution - Employee	3,803,804	3,764,101	4,225,771
Net Investment Income	2,093,377	8,834,410	59,051,934
Benefit Payments, Including Refunds of Employee Contributions	(20,870,861)	(19,142,925)	(16,923,959)
Plan to Plan Resource Movement	207	-	-
Administrative Expense	(244,639)	(451,748)	-
Other Changes in Fiduciary Net Position	-	684,181	-
Net Change in Fiduciary Net Position	\$ (2,191,922)	\$ 5,714,981	\$ 56,887,146
Plan Fiduciary Net Position - Beginning	401,411,144	395,696,163	338,809,017
Plan Fiduciary Net Position - Ending (b)	\$ 399,219,222	\$ 401,411,144	\$ 395,696,163
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 149,941,662	\$ 119,352,645	\$ 114,544,133
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.70%	77.08%	77.55%
Covered-Employee Payroll	\$ 41,527,930	\$ 41,141,713	\$ 41,013,280
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	361.06%	290.10%	279.29%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017 there were no changes. In 2016 the amount reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2015, the amounts reported were based on the 7.5 percent discount rate.

*Additional years will be presented as they become available

**CITY OF PASADENA
FIRE AND POLICE RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS***

MEASUREMENT PERIOD	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest	9,272,000	9,644,000	9,162,000	10,185,000
Changes of Benefits Terms	-	-	-	-
Difference Between expected and Actual Experience	(3,081,000)	(2,098,000)	(3,075,000)	(5,310,000)
Changes in Assumptions	-	-	3,141,000	-
Benefit Payments, Including Refunds of employee Contributions	(13,118,000)	(13,448,000)	(13,645,000)	(14,140,000)
Net Change in Total Pension Liability	\$ (6,927,000)	\$ (5,902,000)	\$ (4,417,000)	\$ (9,265,000)
Total Pension Liability - Beginning	149,197,000	155,099,000	159,516,000	168,781,000
Total Pension Liability - Ending (a)	\$ 142,270,000	\$ 149,197,000	\$ 155,099,000	\$ 159,516,000
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ -	\$ -	\$ -	\$ 1,164,000
Contribution - Employee	-	-	-	-
Net Investment Income	12,512,000	50,000	5,683,000	21,303,000
Benefit Payments, Including Refunds of Employee Contributions	(13,118,000)	(13,448,000)	(13,645,000)	(14,140,000)
Administrative Expense	(300,000)	(302,000)	(273,000)	(296,000)
Other Changes in Fiduciary Net Position	-	-	-	-
Net Change in Fiduciary Net Position	\$ (906,000)	\$ (13,700,000)	\$ (8,235,000)	\$ 8,031,000
Plan Fiduciary Net Position - Beginning	126,269,000	139,969,000	148,204,000	140,173,000
Plan Fiduciary Net Position - Ending (b)	\$ 125,363,000	\$ 126,269,000	\$ 139,969,000	\$ 148,204,000
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 16,907,000	\$ 22,928,000	\$ 15,130,000	\$ 11,312,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.12%	84.63%	90.24%	92.91%

Notes to Schedule:

Changes of Assumptions: June 30, 2015 assumption changes of \$1,895,000 for change in base mortality rates, \$8,301,000 for change in mortality improvement scale, and (\$7,055,000) for change in the discount rate.

*Additional years will be presented as they become available

**CITY OF PASADENA
MISCELLANEOUS PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 25,201,205	\$ 22,909,508	\$ 18,552,040
Contribution in Relation to the Actuarially Determined Contribution	(25,201,205)	(22,909,508)	(18,552,040)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	107,454,903	105,291,971	102,406,150
Contributions as a Percentage of Covered-Employee Payroll	23.45%	21.76%	18.12%

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	For details, see June 30, 2011 Funding Valuation Report
Assets valuation method	Market Value. For details, see June 30, 2011 Funding Valuation Report/
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.65% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more specific details on this table, please refer to the 2014 experience study report.

*Additional years will be presented as they become available

**CITY OF PASADENA
SAFETY PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 14,087,144	\$ 12,421,469	\$ 10,533,400
Contribution in Relation to the Actuarially Determined Contribution	(14,087,144)	(12,421,469)	(10,533,400)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	41,527,930	41,141,713	41,013,280
Contributions as a Percentage of Covered-Employee Payroll	33.92%	30.19%	25.68%

Note to Schedule:

Valuation Date: June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	For details, see June 30, 2011 Funding Valuation Report
Assets valuation method	Market Value. For details, see June 30, 2011 Funding Valuation Report/

Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.65% net of pension investment and administrative expenses, including inflation.

Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
----------------	--

Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more specific details on this table, please refer to the 2014 experience study report.
-----------	---

*Additional years will be presented as they become available

**CITY OF PASADENA
 FIRE AND POLICE RETIREMENT SYSTEM
 SCHEDULE OF PLAN CONTRIBUTIONS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS***

Fiscal Year Ending	Actuarially Determined Contribution*	Actual Fiscal Year Contribution	Deficiency (Excess)	Covered Payroll	Contribution as % of Payroll
6/30/2017	\$ -	\$ -	\$ -	n/a	n/a
6/30/2016	-	-	-	n/a	n/a
6/30/2015	-	-	-	n/a	n/a

* Actuarially determined contribution based on Board-adopted assumptions for use in preparing the valuation, and as required by applicable Contribution Agreement with the City. Additional years will be presented as they become available.

SUPPLEMENTARY INFORMATION

CITY OF PASADENA
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
Assets					
Cash and investments	\$ 112,792,036	-	28,266,960	1,966,192	143,025,188
Cash with fiscal agent	-	8,304,762	-	-	8,304,762
Accounts receivable	7,945,881	-	103,003	8,323	8,057,207
Notes receivable	50,144,003	-	-	-	50,144,003
Prepays and other assets	1,047,453	-	-	-	1,047,453
Allowance for uncollectible long-term receivables	(50,144,003)	-	-	-	(50,144,003)
Property held for resale	-	-	-	-	-
Total assets	<u>\$ 121,785,370</u>	<u>8,304,762</u>	<u>28,369,963</u>	<u>1,974,515</u>	<u>160,434,610</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,204,508	-	2,000	-	4,206,508
Deposits	29,874	-	-	-	29,874
Due to other funds	2,014,695	-	-	-	2,014,695
Due to other governments	436,178	-	-	-	436,178
Unearned revenue	1,230,390	-	-	-	1,230,390
Total liabilities	<u>7,915,645</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>7,917,645</u>
Deferred inflow of resources:					
Unavailable revenues (note 8)	2,382,815	-	-	-	2,382,815
Fund balances:					
Nonspendable	1,047,453	-	-	1,434,131	2,481,584
Restricted	33,337,987	8,304,762	1,919,579	497,330	44,059,658
Committed	78,288,619	-	26,448,384	43,054	104,780,057
Unassigned	(1,187,149)	-	-	-	(1,187,149)
Total fund balances	<u>111,486,910</u>	<u>8,304,762</u>	<u>28,367,963</u>	<u>1,974,515</u>	<u>150,134,150</u>
Total liabilities and fund balances	<u>\$ 121,785,370</u>	<u>8,304,762</u>	<u>28,369,963</u>	<u>1,974,515</u>	<u>160,434,610</u>

CITY OF PASADENA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
Revenues:					
Taxes	\$ 8,922,328	-	-	-	8,922,328
Licenses and permits	10,146,837	-	-	-	10,146,837
Intergovernmental revenues	39,361,208	-	43,504	-	39,404,712
Charges for services	10,910,543	-	584,299	-	11,494,842
Investment earnings	601,796	2,483	151,745	10,036	766,060
Rental income	3,535,264	-	-	-	3,535,264
Miscellaneous revenues	4,675,847	-	25,663	-	4,701,510
Contributions	554,665	-	3,208,911	-	3,763,576
Total revenues	<u>78,708,488</u>	<u>2,483</u>	<u>4,014,122</u>	<u>10,036</u>	<u>82,735,129</u>
Expenditures:					
Current:					
General government	-	14,739	5,780	-	20,519
Public safety	2,371,907	-	-	-	2,371,907
Transportation	12,946,785	-	-	-	12,946,785
Sanitation	4,323,737	-	-	-	4,323,737
Health	10,309,130	-	-	-	10,309,130
Culture and leisure	13,118,091	-	-	-	13,118,091
Community development	26,960,012	-	-	-	26,960,012
Capital outlay	-	-	82,092	-	82,092
Debt service:					
Principal retirement	300,000	5,173,342	-	-	5,473,342
Interest	-	3,238,652	-	-	3,238,652
Total expenditures	<u>70,329,662</u>	<u>8,426,733</u>	<u>87,872</u>	<u>-</u>	<u>78,844,267</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,378,826</u>	<u>(8,424,250)</u>	<u>3,926,250</u>	<u>10,036</u>	<u>3,890,862</u>
Other financing sources (uses):					
Transfers in	12,914,811	7,885,259	-	-	20,800,070
Transfers out	<u>(13,400,946)</u>	<u>-</u>	<u>(3,792,953)</u>	<u>-</u>	<u>(17,193,899)</u>
Total other financing sources (uses)	<u>(486,135)</u>	<u>7,885,259</u>	<u>(3,792,953)</u>	<u>-</u>	<u>3,606,171</u>
Change in fund balances	<u>7,892,691</u>	<u>(538,991)</u>	<u>133,297</u>	<u>10,036</u>	<u>7,497,033</u>
Fund balances at beginning, as restated (note 21)	<u>103,594,219</u>	<u>8,843,753</u>	<u>28,234,666</u>	<u>1,964,479</u>	<u>142,637,117</u>
Fund balances at end of year	<u>\$ 111,486,910</u>	<u>8,304,762</u>	<u>28,367,963</u>	<u>1,974,515</u>	<u>150,134,150</u>

(This page intentionally left blank)



SPECIAL REVENUE FUNDS



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.

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).

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

(Continued)

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.

(This page intentionally left blank)

CITY OF PASADENA
Non-Major Governmental Funds
Special Revenue Funds
Combining Balance Sheet
June 30, 2017

	Public Safety	Health	Building Services	Sewer Construction and Maintenance	Underground Utilities
Assets:					
Cash and investments	\$ 1,694,069	-	16,429,374	8,009,430	46,962,495
Accounts receivable	506,909	2,133,436	91,625	599,169	836,312
Prepays and other assets	39,934	-	-	-	-
Notes receivable	-	-	-	-	-
Allowance for uncollectible long-term	-	-	-	-	-
Total assets	<u>2,240,912</u>	<u>2,133,436</u>	<u>16,520,999</u>	<u>8,608,599</u>	<u>47,798,807</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	109,779	405,761	286,495	28,076	-
Deposits	-	962	25,000	-	-
Due to other funds	263,200	1,497,056	-	-	254,439
Due to other governments	-	-	-	-	-
Unearned revenue	-	270,366	960,024	-	-
Total liabilities	<u>372,979</u>	<u>2,174,145</u>	<u>1,271,519</u>	<u>28,076</u>	<u>254,439</u>
Deferred inflow of resources:					
Unavailable revenues (note 8)	<u>186,147</u>	<u>1,146,440</u>	<u>16,349</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable	39,934	-	-	-	-
Restricted	1,641,852	-	-	-	-
Committed	-	-	15,233,131	8,580,523	47,544,368
Unassigned	-	(1,187,149)	-	-	-
Total fund balances (deficit)	<u>1,681,786</u>	<u>(1,187,149)</u>	<u>15,233,131</u>	<u>8,580,523</u>	<u>47,544,368</u>
Total liabilities and fund balances	<u>\$ 2,240,912</u>	<u>2,133,436</u>	<u>16,520,999</u>	<u>8,608,599</u>	<u>47,798,807</u>

Transportation	Library	Parking	Air Quality Improvement	Housing and Community Development	Donated Funds	Total
17,409,201	4,493,327	2,802,310	83,381	12,921,300	1,987,149	112,792,036
1,166,397	101,652	28,557	46,117	2,428,992	6,715	7,945,881
-	-	-	-	1,007,519	-	1,047,453
-	-	-	-	50,144,003	-	50,144,003
-	-	-	-	(50,144,003)	-	(50,144,003)
18,575,598	4,594,979	2,830,867	129,498	16,357,811	1,993,864	121,785,370
1,768,047	432,046	60,291	-	1,030,015	83,998	4,204,508
-	2,912	-	-	1,000	-	29,874
-	-	-	-	-	-	2,014,695
-	-	-	-	436,178	-	436,178
-	-	-	-	-	-	1,230,390
1,768,047	434,958	60,291	-	1,467,193	83,998	7,915,645
264,690	-	-	-	769,189	-	2,382,815
-	-	-	-	1,007,519	-	1,047,453
16,542,861	-	-	129,498	13,113,910	1,909,866	33,337,987
-	4,160,021	2,770,576	-	-	-	78,288,619
-	-	-	-	-	-	(1,187,149)
16,542,861	4,160,021	2,770,576	129,498	14,121,429	1,909,866	111,486,910
18,575,598	4,594,979	2,830,867	129,498	16,357,811	1,993,864	121,785,370

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, 2017

	Public Safety	Health	Building Services	Sewer Construction and Maintenance	Underground Utilities
Revenues:					
Taxes	\$ -	721,458	-	-	5,595,122
Licenses and permits	-	1,594,573	8,552,264	-	-
Intergovernmental revenues	2,009,538	7,870,027	36,328	-	-
Charges for services	-	611,912	1,848,992	7,126,578	-
Investment earnings	6,871	-	72,853	45,009	264,985
Rental income	-	210,307	-	-	-
Miscellaneous revenues	-	142,140	11,581	-	195,000
Contributions	-	-	-	-	-
Total revenues	<u>2,016,409</u>	<u>11,150,417</u>	<u>10,522,018</u>	<u>7,171,587</u>	<u>6,055,107</u>
Expenditures:					
Current:					
Public safety	2,371,907	-	-	-	-
Transportation	-	-	-	-	45,532
Sanitation	-	-	-	4,323,737	-
Health	-	10,309,130	-	-	-
Culture and leisure	-	-	-	-	-
Community development	-	-	6,651,927	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Total expenditures	<u>2,371,907</u>	<u>10,309,130</u>	<u>6,651,927</u>	<u>4,323,737</u>	<u>45,532</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(355,498)</u>	<u>841,287</u>	<u>3,870,091</u>	<u>2,847,850</u>	<u>6,009,575</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	(119,778)	(946,163)	(3,467,600)	(3,331,866)
Total other financing sources (uses)	<u>-</u>	<u>(119,778)</u>	<u>(946,163)</u>	<u>(3,467,600)</u>	<u>(3,331,866)</u>
Change in fund balances	<u>(355,498)</u>	<u>721,509</u>	<u>2,923,928</u>	<u>(619,750)</u>	<u>2,677,709</u>
Fund balances (deficit) at beginning of year, as restated (note 21)	<u>2,037,284</u>	<u>(1,908,658)</u>	<u>12,309,203</u>	<u>9,200,273</u>	<u>44,866,659</u>
Fund balances (deficit) at end of year	<u>\$ 1,681,786</u>	<u>(1,187,149)</u>	<u>15,233,131</u>	<u>8,580,523</u>	<u>47,544,368</u>

Transportation	Library	Parking	Air Quality Improvement	Housing and Community Development	Donated Funds	Total
-	2,592,935	12,813	-	-	-	8,922,328
-	-	-	-	-	-	10,146,837
10,616,505	-	-	180,086	18,648,724	-	39,361,208
914,075	10,314	396,693	-	1,979	-	10,910,543
91,888	24,990	13,801	1,240	70,618	9,541	601,796
-	2,067	2,952,158	-	370,732	-	3,535,264
1,511,763	75,039	6,420	-	2,733,904	-	4,675,847
-	-	-	-	-	554,665	554,665
13,134,231	2,705,345	3,381,885	181,326	21,825,957	564,206	78,708,488
-	-	-	-	-	-	2,371,907
10,420,505	-	2,329,118	151,630	-	-	12,946,785
-	-	-	-	-	-	4,323,737
-	-	-	-	-	-	10,309,130
-	12,828,976	-	-	-	289,115	13,118,091
-	-	-	-	20,308,085	-	26,960,012
-	-	-	-	300,000	-	300,000
10,420,505	12,828,976	2,329,118	151,630	20,608,085	289,115	70,329,662
2,713,726	(10,123,631)	1,052,767	29,696	1,217,872	275,091	8,378,826
1,078,994	10,664,865	(177,825)	-	1,348,777	-	12,914,811
(3,911,302)	(92,233)	(278,674)	-	(1,253,330)	-	(13,400,946)
(2,832,308)	10,572,632	(456,499)	-	95,447	-	(486,135)
(118,582)	449,001	596,268	29,696	1,313,319	275,091	7,892,691
16,661,443	3,711,020	2,174,308	99,802	12,808,110	1,634,775	103,594,219
16,542,861	4,160,021	2,770,576	129,498	14,121,429	1,909,866	111,486,910

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, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 2,523,998	2,880,453	2,009,538	(870,915)
Investment earnings	11,813	11,813	6,871	(4,942)
Total revenues	<u>2,535,811</u>	<u>2,892,266</u>	<u>2,016,409</u>	<u>(875,857)</u>
Expenditures:				
Current:				
Public safety	2,506,305	2,927,398	2,371,907	555,491
Total expenditures	<u>2,506,305</u>	<u>2,927,398</u>	<u>2,371,907</u>	<u>555,491</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,506</u>	<u>(35,132)</u>	<u>(355,498)</u>	<u>(320,366)</u>
Other financing sources (uses):				
Transfers out	-	(180,000)	-	180,000
Total other financing sources (uses)	<u>-</u>	<u>(180,000)</u>	<u>-</u>	<u>180,000</u>
Change in fund balances	29,506	(215,132)	(355,498)	(140,366)
Fund balance at beginning of year	<u>2,037,284</u>	<u>2,037,284</u>	<u>2,037,284</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,066,790</u>	<u>1,822,152</u>	<u>1,681,786</u>	<u>(140,366)</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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,202,337	2,202,337	721,458	(1,480,879)
Licenses and permits	1,304,182	1,304,182	1,594,573	290,391
Intergovernmental revenues	6,469,988	7,298,978	7,870,027	571,049
Charges for services	645,614	645,614	611,912	(33,702)
Rental income	164,000	164,000	210,307	46,307
Miscellaneous revenues	156,488	156,488	142,140	(14,348)
Total revenues	<u>10,942,609</u>	<u>11,771,599</u>	<u>11,150,417</u>	<u>(621,182)</u>
Expenditures:				
Current:				
Health	10,977,641	11,787,166	10,309,130	1,478,036
Total expenditures	<u>10,977,641</u>	<u>11,787,166</u>	<u>10,309,130</u>	<u>1,478,036</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,032)</u>	<u>(15,567)</u>	<u>841,287</u>	<u>856,854</u>
Other financing sources:				
Transfers out	-	(63,855)	(119,778)	(55,923)
Total other financing sources	<u>-</u>	<u>(63,855)</u>	<u>(119,778)</u>	<u>(55,923)</u>
Change in fund balances	(35,032)	(79,422)	721,509	800,931
Fund balance at beginning of year	<u>(1,908,658)</u>	<u>(1,908,658)</u>	<u>(1,908,658)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (1,943,690)</u>	<u>(1,988,080)</u>	<u>(1,187,149)</u>	<u>800,931</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, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Licenses and permits	\$ 7,151,251	7,151,251	8,552,264	1,401,013
Intergovernmental revenues	1,178,982	1,178,982	36,328	(1,142,654)
Charges for services	1,437,473	1,437,473	1,848,992	411,519
Investment earnings	52,647	52,647	72,853	20,206
Miscellaneous revenues	218,097	218,097	11,581	(206,516)
Total revenues	<u>10,038,450</u>	<u>10,038,450</u>	<u>10,522,018</u>	<u>483,568</u>
Expenditures:				
Current:				
Community development	10,597,974	11,089,559	6,651,927	4,437,632
Total expenditures	<u>10,597,974</u>	<u>11,089,559</u>	<u>6,651,927</u>	<u>4,437,632</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(559,524)</u>	<u>(1,051,109)</u>	<u>3,870,091</u>	<u>4,921,200</u>
Other financing sources (uses):				
Transfers out	-	(1,640,277)	(946,163)	694,114
Total other financing sources (uses)	<u>-</u>	<u>(1,640,277)</u>	<u>(946,163)</u>	<u>694,114</u>
Change in fund balances	(559,524)	(2,691,386)	2,923,928	5,615,314
Fund balance (deficit) at beginning of year	<u>12,309,203</u>	<u>12,309,203</u>	<u>12,309,203</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 11,749,679</u>	<u>9,617,817</u>	<u>15,233,131</u>	<u>5,615,314</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, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Charges for services	\$ 6,574,162	6,574,162	7,126,578	552,416
Investment earnings	70,130	70,130	45,009	(25,121)
Total revenues	<u>6,644,292</u>	<u>6,644,292</u>	<u>7,171,587</u>	<u>527,295</u>
Expenditures:				
Current:				
Sanitation	4,485,790	4,485,790	4,323,737	162,053
Total expenditures	<u>4,485,790</u>	<u>4,485,790</u>	<u>4,323,737</u>	<u>162,053</u>
Excess of revenues over expenditures	<u>2,158,502</u>	<u>2,158,502</u>	<u>2,847,850</u>	<u>689,348</u>
Other financing sources (uses):				
Transfers out	(248,362)	(3,311,191)	(3,467,600)	(156,409)
Total other financing sources (uses)	<u>(248,362)</u>	<u>(3,311,191)</u>	<u>(3,467,600)</u>	<u>(156,409)</u>
Change in fund balances	1,910,140	(1,152,689)	(619,750)	532,939
Fund balance at beginning of year	<u>9,200,273</u>	<u>9,200,273</u>	<u>9,200,273</u>	<u>-</u>
Fund balance at end of year	<u>\$ 11,110,413</u>	<u>8,047,584</u>	<u>8,580,523</u>	<u>532,939</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, 2017

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Taxes	\$ 5,650,000	5,650,000	5,595,122	(54,878)
Investment earnings	372,124	372,124	264,985	(107,139)
Miscellaneous revenues	-	-	195,000	195,000
Total revenues	<u>6,022,124</u>	<u>6,022,124</u>	<u>6,055,107</u>	<u>32,983</u>
Expenditures:				
Current:				
Transportation	45,532	45,532	45,532	-
Total expenditures	<u>45,532</u>	<u>45,532</u>	<u>45,532</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,976,592</u>	<u>5,976,592</u>	<u>6,009,575</u>	<u>32,983</u>
Other financing sources (uses):				
Transfers out	(7,248,060)	(10,648,060)	(3,331,866)	7,316,194
Total other financing sources (uses)	<u>(7,248,060)</u>	<u>(10,648,060)</u>	<u>(3,331,866)</u>	<u>7,316,194</u>
Change in fund balances	(1,271,468)	(4,671,468)	2,677,709	7,349,177
Fund balance at beginning of year	<u>44,866,659</u>	<u>44,866,659</u>	<u>44,866,659</u>	<u>-</u>
Fund balance at end of year	<u>\$ 43,595,191</u>	<u>40,195,191</u>	<u>47,544,368</u>	<u>7,349,177</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, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 10,606,675	10,606,675	10,616,505	9,830
Charges for services	905,666	905,666	914,075	8,409
Investment earnings	31,781	31,781	91,888	60,107
Miscellaneous revenues	1,409,000	1,409,000	1,511,763	102,763
Total revenues	<u>12,953,122</u>	<u>12,953,122</u>	<u>13,134,231</u>	<u>181,109</u>
Expenditures:				
Current:				
Transportation	11,036,546	11,775,714	10,420,505	1,355,209
Total expenditures	<u>11,036,546</u>	<u>11,775,714</u>	<u>10,420,505</u>	<u>1,355,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,916,576</u>	<u>1,177,408</u>	<u>2,713,726</u>	<u>1,536,318</u>
Other financing sources (uses):				
Transfers in	1,078,994	1,078,994	1,078,994	-
Transfers out	(248,712)	(3,351,302)	(3,911,302)	(560,000)
Total other financing sources (uses)	<u>830,282</u>	<u>(2,272,308)</u>	<u>(2,832,308)</u>	<u>(560,000)</u>
Change in fund balances	2,746,858	(1,094,900)	(118,582)	976,318
Fund balance at beginning of year	<u>16,661,443</u>	<u>16,661,443</u>	<u>16,661,443</u>	<u>-</u>
Fund balance at end of year	<u>\$ 19,408,301</u>	<u>15,566,543</u>	<u>16,542,861</u>	<u>976,318</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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,550,724	2,550,724	2,592,935	42,211
Charges for services	10,000	10,000	10,314	314
Investment earnings	35,886	35,886	24,990	(10,896)
Rental income	-	-	2,067	2,067
Miscellaneous revenues	77,049	77,049	75,039	(2,010)
Total revenues	<u>2,673,659</u>	<u>2,673,659</u>	<u>2,705,345</u>	<u>31,686</u>
Expenditures:				
Current:				
Culture and leisure	14,508,942	14,508,942	12,828,976	1,679,966
Total expenditures	<u>14,508,942</u>	<u>14,508,942</u>	<u>12,828,976</u>	<u>1,679,966</u>
(Deficiency) of revenues (under) expenditures	<u>(11,835,283)</u>	<u>(11,835,283)</u>	<u>(10,123,631)</u>	<u>1,711,652</u>
Other financing sources (uses):				
Transfers in	10,664,865	10,664,865	10,664,865	-
Transfers out	-	(41,787)	(92,233)	(50,446)
Total other financing sources (uses)	<u>10,664,865</u>	<u>10,623,078</u>	<u>10,572,632</u>	<u>(50,446)</u>
Change in fund balances	(1,170,418)	(1,212,205)	449,001	1,661,206
Fund balance at beginning of year	<u>3,711,020</u>	<u>3,711,020</u>	<u>3,711,020</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,540,602</u>	<u>2,498,815</u>	<u>4,160,021</u>	<u>1,661,206</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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 10,000	10,000	12,813	2,813
Charges for services	336,600	336,600	396,693	60,093
Investment earnings	-	-	13,801	13,801
Rental income	2,624,940	2,624,940	2,952,158	327,218
Miscellaneous revenues	-	-	6,420	6,420
Total revenues	<u>2,971,540</u>	<u>2,971,540</u>	<u>3,381,885</u>	<u>410,345</u>
Expenditures:				
Current:				
Transportation	2,300,195	2,452,171	2,329,118	123,053
Total expenditures	<u>2,300,195</u>	<u>2,452,171</u>	<u>2,329,118</u>	<u>123,053</u>
Excess of revenues over expenditures	<u>671,345</u>	<u>519,369</u>	<u>1,052,767</u>	<u>533,398</u>
Other financing sources (uses):				
Transfers in	(177,962)	(177,962)	(177,825)	137
Transfers out	(198,105)	(308,105)	(278,674)	29,431
Total other financing sources (uses)	<u>(376,067)</u>	<u>(486,067)</u>	<u>(456,499)</u>	<u>29,568</u>
Change in fund balances	295,278	33,302	596,268	562,966
Fund balance at beginning of year	<u>2,174,308</u>	<u>2,174,308</u>	<u>2,174,308</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,469,586</u>	<u>2,207,610</u>	<u>2,770,576</u>	<u>562,966</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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 175,000	175,000	180,086	5,086
Investment earnings	-	-	1,240	1,240
Total revenues	<u>175,000</u>	<u>175,000</u>	<u>181,326</u>	<u>6,326</u>
Expenditures:				
Current:				
Transportation	175,000	175,000	151,630	23,370
Total expenditures	<u>175,000</u>	<u>175,000</u>	<u>151,630</u>	<u>23,370</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>29,696</u>	<u>29,696</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>29,696</u>	<u>29,696</u>
Fund balance at beginning of year	<u>99,802</u>	<u>99,802</u>	<u>99,802</u>	<u>-</u>
Fund balance at end of year	<u>\$ 99,802</u>	<u>99,802</u>	<u>129,498</u>	<u>29,696</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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 18,102,378	18,102,378	18,648,724	546,346
Charges for services	-	-	1,979	1,979
Investment earnings	48,809	48,809	70,618	21,809
Rental income	140,244	140,244	370,732	230,488
Miscellaneous revenues	401,608	401,608	2,733,904	2,332,296
Total revenues	<u>18,693,039</u>	<u>18,693,039</u>	<u>21,825,957</u>	<u>3,132,918</u>
Expenditures:				
Current:				
Community development	20,295,615	22,149,902	20,308,085	1,841,817
Debt service:				
Principal retirement	300,000	300,000	300,000	-
Total expenditures	<u>20,595,615</u>	<u>22,449,902</u>	<u>20,608,085</u>	<u>1,841,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,902,576)</u>	<u>(3,756,863)</u>	<u>1,217,872</u>	<u>4,974,735</u>
Other financing sources (uses):				
Transfers in	1,348,777	1,348,777	1,348,777	-
Transfers out	-	(10,132)	(1,253,330)	(1,243,198)
Total other financing sources (uses)	<u>1,348,777</u>	<u>1,338,645</u>	<u>95,447</u>	<u>(1,243,198)</u>
Change in fund balances	(553,799)	(2,418,218)	1,313,319	3,731,537
Fund balances (deficit) at beginning of year, as restated (note 21)	12,808,110	12,808,110	12,808,110	-
Fund balance at end of year	<u>\$ 12,254,311</u>	<u>10,389,892</u>	<u>14,121,429</u>	<u>3,731,537</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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ 14,448	14,448	9,541	(4,907)
Contributions	-	-	554,665	554,665
Total revenues	<u>14,448</u>	<u>14,448</u>	<u>564,206</u>	<u>549,758</u>
Expenditures:				
Current:				
Culture and leisure	292,435	292,435	289,115	3,320
Total expenditures	<u>292,435</u>	<u>292,435</u>	<u>289,115</u>	<u>3,320</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(277,987)</u>	<u>(277,987)</u>	<u>275,091</u>	<u>553,078</u>
Change in fund balances	(277,987)	(277,987)	275,091	553,078
Fund balance at beginning of year	1,634,775	1,634,775	1,634,775	-
Fund balance at end of year	<u>\$ 1,356,788</u>	<u>1,356,788</u>	<u>1,909,866</u>	<u>553,078</u>



DEBT SERVICE FUNDS



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.

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

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

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.

2015 Series A 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, 2017

	1993 Certificates of Participation (COP)	2006 Lease Revenue Bond Debt Service	2008 Series B Refunding COP Debt Service
Assets			
Cash with fiscal agent	\$ 2,106,527	15,471	1,235,047
Total assets	<u>2,106,527</u>	<u>15,471</u>	<u>1,235,047</u>
Liabilities and Fund Balances			
Fund balances:			
Restricted	<u>2,106,527</u>	<u>15,471</u>	<u>1,235,047</u>
Total fund balances	<u>2,106,527</u>	<u>15,471</u>	<u>1,235,047</u>
Total liabilities and fund balances	<u><u>\$ 2,106,527</u></u>	<u><u>15,471</u></u>	<u><u>1,235,047</u></u>

2008 Series C Refunding COP Debt Service	2015 Series A Refunding COP Debt Service	Total
<u>4,947,717</u>	<u>-</u>	<u>8,304,762</u>
<u>4,947,717</u>	<u>-</u>	<u>8,304,762</u>
<u>4,947,717</u>	<u>-</u>	<u>8,304,762</u>
<u>4,947,717</u>	<u>-</u>	<u>8,304,762</u>
<u>4,947,717</u>	<u>-</u>	<u>8,304,762</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, 2017

	1993 Certificates of Participation (COP)	2006 Lease Revenue Bond Debt Service	2008 Series B Refunding COP Debt Service
Revenues:			
Investment earnings	\$ (10,165)	53	(15,841)
Total revenues	<u>(10,165)</u>	<u>53</u>	<u>(15,841)</u>
Expenditures:			
Current:			
General government	-	1,188	4,749
Debt service:			
Principal retirement	-	560,000	2,903,342
Interest	-	207,080	401,822
Payment to refunded bond escrow agent	-	-	-
Total expenditures	<u>-</u>	<u>768,268</u>	<u>3,309,913</u>
(Deficiency) of revenues (under) expenditures	<u>(10,165)</u>	<u>(768,215)</u>	<u>(3,325,754)</u>
Other financing sources:			
Other Financing use-bond discount	-	-	-
Transfers in	-	768,267	3,215,480
Transfers out	-	-	-
Total other financing sources	<u>-</u>	<u>768,267</u>	<u>3,215,480</u>
Change in fund balances	<u>(10,165)</u>	<u>52</u>	<u>(110,274)</u>
Fund balances at beginning of year	<u>2,116,692</u>	<u>15,419</u>	<u>1,345,321</u>
Fund balances at end of year	<u><u>\$ 2,106,527</u></u>	<u><u>15,471</u></u>	<u><u>1,235,047</u></u>

2008 Series C Refunding COP Debt Service	2015 Series A Refunding COP Debt Service	Total
28,258	178	2,483
28,258	178	2,483
4,802	4,000	14,739
1,710,000	-	5,173,342
139,600	2,490,150	3,238,652
1,854,402	2,494,150	8,426,733
(1,826,144)	(2,493,972)	(8,424,250)
-	-	-
1,776,449	2,125,063	7,885,259
-	-	-
1,776,449	2,125,063	7,885,259
(49,695)	(368,909)	(538,991)
4,997,412	368,909	8,843,753
4,947,717	-	8,304,762

(This page intentionally left blank)



CAPITAL PROJECTS FUNDS



NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

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

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

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

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.

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

CITY OF PASADENA
Non-Major Governmental Funds
Capital Projects Funds
Combining Balance Sheet
June 30, 2017

	Charter Capital Projects	New Development Impact	Residential Development Impact	10% Green Fee Capital Projects
Assets				
Cash and investments	\$ 1,919,545	251,668	22,728,931	78,846
Accounts receivable	34	2,318	85,136	542
Total assets	\$ 1,919,579	253,986	22,814,067	79,388
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Restricted	1,919,579	-	-	-
Committed	-	253,986	22,814,067	79,388
Total fund balances	1,919,579	253,986	22,814,067	79,388
Total liabilities and fund balances	\$ 1,919,579	253,986	22,814,067	79,388

Capital Public Art	Traffic Reduction Transportation Improvement	Total
998,942	2,289,028	28,266,960
3,225	11,748	103,003
<u>1,002,167</u>	<u>2,300,776</u>	<u>28,369,963</u>
2,000	-	2,000
<u>2,000</u>	<u>-</u>	<u>2,000</u>
-	-	1,919,579
<u>1,000,167</u>	<u>2,300,776</u>	<u>26,448,384</u>
<u>1,000,167</u>	<u>2,300,776</u>	<u>28,367,963</u>
<u>1,002,167</u>	<u>2,300,776</u>	<u>28,369,963</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, 2017

	Charter Capital Projects	New Development Impact	Residential Development Impact	10% Green Fee Capital Projects
Revenues:				
Intergovernmental revenues	-	-	-	-
Charges for services	\$ -	-	-	-
Investment earnings	22,000	1,413	109,985	403
Miscellaneous revenues	-	-	-	-
Contributions	-	-	3,208,911	-
Total revenues	<u>22,000</u>	<u>1,413</u>	<u>3,318,896</u>	<u>403</u>
Expenditures:				
Current:				
General government	5,780	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>5,780</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,220</u>	<u>1,413</u>	<u>3,318,896</u>	<u>403</u>
Other financing sources (uses):				
Transfers out	-	(32,621)	(2,190,516)	-
Total other financing sources (uses)	<u>-</u>	<u>(32,621)</u>	<u>(2,190,516)</u>	<u>-</u>
Change in fund balances	<u>16,220</u>	<u>(31,208)</u>	<u>1,128,380</u>	<u>403</u>
Fund balances (deficits) at beginning	<u>1,903,359</u>	<u>285,194</u>	<u>21,685,687</u>	<u>78,985</u>
Fund balances (deficits) at end of year	<u>\$ 1,919,579</u>	<u>253,986</u>	<u>22,814,067</u>	<u>79,388</u>

Capital Public Art	Traffic Reduction Transportation Improvement	Total
43,504	-	43,504
-	584,299	584,299
5,076	12,868	151,745
25,663	-	25,663
-	-	3,208,911
<u>74,243</u>	<u>597,167</u>	<u>4,014,122</u>
-	-	5,780
<u>82,092</u>	-	<u>82,092</u>
<u>82,092</u>	-	<u>87,872</u>
<u>(7,849)</u>	<u>597,167</u>	<u>3,926,250</u>
-	<u>(1,569,816)</u>	<u>(3,792,953)</u>
-	<u>(1,569,816)</u>	<u>(3,792,953)</u>
<u>(7,849)</u>	<u>(972,649)</u>	<u>133,297</u>
<u>1,008,016</u>	<u>3,273,425</u>	<u>28,234,666</u>
<u>1,000,167</u>	<u>2,300,776</u>	<u>28,367,963</u>

(This page intentionally left blank)



PERMANENT FUNDS



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.

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, 2017**

	Vroman Art Bequest	Singer Trust	Noble Award	Sheldon Memorial	Pasadena Center Capital Improvement Trust
Assets:					
Cash and investments	\$ 5,653	44,884	5,978	312	441,186
Accounts receivable	24	190	25	1	1,868
Total assets	<u>\$ 5,677</u>	<u>45,074</u>	<u>6,003</u>	<u>313</u>	<u>443,054</u>
Fund balances:					
Nonspendable	\$ 5,000	23,426	1,100	298	400,000
Restricted	677	21,648	4,903	15	-
Committed	-	-	-	-	43,054
Total fund balances	<u>5,677</u>	<u>45,074</u>	<u>6,003</u>	<u>313</u>	<u>443,054</u>
Total liabilities and fund balances	<u>\$ 5,677</u>	<u>45,074</u>	<u>6,003</u>	<u>313</u>	<u>443,054</u>

Cox Trust	Jankos Trust	Hudson Family Trust	M.A. Berger Trust	Total
4,511	26,946	106,996	1,329,726	1,966,192
19	114	453	5,629	8,323
<u>4,530</u>	<u>27,060</u>	<u>107,449</u>	<u>1,335,355</u>	<u>1,974,515</u>
4,307	25,000	100,000	875,000	1,434,131
223	2,060	7,449	460,355	497,330
-	-	-	-	43,054
<u>4,530</u>	<u>27,060</u>	<u>107,449</u>	<u>1,335,355</u>	<u>1,974,515</u>
<u>4,530</u>	<u>27,060</u>	<u>107,449</u>	<u>1,335,355</u>	<u>1,974,515</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, 2017

	<u>Vroman Art Bequest</u>	<u>Singer Trust</u>	<u>Noble Award</u>	<u>Sheldon Memorial</u>	<u>Pasadena Center Capital Improvement Trust</u>
Revenues:					
Investment earnings	\$ 28	229	30	1	2,252
Total revenues	<u>28</u>	<u>229</u>	<u>30</u>	<u>1</u>	<u>2,252</u>
Expenditures:					
Current:					
Culture and leisure	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28</u>	<u>229</u>	<u>30</u>	<u>1</u>	<u>2,252</u>
Fund balances at beginning of year	<u>5,649</u>	<u>44,845</u>	<u>5,973</u>	<u>312</u>	<u>440,802</u>
Fund balances at end of year	<u>\$ 5,677</u>	<u>45,074</u>	<u>6,003</u>	<u>313</u>	<u>443,054</u>

Cox Trust	Jankos Trust	Hudson Family Trust	M.A. Berger Trust	Total
23	138	547	6,788	10,036
23	138	547	6,788	10,036
-	-	-	-	-
-	-	-	-	-
23	138	547	6,788	10,036
4,507	26,922	106,902	1,328,567	1,964,479
4,530	27,060	107,449	1,335,355	1,974,515

(This page intentionally left blank)



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.

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.

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Net Position
June 30, 2017

	Refuse Collection	Tele- communi- cations	Total
Assets:			
Current assets:			
Cash and investments	\$ 19,830,531	757,179	20,587,710
Accounts receivable, net	2,403,672	251,398	2,655,070
Total current assets	<u>22,234,203</u>	<u>1,008,577</u>	<u>23,242,780</u>
Noncurrent assets:			
Capital assets	10,722,579	1,258,334	11,980,913
Less accumulated depreciation	(6,685,445)	(276,184)	(6,961,629)
Net property, plant and equipment	<u>4,037,134</u>	<u>982,150</u>	<u>5,019,284</u>
Total noncurrent assets	<u>4,037,134</u>	<u>982,150</u>	<u>5,019,284</u>
Total assets	<u>26,271,337</u>	<u>1,990,727</u>	<u>28,262,064</u>
Deferred outflow of resources:			
Deferred outflows related to net pension liability	1,551,075	-	1,551,075
Total	<u>1,551,075</u>	<u>-</u>	<u>1,551,075</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 2,005,926	1,597	2,007,523
Deposits	6,521,772	-	6,521,772
Due to other funds	-	74,283	74,283
Total current liabilities	<u>8,527,698</u>	<u>75,880</u>	<u>8,603,578</u>
Noncurrent liabilities:			
GASB68 Net pension liability	6,788,870	-	6,788,870
Total long-term liabilities	<u>6,788,870</u>	<u>-</u>	<u>6,788,870</u>
Total liabilities	<u>15,316,568</u>	<u>75,880</u>	<u>15,392,448</u>
Deferred inflow of resources:			
Deferred inflows related to net pension liability	549,950	-	549,950
Total	<u>549,950</u>	<u>-</u>	<u>549,950</u>
Net Position:			
Investment in Capital Assets	4,037,134	982,150	5,019,284
Unrestricted	7,918,760	932,697	8,851,457
Total net position	<u>\$ 11,955,894</u>	<u>1,914,847</u>	<u>13,870,741</u>

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Refuse Collection</u>	<u>Tele- communi- cations</u>	<u>Total</u>
Operating revenues:			
Charges for services:			
Refuse collection	\$ 11,774,510	-	11,774,510
Telecommunication	-	669,032	669,032
Total operating revenues	<u>11,774,510</u>	<u>669,032</u>	<u>12,443,542</u>
Operating expenses:			
Refuse collection	13,384,409	-	13,384,409
Telecommunications	-	38,198	38,198
Depreciation	957,373	71,934	1,029,307
Total operating expenses	<u>14,341,782</u>	<u>110,132</u>	<u>14,451,914</u>
Operating income (loss)	<u>(2,567,272)</u>	<u>558,900</u>	<u>(2,008,372)</u>
Nonoperating revenues (expenses):			
Taxes	4,892,971	-	4,892,971
Intergovernmental revenues	110,370	-	110,370
Investment earnings	96,536	3,700	100,236
Gain (loss) on disposal of assets	11,560	-	11,560
Miscellaneous revenues	325,400	-	325,400
Total nonoperating revenues (expenses)	<u>5,436,837</u>	<u>3,700</u>	<u>5,440,537</u>
Income (loss) before transfers	<u>2,869,565</u>	<u>562,600</u>	<u>3,432,165</u>
Transfers:			
Transfers in	85,000	101,795	186,795
Transfers out	(194,916)	(310,969)	(505,885)
Net income (loss)	<u>2,759,649</u>	<u>353,426</u>	<u>3,113,075</u>
Net position at beginning of year	<u>9,196,245</u>	<u>1,561,421</u>	<u>10,757,666</u>
Net position (deficit) at end of year	<u>\$ 11,955,894</u>	<u>1,914,847</u>	<u>13,870,741</u>

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2017

	Refuse Collection	Tele- communi- cations	Total
Cash flows from operating activities:			
Cash received from customers	11,765,134	633,763	12,398,897
Cash payments to suppliers for goods and services	(3,129,409)	(18,960)	(3,148,369)
Cash payments to employees for services	(5,649,105)	-	(5,649,105)
Cash payments to other funds for services	(2,976,710)	56,642	(2,920,068)
Net cash provided by (used for) operating activities	9,910	671,445	681,355
Cash flows from noncapital financing activities:			
Transfers to other funds	(194,916)	(310,969)	(505,885)
Transfers from other funds	85,000	101,795	186,795
Taxes received	4,892,971	-	4,892,971
Non-operating miscellaneous revenue	325,400	-	325,400
Intergovernmental revenues	110,370	-	110,370
Net cash provided by (used for) noncapital financing activities	5,218,825	(209,174)	5,009,651
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,333,412)	(270,043)	(1,603,455)
Net cash used for capital and related financing activities	(1,333,412)	(270,043)	(1,603,455)
Cash flows from investing activities:			
Investment earnings (expenses)	96,536	3,700	100,236
Net cash provided by investing activities	96,536	3,700	100,236
Net increase (decrease) in cash and cash equivalents	3,991,859	195,928	4,187,787
Cash and cash equivalents at beginning of year	15,838,672	561,251	16,399,923
Cash and cash equivalents at end of year	19,830,531	757,179	20,587,710

Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:

Cash and investments	\$ 19,830,531	\$ 757,179	\$ 20,587,710
Cash and cash equivalents at end of year	\$ 19,830,531	\$ 757,179	\$ 20,587,710

CITY OF PASADENA
Non-Major Enterprise Funds
Combining Statement of Cash Flows, (Continued)
Year Ended June 30, 2017

	<u>Refuse Collection</u>	<u>Tele- communi- cations</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	(2,567,272)	558,900	(2,008,372)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	957,373	71,934	1,029,307
(Increase) decrease in accounts receivable	(9,376)	(35,269)	(44,645)
(Increase) decrease in Deferred Outflow	(1,004,720)	-	(1,004,720)
Increase (decrease) in accounts payable and accrued liabilities	585,114	1,597	586,711
Increase (decrease) in due to other funds	-	74,283	74,283
Increase (decrease) in deposits payable	1,205,323	-	1,205,323
Increase (decrease) in Deferred Inflow	(130,512)	-	(130,512)
Increase (decrease) in Net Pension Obligations	973,980	-	973,980
Total adjustments	<u>2,577,182</u>	<u>112,545</u>	<u>2,689,727</u>
Net cash provided by (used for) operating activities	<u>9,910</u>	<u>671,445</u>	<u>681,355</u>
Non-cash charges:			
Changes in fair value of investments	(145,424)	(7,673)	(153,097)

See accompanying notes to the basic financial statements

(This page intentionally left blank)



INTERNAL SERVICE FUNDS



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 procurement 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.

311 Call Center Fund – to account for the operation of the City's central call center.

CITY OF PASADENA
Internal Service Funds
Combining Statement of Net Position
June 30, 2017

Assets	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits	Workers' Compensation
Current assets:					
Cash and investments	\$ 3,132,447	6,056,802	8,385,097	5,751,786	4,065,382
Accounts receivable	17,858	139,238	99,268	28,005	19,397
Inventories	-	-	390,998	-	-
Prepays and other assets	34,559	-	-	65,858	-
Total current assets	<u>3,184,864</u>	<u>6,196,040</u>	<u>8,875,363</u>	<u>5,845,649</u>	<u>4,084,779</u>
Noncurrent assets:					
Capital assets	12,591,431	44,043	25,533,003	-	-
Less accumulated depreciation	(8,041,747)	(39,171)	(17,351,288)	-	-
Net property, plant and equipment	<u>4,549,684</u>	<u>4,872</u>	<u>8,181,715</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>4,549,684</u>	<u>4,872</u>	<u>8,181,715</u>	<u>-</u>	<u>-</u>
Total assets	<u>7,734,548</u>	<u>6,200,912</u>	<u>17,057,078</u>	<u>5,845,649</u>	<u>4,084,779</u>
Deferred outflow of resources					
Deferred refunding charges	6,051	-	-	-	-
Deferred Inflows related to net pension liability	3,048,139	1,214,181	687,436	12,534,702	1,890,360
Total	<u>3,054,190</u>	<u>1,214,181</u>	<u>687,436</u>	<u>12,534,702</u>	<u>1,890,360</u>
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	1,404,848	427,207	469,701	5,970,029	119,383
Insurance claims payable - current	-	-	-	-	9,500,000
Due to other funds	-	-	-	-	-
Compensated absences	-	-	-	10,785,966	-
Capitalized lease obligations - current	631,254	-	-	-	-
Total current liabilities	<u>2,036,102</u>	<u>427,207</u>	<u>469,701</u>	<u>16,755,995</u>	<u>9,619,383</u>
Noncurrent liabilities:					
Insurance claims payable - long-term	-	-	-	-	26,732,429
OPEB liability	-	-	-	26,725,840	-
Capitalized lease obligations - long-term	319,928	-	-	-	-
GASB68 Net pension liability	12,424,258	5,838,770	3,288,989	58,912,224	6,881,661
Total long-term liabilities	<u>12,744,186</u>	<u>5,838,770</u>	<u>3,288,989</u>	<u>85,638,064</u>	<u>33,614,090</u>
Total liabilities	<u>14,780,288</u>	<u>6,265,977</u>	<u>3,758,690</u>	<u>102,394,059</u>	<u>43,233,473</u>
Deferred inflow of resources:					
Deferred inflows related to net pension liability	992,951	482,691	252,539	4,708,149	536,072
Total	<u>992,951</u>	<u>482,691</u>	<u>252,539</u>	<u>4,708,149</u>	<u>536,072</u>
Net Position					
Net Investment in Capital Assets	3,604,553	4,872	8,181,715	-	-
Unassigned	(8,589,054)	661,553	5,551,570	(88,721,857)	(37,794,406)
Total net position (deficit)	<u>\$ (4,984,501)</u>	<u>666,425</u>	<u>13,733,285</u>	<u>(88,721,857)</u>	<u>(37,794,406)</u>

General Liability	Printing Services	Mail Services	311 Call Center	Total
4,241,280	-	-	174,258	31,807,052
44,946	2,664	-	669	352,045
-	-	-	-	390,998
-	-	-	-	100,417
<u>4,286,226</u>	<u>2,664</u>	<u>-</u>	<u>174,927</u>	<u>32,650,512</u>
3,714,391	336,961	-	-	42,219,829
-	(330,082)	-	-	(25,762,288)
<u>3,714,391</u>	<u>6,879</u>	<u>-</u>	<u>-</u>	<u>16,457,541</u>
<u>3,714,391</u>	<u>6,879</u>	<u>-</u>	<u>-</u>	<u>16,457,541</u>
<u>8,000,617</u>	<u>9,543</u>	<u>-</u>	<u>174,927</u>	<u>49,108,053</u>
-	-	-	-	6,051
30,099	200,631	-	187,639	19,793,187
<u>30,099</u>	<u>200,631</u>	<u>-</u>	<u>187,639</u>	<u>19,799,238</u>
49,113	57,435	-	21,680	8,519,396
3,087,162	-	-	-	12,587,162
-	2,951,323	-	-	2,951,323
-	-	-	-	10,785,966
-	-	-	-	631,254
<u>3,136,275</u>	<u>3,008,758</u>	<u>-</u>	<u>21,680</u>	<u>35,475,101</u>
10,397,723	-	-	-	37,130,152
-	-	-	-	26,725,840
-	-	-	-	319,928
<u>371,346</u>	<u>833,085</u>	<u>-</u>	<u>472,593</u>	<u>89,022,926</u>
<u>10,769,069</u>	<u>833,085</u>	<u>-</u>	<u>472,593</u>	<u>153,198,846</u>
<u>13,905,344</u>	<u>3,841,843</u>	<u>-</u>	<u>494,273</u>	<u>188,673,947</u>
24,492	70,432	-	52,025	7,119,351
<u>24,492</u>	<u>70,432</u>	<u>-</u>	<u>52,025</u>	<u>7,119,351</u>
3,714,391	6,879	-	-	15,512,410
(9,613,511)	(3,708,980)	-	(183,732)	(142,398,417)
<u>(5,899,120)</u>	<u>(3,702,101)</u>	<u>-</u>	<u>(183,732)</u>	<u>(126,886,007)</u>

CITY OF PASADENA
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Computing and Communication Services</u>	<u>Building Maintenance</u>	<u>Fleet Maintenance</u>	<u>Benefits</u>	<u>Workers' Compensation</u>
Operating revenues:					
Charges for services:					
Computing and communication services	\$ 14,337,585	-	-	-	-
Building maintenance	-	12,313,054	-	-	-
Fleet maintenance	-	-	10,452,049	-	-
Employee benefits	-	-	-	30,613,952	-
Insurance	-	-	-	-	16,869,965
Printing	-	-	-	-	-
Mail	-	-	-	-	-
311 Call Center	-	-	-	-	-
Total operating revenues	<u>14,337,585</u>	<u>12,313,054</u>	<u>10,452,049</u>	<u>30,613,952</u>	<u>16,869,965</u>
Operating expenses:					
Computing and communication services	12,922,861	-	-	-	-
Building maintenance	-	9,103,060	5,329	-	-
Fleet maintenance	-	-	7,191,758	-	-
Benefits	-	-	-	35,566,522	-
Insurance	-	-	-	-	23,641,650
Printing	-	-	-	-	-
Mail	-	-	-	-	-
311 Call Center	-	-	-	-	-
Depreciation	1,350,395	1,625	1,306,872	-	-
Total operating expenses	<u>14,273,256</u>	<u>9,104,685</u>	<u>8,503,959</u>	<u>35,566,522</u>	<u>23,641,650</u>
Operating income (loss)	<u>64,329</u>	<u>3,208,369</u>	<u>1,948,090</u>	<u>(4,952,570)</u>	<u>(6,771,685)</u>
Nonoperating revenues (expenses):					
Investment earnings	12,973	29,126	42,944	7,743	13,065
Miscellaneous revenue	-	10	2,522	-	-
Interest expense	(42,606)	-	-	-	-
Gain (loss) on disposal of assets	(31,015)	-	84,253	-	-
Miscellaneous revenues	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>(60,648)</u>	<u>29,136</u>	<u>129,719</u>	<u>7,743</u>	<u>13,065</u>
Income (loss) before transfers	3,681	3,237,505	2,077,809	(4,944,827)	(6,758,620)
Transfers from (to) other funds:					
Transfers in	1,022,149	87,809	-	-	1,000,000
Transfers out	(126,098)	(585,934)	(33,237)	(1,341)	(5,130)
Net income (loss)	<u>899,732</u>	<u>2,739,380</u>	<u>2,044,572</u>	<u>(4,946,168)</u>	<u>(5,763,750)</u>
Net position at beginning of year, as restated (note 21)	<u>(5,884,233)</u>	<u>(2,072,955)</u>	<u>11,688,713</u>	<u>(83,775,689)</u>	<u>(32,030,656)</u>
Net position (deficit) at end of year	<u><u>(4,984,501)</u></u>	<u><u>666,425</u></u>	<u><u>13,733,285</u></u>	<u><u>(88,721,857)</u></u>	<u><u>(37,794,406)</u></u>

General Liability	Printing Services	Mail Services	311 Call Center	Total
-	-	-	-	14,337,585
-	-	-	-	12,313,054
-	-	-	-	10,452,049
-	-	-	-	30,613,952
4,380,755	-	-	-	21,250,720
-	1,168,449	-	-	1,168,449
-	-	-	-	-
-	-	-	603,102	603,102
4,380,755	1,168,449	-	603,102	90,738,911
-	-	-	-	12,922,861
-	2,555	-	-	9,110,944
-	-	-	-	7,191,758
-	-	-	-	35,566,522
4,985,869	-	-	-	28,627,519
-	1,498,535	-	-	1,498,535
-	-	-	-	-
-	-	-	596,128	596,128
-	29,177	-	-	2,688,069
4,985,869	1,530,267	-	596,128	98,202,336
(605,114)	(361,818)	-	6,974	(7,463,425)
11,086	(12,818)	-	943	105,062
50	-	-	-	2,582
-	-	-	-	(42,606)
-	-	-	-	53,238
-	-	-	-	-
11,136	(12,818)	-	943	118,276
(593,978)	(374,636)	-	7,917	(7,345,149)
1,000,000	-	-	-	3,109,958
(1,906)	-	(39,529)	-	(793,175)
404,116	(374,636)	(39,529)	7,917	(5,028,366)
(6,303,236)	(3,327,465)	39,529	(191,649)	(121,857,641)
(5,899,120)	(3,702,101)	-	(183,732)	(126,886,007)

CITY OF PASADENA
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2017

	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits	Workers' Compensation
Cash flows from operating activities:					
Cash payments to suppliers for goods or services	\$ (3,155,494)	(4,484,387)	(4,949,238)	(3,005,329)	3,789,570
Cash payments to employees for services	(8,489,765)	(3,765,277)	(2,249,366)	(28,895,592)	(17,234,049)
Cash payments to other funds for services	(1,012,958)	(921,866)	(772,459)	(112,283)	(169,854)
Cash payments from other funds for services	14,409,697	12,251,796	10,381,342	30,642,292	16,873,511
Net cash provided by (used for) operating activities	<u>1,751,480</u>	<u>3,080,266</u>	<u>2,410,279</u>	<u>(1,370,912)</u>	<u>3,259,178</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	1,022,149	87,809	-	-	1,000,000
Transfers to other funds	(126,098)	(585,934)	(33,237)	(1,341)	(5,130)
Non-operating miscellaneous revenue	-	10	2,522	-	-
Cash received (paid) on loans to other funds	-	-	-	-	(200,413)
Net cash provided by (used for) noncapital financing activities	<u>896,051</u>	<u>(498,115)</u>	<u>(30,715)</u>	<u>(1,341)</u>	<u>794,457</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(491,502)	-	145,324	-	-
Proceeds from sale of capital assets	-	-	(987,823)	-	-
Principal paid on debt	(601,802)	-	-	-	-
Interest paid on debt	(42,606)	-	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>(1,135,910)</u>	<u>-</u>	<u>(842,499)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:					
Investment earnings (expenses)	12,973	26,306	42,944	4,468	11,747
Net cash provided by (used for) investing activities	<u>12,973</u>	<u>26,306</u>	<u>42,944</u>	<u>4,468</u>	<u>11,747</u>
Net increase (decrease) in cash and cash equivalents	<u>1,524,594</u>	<u>2,608,457</u>	<u>1,580,009</u>	<u>(1,367,785)</u>	<u>4,065,382</u>
Cash and cash equivalents at beginning of year	<u>1,607,853</u>	<u>3,448,345</u>	<u>6,805,088</u>	<u>7,119,571</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 3,132,447</u>	<u>6,056,802</u>	<u>8,385,097</u>	<u>5,751,786</u>	<u>4,065,382</u>

Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:

Cash and investments	\$ 3,132,447	6,056,802	8,385,097	5,751,786	4,065,382
Cash and cash equivalents at end of year	<u>\$ 3,132,447</u>	<u>6,056,802</u>	<u>8,385,097</u>	<u>5,751,786</u>	<u>4,065,382</u>

General Liability	Printing Services	Mail Services	311 Call Center	Totals
(2,412,508)	(527,759)	-	(36,734)	(14,781,879)
(214,178)	(550,974)	-	(503,674)	(61,902,875)
(186,514)	(124,554)	-	(64,301)	(3,364,789)
4,382,689	1,213,849	-	602,946	90,758,122
1,569,489	10,562	-	(1,763)	10,708,579
1,000,000	-	-	-	3,109,958
(1,906)	-	-	-	(753,646)
50	-	-	-	2,582
-	-	-	-	(200,413)
998,144	-	-	-	2,158,481
-	-	-	-	(346,178)
-	-	-	-	(987,823)
-	-	-	-	(601,802)
-	-	-	-	(42,606)
-	-	-	-	(1,978,409)
8,448	(10,562)	-	943	97,267
8,448	(10,562)	-	943	97,267
2,576,081	-	-	(820)	10,985,918
1,665,199	-	-	175,078	20,821,134
4,241,280	-	-	174,258	31,807,052
4,241,280	-	-	174,258	31,807,052
4,241,280	-	-	174,258	31,807,052
4,241,280	-	-	174,258	31,807,052

CITY OF PASADENA
Internal Service Funds
Combining Statement of Cash Flows, (Continued)
Year Ended June 30, 2017

	Computing and Communication Services	Building Maintenance	Fleet Maintenance	Benefits	Workers' Compensation
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 64,329	3,208,369	1,948,090	(4,952,570)	(6,771,685)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	1,350,395	1,625	1,306,872	-	-
(Increase) decrease in accounts receivable	72,112	(61,258)	(70,707)	28,340	3,546
(Increase) decrease in due to other funds	-	-	-	-	-
(Increase) decrease in inventories	-	-	(27,332)	-	-
(Increase) decrease in prepaids and other assets	(16,405)	-	-	23,894	-
(Increase) decrease in deferred outflow related to pension liability	(1,978,928)	(772,834)	(433,682)	(8,070,933)	(1,284,950)
Increase (decrease) in accounts payable and accrued liabilities	596,629	19,427	(668,642)	186,032	6,524
Increase (decrease) in insurance claims payable	-	-	-	-	10,385,772
Increase (decrease) in OPEB liability	-	-	-	3,832,060	-
Increase (decrease) in pension liability	1,906,066	786,784	452,364	7,957,494	1,079,256
Increase (decrease) in deferred inflow related to pension liability	(242,718)	(101,847)	(96,684)	(1,368,415)	(159,285)
Increase (decrease) in compensated absences	-	-	-	993,186	-
Total adjustments	1,687,151	(128,103)	462,189	3,581,658	10,030,863
Net cash provided by (used for) operating activities	<u>\$ 1,751,480</u>	<u>3,080,266</u>	<u>2,410,279</u>	<u>(1,370,912)</u>	<u>3,259,178</u>
Non-cash charges:					
Gain/(Loss) on disposal of capital assets	\$ (31,015)	-	84,253	-	-
Changes in fair value of investments	(23,269)	(40,340)	(60,710)	(63,643)	(5,524)

See accompanying notes to the basic financial statements

General Liability	Printing Services	Mail Services	311 Call Center	Totals
(605,114)	(361,818)	-	6,974	(7,463,425)
-	29,177	-	-	2,688,069
1,934	45,400	-	(156)	19,211
-	287,016	-	-	287,016
-	-	-	-	(27,332)
-	-	-	-	7,489
(16,350)	(8,868)	-	(134,726)	(12,701,271)
(54,028)	26,833	-	6,361	119,136
2,243,341	-	-	-	12,629,113
-	-	-	-	3,832,060
24,510	123,933	-	94,328	12,424,735
(24,804)	(131,111)	-	25,456	(2,099,408)
-	-	-	-	993,186
2,174,603	372,380	-	(8,737)	18,172,004
1,569,489	10,562	-	(1,763)	10,708,579
-	-	-	-	53,238
(2,067)	24,197	-	(1,764)	(173,120)

(This page intentionally left blank)



FIDUCIARY FUNDS



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:

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 Innovation and Opportunity Act Fund – to account for the administration of Workforce Innovation and Opportunity Act (WIOA) activities under the direction of the Foothill Workforce Development Board (FWDB).

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.

Private-Purpose Trust Funds: Fiduciary fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. Private-purpose trust funds are used for the activities of the Successor Agency to the Pasadena Community Development Commission. Please see the next tab for the combining statements related to the Successor Agency.

CITY OF PASADENA
Pension Trust Funds
Combining Statement of Net Position
June 30, 2017

	Deferred Compensation	Fire and Police Retirement System	Total
Assets			
Cash and cash equivalents	\$ 267,174,499	2,616,941	269,791,440
Receivables:			
Pending trade sales	-	1,585,224	1,585,224
Interest	-	122,475	122,475
Total receivables	-	1,707,699	1,707,699
Investments, at fair value:			
Government and agencies	-	15,872,832	15,872,832
Domestic corporate obligations	-	27,783,556	27,783,556
International corporate obligations	-	382,944	382,944
Fixed income mutual funds	-	16,593,296	16,593,296
Real estate	-	15,952,321	15,952,321
Domestic corporate stocks	-	24,143,681	24,143,681
International corporate stocks	-	25,083,175	25,083,175
Total investments	-	125,811,805	125,811,805
Total assets	267,174,499	130,136,445	397,310,944
Liabilities			
Accounts payable and accrued liabilities	-	54,147	54,147
Pending purchases	-	4,717,540	4,717,540
Total liabilities	-	4,771,687	4,771,687
Net position reserved in trust for employees' pension benefits	\$ 267,174,499	125,364,758	392,539,257

**CITY OF PASADENA
Pension Trust Funds
Combining Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2017**

	Deferred Compensation	Fire and Police Retirement System	Total
Additions:			
Contributions:			
Plan members	\$ 16,047,910	-	16,047,910
Total contributions	<u>16,047,910</u>	<u>-</u>	<u>16,047,910</u>
Net investment income:			
Investment earnings	24,830,353	10,159,284	34,989,637
Interest	-	1,104,673	1,104,673
Dividends	-	1,759,095	1,759,095
Gross investment income	<u>24,830,353</u>	<u>13,023,052</u>	<u>37,853,405</u>
Less investment expenses	-	(509,501)	(509,501)
Net investment income	<u>24,830,353</u>	<u>12,513,551</u>	<u>37,343,904</u>
Total additions	<u>40,878,263</u>	<u>12,513,551</u>	<u>53,391,814</u>
Deductions:			
Benefits paid to participants	17,037,358	13,117,723	30,155,081
Administrative expenses	160,665	299,630	460,295
Total deductions	<u>17,198,023</u>	<u>13,417,353</u>	<u>30,615,376</u>
Increase/(Decrease) in amount held for employees	23,680,240	(903,802)	22,776,438
Amount held in trust for employees:			
Beginning of year	<u>243,494,259</u>	<u>126,268,560</u>	<u>369,762,819</u>
End of year	<u>\$ 267,174,499</u>	<u>125,364,758</u>	<u>392,539,257</u>

CITY OF PASADENA
 Agency Funds
 Combining Balance Sheet
 June 30, 2017

	<u>Lake/ Washington Special Assessment District</u>	<u>Library Equipment Replacement</u>	<u>Workforce Innovation and Opportunity Act</u>	<u>Open Space Assessment District</u>	<u>Total</u>
Assets:					
Cash and investments	\$ -	968,265	-	149,865	1,118,130
Accounts receivable	-	5,232	747,311	4,019	756,562
Other assets	-	106,219	-	907,701	1,013,920
Total assets	<u>\$ -</u>	<u>1,079,716</u>	<u>747,311</u>	<u>1,061,585</u>	<u>2,888,612</u>
Liabilities:					
Accounts payable and accrued liabilities	\$ -	29,781	747,311	750	777,842
Due to other governments	-	1,049,935	-	-	1,049,935
Due to bondholders	-	-	-	1,060,835	1,060,835
Total liabilities	<u>\$ -</u>	<u>1,079,716</u>	<u>747,311</u>	<u>1,061,585</u>	<u>2,888,612</u>

CITY OF PASADENA
Agency Funds
Combining Statements of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2017

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>
<u>LAKE/WASHINGTON SPECIAL ASSESSEMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ -	31,912	31,912	-
Accounts receivable	-	-	-	-
Total assets	<u>\$ -</u>	<u>31,912</u>	<u>31,912</u>	<u>-</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ -	6,337	3,563	2,774
Due to other governments	-	28,977	31,751	(2,774)
Total liabilities	<u>\$ -</u>	<u>35,314</u>	<u>35,314</u>	<u>-</u>
<u>LIBRARY EQUIPMENT REPLACEMENT</u>				
<u>Assets</u>				
Cash and investments	\$ 1,204,386	35,081	271,202	968,265
Accounts receivable	4,431	15,830	15,029	5,232
Other assets	-	106,219	-	106,219
Total assets	<u>\$ 1,208,817</u>	<u>157,130</u>	<u>286,231</u>	<u>1,079,716</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 9,220	109,549	88,988	29,781
Due to other governments	1,199,597	15,831	165,493	1,049,935
Total liabilities	<u>\$ 1,208,817</u>	<u>125,380</u>	<u>254,481</u>	<u>1,079,716</u>

(Continued)

CITY OF PASADENA
Agency Funds
Combining Statements of Changes in Assets and Liabilities (Continued)
For the Fiscal Year Ended June 30, 2017

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>
<u>WORKFORCE INNOVATION AND OPPORTUNITY ACT</u>				
<u>Assets</u>				
Cash and investments	\$ -	5,873,876	5,873,876	-
Accounts receivable	508,086	2,709,359	2,470,134	747,311
Total assets	<u>\$ 508,086</u>	<u>8,583,235</u>	<u>8,344,010</u>	<u>747,311</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 508,086	4,206,006	3,966,781	747,311
Total liabilities	<u>\$ 508,086</u>	<u>4,206,006</u>	<u>3,966,781</u>	<u>747,311</u>
<u>OPEN SPACE ASSESSMENT DISTRICT</u>				
<u>Assets</u>				
Cash and investments	\$ 153,757	85,350	89,242	149,865
Accounts receivable	1,997	5,287	3,265	4,019
Other assets	925,331	69,348	86,978	907,701
Total assets	<u>\$ 1,081,085</u>	<u>159,985</u>	<u>179,485</u>	<u>1,061,585</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 750	2,999	2,999	750
Due to bondholders	1,080,335	-	19,500	1,060,835
Total liabilities	<u>\$ 1,081,085</u>	<u>2,999</u>	<u>22,499</u>	<u>1,061,585</u>

(Continued)

CITY OF PASADENA
Agency Funds
Combining Statements of Changes in Assets and Liabilities (Continued)
For the Fiscal Year Ended June 30, 2017

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 1,358,143	6,026,219	6,266,232	1,118,130
Accounts receivable	514,514	2,730,476	2,488,428	756,562
Other assets	925,331	175,567	86,978	1,013,920
Total assets	<u>\$ 2,797,988</u>	<u>8,932,262</u>	<u>8,841,638</u>	<u>2,888,612</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 518,056	4,322,117	4,062,331	777,842
Due to other governments	1,199,597	47,582	197,244	1,049,935
Due to bondholders	1,080,335	-	19,500	1,060,835
Total liabilities	<u>\$ 2,797,988</u>	<u>4,369,699</u>	<u>4,279,075</u>	<u>2,888,612</u>

(This page intentionally left blank)



SUCCESSOR AGENCY COMBINED



PRIVATE-PURPOSE TRUST FUNDS

Private-purpose trust funds are one type of the fiduciary funds reported in the prior tab.

Successor Agency to Pasadena Community Development Commission – was formed to account for receipt of incremental property tax and disbursements related to enforceable obligations (debts) of the former redevelopment agency. It will remain in place until all enforceable obligations, as approved on the Recognized Obligation Payment Schedule by California Department of Finance, are paid in full and all assets have been liquidated. It includes the following funds:

Successor Agency Administration Fund – to account for administrative costs of the Successor Agency as approved on the Recognized Obligation Payment Schedule.

Redevelopment Obligation Retirement Fund – to account for receipts and disbursements of incremental property tax.

Successor Agency Debt Service Funds – to account for debt service payments and other enforceable obligations of the former redevelopment agency. They include Old Pasadena, Lincoln, Downtown, Fair Oaks, Orange Grove, Villa Parke, and Lake/Washington project areas.

Successor Agency Debt Service Fund – Affordable Housing – to account for the 2006 Tax Allocation Revenue Bonds (housing set-aside revenues-Townhouse Project Refunding), Housing Enabled By Local Partnerships (HELP) program loans, and payment of enforceable obligations of the former Low and Moderate Income Housing Fund.

CITY OF PASADENA
Private Purpose Trust Funds
Combining Statement of Net Position
June 30, 2017

	Successor Agency Admin	Redevelopment Obligation Retirement Fund	Successor Agency Debt Service		
			Old Pasadena	Lincoln	Downtown
Assets					
Current assets:					
Cash and investments	\$ -	6,195,496	52,272	-	-
Prepays and other assets	3,297	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other trust funds	-	11,974	-	428,132	-
Allowance for uncollectible long-term receivables	-	-	-	-	-
Total current assets	<u>3,297</u>	<u>6,207,470</u>	<u>52,272</u>	<u>428,132</u>	<u>-</u>
Noncurrent assets:					
Capital assets	-	1,129,261	-	-	-
Total noncurrent assets	<u>-</u>	<u>1,129,261</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>3,297</u>	<u>7,336,731</u>	<u>52,272</u>	<u>428,132</u>	<u>-</u>
Liabilities					
Accounts payable and accrued liabilities	6,037	-	-	-	-
Due to other trust funds	11,974	-	-	-	-
Due to City	-	-	2,085,000	958,566	-
Bonds payable - due within one year	-	-	-	-	-
Bonds payable - due in more than one year	-	-	-	-	-
Total liabilities	<u>18,011</u>	<u>-</u>	<u>2,085,000</u>	<u>958,566</u>	<u>-</u>
Net Position					
Net position held in trust	<u>\$ (14,714)</u>	<u>7,336,731</u>	<u>(2,032,728)</u>	<u>(530,434)</u>	<u>-</u>

Successor Agency Debt Service				Housing		
Fair Oaks	Orange Grove	Villa Parke	Lake Washington	Successor- Debt Service		Total
295,927	44,350	8,845	82,407	78		6,679,375
-	-	-	-	-		3,297
1,858,000	-	-	-	-		1,858,000
-	-	-	-	-		440,106
(1,858,000)	-	-	-	-		(1,858,000)
<u>295,927</u>	<u>44,350</u>	<u>8,845</u>	<u>82,407</u>	<u>78</u>		<u>7,122,778</u>
-	-	-	-	-		1,129,261
-	-	-	-	-		1,129,261
<u>295,927</u>	<u>44,350</u>	<u>8,845</u>	<u>82,407</u>	<u>78</u>		<u>8,252,039</u>
24,384	-	-	2,115	-		32,536
-	428,132	-	-	-		440,106
6,334,977	-	-	-	-		9,378,543
185,000	-	-	90,000	-		275,000
830,000	-	-	-	-		830,000
<u>7,374,361</u>	<u>428,132</u>	<u>-</u>	<u>92,115</u>	<u>-</u>		<u>10,956,185</u>
<u>(7,078,434)</u>	<u>(383,782)</u>	<u>8,845</u>	<u>(9,708)</u>	<u>78</u>		<u>(2,704,146)</u>

CITY OF PASADENA
Private Purpose Trust Funds
Combining Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	Successor Agency Admin	Redevelopment Obligation Retirement Fund	Successor Agency Debt Service		
			Old Pasadena	Lincoln	Downtown
Additions:					
Property taxes	\$ -	12,978,822	-	-	-
Investment earnings	-	-	-	-	-
Gain(loss) on disposition of property	-	7,486,556	-	-	-
Miscellaneous revenues	-	-	-	-	-
Contributions	-	-	-	-	-
Total additions	-	20,465,378	-	-	-
Deductions:					
Fiscal agency expenses	-	-	-	-	-
Interest expense	-	-	174,956	-	-
Statutory pass-through expenses	-	-	2,232,377	26,102	-
Lease expense	41,908	-	-	-	-
Administrative expenses:					
County administrative expenses	-	-	91,096	6,181	485,231
Successor agency administrative cost allowance	229,245	8,366,903	-	-	-
Total deductions	271,153	8,366,903	2,498,429	32,283	485,231
Transfers:					
Transfers in	267,799	-	4,468,429	1,226,824	485,231
Transfers out	-	(10,341,136)	-	-	-
Total transfers	267,799	(10,341,136)	4,468,429	1,226,824	485,231
Change in amount held in trust	(3,354)	1,757,339	1,970,000	1,194,541	-
Amount held in trust at beginning of year	(11,360)	5,579,392	(4,002,728)	(1,724,975)	-
Amount held in trust at end of year	\$ (14,714)	7,336,731	(2,032,728)	(530,434)	-

Successor Agency Debt Service				Housing	
Fair Oaks	Orange Grove	Villa Parke	Lake Washington	Successor- Debt Service	Total
-	-	-	-	-	12,978,822
1,011	-	36	338	-	1,385
-	-	-	-	-	7,486,556
49,359	24,256	-	-	-	73,615
-	-	-	-	-	-
50,370	24,256	36	338	-	20,540,378
1,974	-	-	1,974	-	3,948
163,026	-	-	4,230	-	342,212
125,045	55,736	314,005	237,378	-	2,990,643
-	-	-	-	-	41,908
18,999	15,236	36,393	7,619	-	660,755
-	-	-	-	-	8,596,148
309,044	70,972	350,398	251,201	-	12,635,614
3,128,189	70,972	350,398	343,294	-	10,341,136
-	-	-	-	-	(10,341,136)
3,128,189	70,972	350,398	343,294	-	-
2,869,515	24,256	36	92,431	-	7,904,764
(9,947,949)	(408,038)	8,809	(102,139)	78	(10,608,910)
(7,078,434)	(383,782)	8,845	(9,708)	78	(2,704,146)

(This page intentionally left blank)



COMPONENT UNITS



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 Units
Rose Bowl Operating Company
Combining Statement of Net Position
June 30, 2017

	Rose Bowl	Golf Course	Total
Assets			
Current assets:			
Cash and investments (note 2)	\$ 9,686,990	8,540,792	18,227,782
Cash and investments restricted (note 2)	15,847,088	-	15,847,088
Accounts receivable, net	4,815,964	443,463	5,259,427
Prepays and other assets	314,219	-	314,219
Total current assets	<u>30,664,261</u>	<u>8,984,255</u>	<u>39,648,516</u>
Noncurrent assets:			
Other receivable	477,682	-	477,682
Derivative instrument asset	56,291	-	56,291
Capital assets (note 7):			
Construction in progress	733,818	-	733,818
Other capital assets, net	193,819,157	7,909,014	201,728,171
Total noncurrent assets	<u>195,086,948</u>	<u>7,909,014</u>	<u>202,995,962</u>
Total assets	<u>225,751,209</u>	<u>16,893,269</u>	<u>242,644,478</u>
Deferred outflow of resources:			
Deferred refunding charge	3,680,375	-	3,680,375
Outflows related to net pension liability	1,310,609	75,731	1,386,340
Total deferred outflow of resources	<u>4,990,984</u>	<u>75,731</u>	<u>5,066,715</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	4,451,848	6,955	4,458,803
Deposits	335,470	-	335,470
Interest payable	3,118,358	-	3,118,358
Due to primary government	1,126,154	874	1,127,028
Current portion of compensated absences	120,701	8,779	129,480
Current portion of long-term debt (note 9)	2,110,000	-	2,110,000
Total current liabilities	<u>11,262,531</u>	<u>16,608</u>	<u>11,279,139</u>
Noncurrent liabilities:			
Compensated absences	137,536	9,925	147,461
Net pension liability	2,100,964	249,491	2,350,455
Long-term debt (note 9)	211,885,510	-	211,885,510
Total noncurrent liabilities	<u>214,124,010</u>	<u>259,416</u>	<u>214,383,426</u>
Total liabilities	<u>225,386,541</u>	<u>276,024</u>	<u>225,662,565</u>
Deferred inflow of resources:			
Accumulated increase in fair value of hedging derivatives (note 10)	56,291	-	56,291
Deferred refunding charge	1,391,662	-	1,391,662
Sales of future revenue	3,877,965	-	3,877,965
Inflows related to net pension liability	172,358	47,989	220,347
Total deferred inflow of resources	<u>5,498,276</u>	<u>47,989</u>	<u>5,546,265</u>
Net Position			
Net Investment in Capital Assets	5,001,036	7,909,014	12,910,050
Unrestricted	(5,143,660)	8,735,973	3,592,313
Total net position	<u>\$ (142,624)</u>	<u>16,644,987</u>	<u>16,502,363</u>

See accompanying notes to the basic financial statements.

CITY OF PASADENA
Discretely Presented Component Units
Rose Bowl Operating Company
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	Rose Bowl	Golf Course	Total
Operating revenues:			
Charges for services:			
Rose Bowl	\$ 31,456,223	-	31,456,223
Golf course	-	1,965,280	1,965,280
Total operating revenues	<u>31,456,223</u>	<u>1,965,280</u>	<u>33,421,503</u>
Operating expenses:			
Rose Bowl	20,682,670	-	20,682,670
Golf course	-	510,082	510,082
Depreciation	10,856,231	586,656	11,442,887
Total operating expenses	<u>31,538,901</u>	<u>1,096,738</u>	<u>32,635,639</u>
Operating income	<u>(82,678)</u>	<u>868,542</u>	<u>785,864</u>
Nonoperating revenues (expenses):			
Investment gain (loss)	(80,692)	21,878	(58,814)
Interest expense	(11,394,105)	-	(11,394,105)
Other nonoperating revenues	8,831,059	562,755	9,393,814
Total nonoperating revenues (expenses)	<u>(2,643,738)</u>	<u>584,633</u>	<u>(2,059,105)</u>
Change in net position	(2,726,416)	1,453,175	(1,273,241)
Net position at beginning of year	<u>2,583,792</u>	<u>15,191,812</u>	<u>17,775,604</u>
Net position at end of year	<u>\$ (142,624)</u>	<u>16,644,987</u>	<u>16,502,363</u>

See accompanying notes to the basic financial statements.

(This page intentionally left blank)



STATISTICAL SECTION



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.	226
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	236
<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.	248
<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.	259
<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.	264

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.

CITY OF PASADENA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities				
Net Investment in Capital Assets	318,192	325,410	364,990	375,202
Restricted	73,830	94,360	87,602	97,996
Unrestricted	(19,054)	(28,083)	(61,972)	(198,788)
Total governmental activities net position	<u>372,968</u>	<u>391,687</u>	<u>390,620</u>	<u>274,410</u>
Business-type activities				
Net Investment in Capital Assets	254,992	257,831	291,079	311,054
Restricted	153,935	158,337	155,458	151,872
Unrestricted	119,139	146,345	160,885	176,307
Total business-type activities net position	<u>528,066</u>	<u>562,513</u>	<u>607,422</u>	<u>639,233</u>
Primary government				
Net Investment in Capital Assets	573,184	573,185	583,241	656,069
Restricted	227,765	227,763	252,697	243,060
Unrestricted	100,085	104,085	118,261	98,913
Total primary government net position	<u>901,034</u>	<u>905,033</u>	<u>954,199</u>	<u>998,042</u>

Table 1

Fiscal Year					
2012	2013	2014	2015	2016	2017
382,296	430,453	419,328	408,195	405,858	418,266
37,259	63,633	60,592	44,327	56,050	55,477
36,017	(41,046)	(29,751)	(339,336)	(325,826)	(310,488)
<u>455,572</u>	<u>453,040</u>	<u>450,168</u>	<u>113,185</u>	<u>136,082</u>	<u>163,255</u>
332,781	364,493	422,610	371,526	449,141	408,944
149,763	144,017	133,791	176,248	153,241	171,545
188,164	185,593	159,948	114,512	131,037	183,279
<u>670,708</u>	<u>694,103</u>	<u>716,349</u>	<u>662,286</u>	<u>733,419</u>	<u>763,768</u>
715,077	794,946	841,938	779,721	854,999	827,210
187,022	207,650	194,382	220,575	209,291	227,022
224,181	144,547	130,197	(224,824)	(194,789)	(127,209)
<u>1,126,280</u>	<u>1,147,143</u>	<u>1,166,517</u>	<u>775,472</u>	<u>869,500</u>	<u>927,023</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	44,788	43,926	38,973	43,955
Public safety	99,785	103,180	104,870	103,392
Transportation	50,035	49,979	43,905	51,134
Sanitation	3,189	4,061	3,697	3,782
Health	12,444	13,373	11,458	12,108
Culture and leisure	27,608	26,048	25,996	26,196
Community development	40,763	42,791	53,845	45,937
Interest and other fiscal charges	15,345	18,755	13,249	12,121
Total governmental activities expenses	<u>293,957</u>	<u>302,113</u>	<u>295,993</u>	<u>298,625</u>
Business-type activities:				
Electric	162,719	170,428	158,770	167,442
Water	36,394	36,877	35,920	40,101
Refuse	12,098	11,833	13,131	13,158
Parking	12,437	12,775	11,159	11,384
Telecommunication	470	457	452	380
Total business-type activities expenses	<u>224,118</u>	<u>232,370</u>	<u>219,432</u>	<u>232,465</u>
Total primary government expenses	<u><u>518,075</u></u>	<u><u>534,483</u></u>	<u><u>515,425</u></u>	<u><u>531,090</u></u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	16,679	17,899	17,552	16,975
Public safety	14,064	15,504	12,097	13,315
Transportation	13,802	13,852	13,248	13,215
Sanitation	5,583	6,685	6,504	6,541
Health	788	737	902	696
Culture and leisure	2,114	1,957	2,270	2,476
Community development	10,503	9,244	7,450	7,724
Operating grants and contributions	41,254	28,808	33,659	36,910
Capital grants and contributions	14,456	18,112	15,289	11,090
Total governmental activities program revenues	<u>119,243</u>	<u>112,798</u>	<u>108,971</u>	<u>108,942</u>
Business-type activities:				
Charges for services:				
Electric	185,043	193,158	183,712	186,993
Water	39,560	43,096	43,480	47,137
Refuse	10,012	10,285	11,050	10,918
Parking	13,867	13,124	12,558	11,753
Telecommunication	428	595	629	681
Operating grants and contributions	3,233	4,216	-	-
Capital grants and contributions	-	-	3,962	2,481
Total business-type activities program revenues	<u>252,143</u>	<u>264,474</u>	<u>255,391</u>	<u>259,963</u>
Total primary government program revenues	<u><u>371,386</u></u>	<u><u>377,272</u></u>	<u><u>364,362</u></u>	<u><u>368,905</u></u>
Net Revenues (Expenses)				
Governmental activities	(174,714)	(189,315)	(187,022)	(189,683)
Business-type activities	28,025	32,104	35,959	27,498
Total net revenues (expenses)	<u><u>(146,689)</u></u>	<u><u>(157,211)</u></u>	<u><u>(151,063)</u></u>	<u><u>(162,185)</u></u>

Table 2

Fiscal Year						
2012	2013	2014	2015	2016	2017	
35,085	54,650	53,260	38,902	59,425	42,895	
103,389	105,541	104,708	106,327	96,484	127,760	
63,839	45,045	59,581	49,526	35,739	41,738	
3,516	3,744	4,106	4,232	4,267	4,290	
11,422	14,228	14,239	13,764	10,914	10,558	
27,825	29,402	31,321	30,127	32,286	34,249	
42,169	35,156	31,669	35,248	72,725	39,787	
41,481	3,142	11,047	10,310	9,187	8,611	
<u>328,726</u>	<u>290,908</u>	<u>309,931</u>	<u>288,436</u>	<u>321,027</u>	<u>309,888</u>	
173,410	183,202	177,590	171,282	174,858	183,522	
43,771	46,484	51,054	48,462	45,240	48,009	
16,783	13,185	13,022	12,843	14,421	14,330	
11,711	12,229	14,556	13,532	14,488	13,062	
267	827	849	89	141	110	
<u>245,942</u>	<u>255,927</u>	<u>257,071</u>	<u>246,208</u>	<u>249,148</u>	<u>259,033</u>	
<u>574,668</u>	<u>546,834</u>	<u>567,003</u>	<u>534,644</u>	<u>570,175</u>	<u>568,921</u>	
17,465	17,563	17,872	18,750	18,053	14,651	
11,085	13,370	13,050	14,674	14,841	19,244	
12,863	13,784	14,253	16,059	16,384	16,663	
7,220	7,083	8,010	7,875	7,008	7,127	
666	741	797	1,022	644	870	
2,856	2,975	3,382	3,566	4,504	5,870	
9,594	9,085	12,935	12,630	14,193	15,803	
86,051	38,350	35,948	41,943	40,422	41,050	
15,665	7,116	16,504	16,197	15,383	9,083	
<u>163,465</u>	<u>110,067</u>	<u>122,751</u>	<u>132,716</u>	<u>131,432</u>	<u>130,361</u>	
185,951	190,071	188,174	203,748	199,197	202,480	
54,301	58,536	61,233	57,440	50,835	58,287	
11,291	12,057	11,925	11,959	11,880	11,775	
11,991	12,783	13,334	13,603	14,621	14,595	
670	580	816	655	609	669	
-	-	-	-	-	-	
2,317	1,933	2,828	2,905	2,790	4,811	
<u>266,521</u>	<u>275,960</u>	<u>278,310</u>	<u>290,310</u>	<u>279,932</u>	<u>292,617</u>	
<u>429,986</u>	<u>386,027</u>	<u>401,060</u>	<u>423,026</u>	<u>411,364</u>	<u>422,978</u>	
(165,261)	(180,841)	(187,180)	(155,720)	(189,595)	(179,527)	
20,579	20,033	21,239	44,102	30,784	33,584	
<u>(144,682)</u>	<u>(160,807)</u>	<u>(165,943)</u>	<u>(111,618)</u>	<u>(158,811)</u>	<u>(145,943)</u>	

(continued)

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

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property tax, levied for general purpose	63,449	69,062	68,354	70,803
Sales tax	36,519	32,913	28,949	30,301
Utility users' tax	29,640	31,162	29,520	29,355
Transient occupancy tax	8,848	7,382	6,942	7,668
Construction tax	3,984	2,367	1,397	1,480
Business license tax	5,604	5,861	5,664	5,600
Franchise tax	2,108	2,402	1,933	2,216
Other taxes	6,222	6,078	6,035	6,108
Other intergovernmental	14,565	15,094	14,901	15,427
Investment earnings	12,851	9,887	6,030	3,690
Gain on sale of assets	146	665	250	737
Miscellaneous revenues	5,329	6,121	4,465	7,033
Reinstatement of PCDC Loan (Note 23)	-	-	-	-
Transfers	14,137	15,040	12,122	16,216
Extraordinary Gain	-	-	-	-
Total governmental activities	<u>203,402</u>	<u>204,034</u>	<u>186,562</u>	<u>196,634</u>
Business-type activities:				
Taxes:				
Transient occupancy tax	1,883	1,605	1,464	1,421
Franchise tax	2,215	2,128	3,098	2,901
Investment earnings	15,447	10,868	9,333	6,910
Gain on sale of assets	(149)	(188)	-	-
Miscellaneous revenues	3,004	2,970	10,946	9,296
Transfers	(14,137)	(15,040)	(17,408)	(16,215)
Extraordinary Gain	-	-	-	-
Total business-type activities	<u>8,263</u>	<u>2,343</u>	<u>7,433</u>	<u>4,313</u>
Total primary government	<u><u>211,665</u></u>	<u><u>206,377</u></u>	<u><u>193,995</u></u>	<u><u>200,947</u></u>
Changes in Net Position				
Governmental activities	28,688	14,719	(460)	6,951
Business-type activities	36,288	34,447	43,392	31,811
Total primary government	<u><u>64,976</u></u>	<u><u>49,166</u></u>	<u><u>42,932</u></u>	<u><u>38,762</u></u>

Table 2

Fiscal Year					
2012	2013	2014	2015	2016	2017
54,051	42,957	44,066	56,446	59,141	68,752
32,239	30,871	33,198	33,706	36,855	35,708
29,318	29,531	28,893	29,316	28,100	28,251
9,553	11,109	12,043	13,165	14,864	15,229
2,819	2,066	3,682	4,770	4,375	3,491
5,479	5,230	5,633	5,836	6,483	6,347
2,015	2,063	2,361	2,903	2,542	2,797
6,262	6,532	7,088	7,181	7,335	7,298
14,919	15,187	15,924	16,648	18,005	18,259
3,178	2,681	4,833	4,461	4,955	1,857
5,396	424	1,153	370	(60)	-
11,509	4,023	4,655	4,863	14,621	8,224
-	-	-	-	11,128	-
19,285	22,083	16,305	14,657	15,033	18,652
150,399	(2,197)	-	-	-	-
346,422	172,559	179,834	194,322	223,377	214,865
541	-	-	-	-	-
2,760	3,825	3,907	4,319	4,575	4,893
9,401	4,743	7,136	5,529	6,593	2,372
-	(92)	(1,161)	-	(311)	-
6,670	20,614	8,977	15,631	42,427	8,154
(19,300)	(20,974)	(16,305)	(14,657)	(15,033)	(18,652)
10,825	-	-	-	-	-
10,897	8,117	2,553	10,822	38,251	(3,233)
357,319	180,675	182,387	205,144	261,628	211,632
181,161	(8,282)	(7,346)	38,602	33,782	35,338
31,476	28,150	23,793	54,924	69,035	30,351
212,637	19,868	16,444	93,526	102,817	65,689

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

	Fiscal Year			
	2008	2009	2010	2011
General Fund:				
Reserved	7,127	11,982	-	-
Unreserved	62,798	48,401	-	-
Nonspendable	-	-	404	52
Restricted	-	-	-	-
Committed	-	-	39,201	39,321
Assigned	-	-	4,794	8,583
Unassigned	-	-	8,778	(1,391)
Total general fund	<u>69,925</u>	<u>60,383</u>	<u>53,177</u>	<u>46,565</u>
All Other Governmental Funds:				
Reserved	98,390	112,237	-	-
Unreserved, reported in:				
Special revenue funds	46,593	48,859	-	-
Capital project funds	22,592	21,961	-	-
Debt service funds	(23,379)	(17,547)	-	-
Permanent funds	1,062	1,205	-	-
Nonspendable	-	-	41,456	44,386
Restricted	-	-	86,805	85,216
Committed	-	-	53,267	54,266
Assigned	-	-	-	-
Unassigned	-	-	(42,460)	(45,102)
Total all other governmental funds	<u>46,868</u>	<u>54,478</u>	<u>139,068</u>	<u>138,766</u>

* 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 3

Fiscal Year					
2012	2013	2014	2015	2016	2017
-	-	-	-	-	-
-	-	-	-	-	-
8,352	8,351	8,352	8,620	12,236	11,108
-	-	-	400	400	400
80,043	37,380	34,868	30,951	33,451	47,563
5,510	4,249	5,043	11,087	17,227	26,825
(40,129)	11,965	15,015	12,140	15,139	3,832
<u>53,776</u>	<u>61,945</u>	<u>63,277</u>	<u>63,198</u>	<u>78,453</u>	<u>89,728</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
36,311	33,356	31,674	30,997	7,799	2,482
85,250	69,676	57,300	52,516	55,650	55,077
59,078	62,629	72,479	87,144	101,338	106,631
-	-	-	-	-	-
(6,874)	(4,265)	(7,981)	(7,482)	(8,126)	(10,950)
<u>173,765</u>	<u>161,396</u>	<u>153,472</u>	<u>163,175</u>	<u>156,661</u>	<u>153,240</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues:				
Taxes	156,373	157,227	148,794	153,532
Licenses and permits	8,646	7,136	6,737	7,063
Intergovernmental revenues	57,531	61,410	63,398	61,459
Charges for services	39,088	42,783	41,489	40,820
Fines and forfeits	8,025	8,844	5,135	6,362
Investment earnings	29,350	28,423	28,089	25,332
Rental income	5,370	5,277	4,687	4,601
Miscellaneous revenues	7,894	6,570	6,651	8,431
Contributions	6,005	8,012	842	2,928
Total revenues	<u>318,282</u>	<u>325,682</u>	<u>305,822</u>	<u>310,528</u>
Expenditures:				
Current:				
General government	35,124	35,826	36,976	39,418
Public safety	96,211	102,518	101,078	100,535
Transportation	36,717	36,904	33,038	33,895
Sanitation	3,189	4,061	3,697	3,782
Health	12,124	11,471	11,049	11,027
Culture and leisure	26,821	26,936	25,154	25,214
Community development	39,682	42,652	52,600	42,043
Capital outlay	34,999	29,991	34,374	21,612
Debt service:				
Principal retirement	41,972	86,074	21,553	21,174
Interest	34,165	33,432	37,067	40,296
Bond issuance costs	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total expenditures	<u>361,004</u>	<u>409,865</u>	<u>356,586</u>	<u>338,996</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,722)</u>	<u>(84,183)</u>	<u>(50,764)</u>	<u>(28,468)</u>
Other financing sources (uses):				
Premium (discount) on debt issued	836	-	-	-
Issuance of long-term debt	27,939	80,032	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	112,228	158,735	112,078	95,951
Transfers out	(96,215)	(142,668)	(96,168)	(77,238)
Reinstatement of PCDC Loan (Note 23)	-	-	-	-
Total other financing sources (uses)	<u>44,788</u>	<u>96,099</u>	<u>15,910</u>	<u>18,713</u>
Extraordinary gain (loss):	-	-	-	-
Net change in fund balances	<u><u>2,066</u></u>	<u><u>11,916</u></u>	<u><u>(34,854)</u></u>	<u><u>(9,755)</u></u>
Debt service as a percentage of noncapital expenditures	23.4%	31.5%	18.2%	19.4%

Table 4

Fiscal Year						
2012	2013	2014	2015	2016	2017	
141,736	130,356	136,965	153,323	159,694	167,874	
9,525	9,196	13,675	11,235	14,946	14,882	
64,715	58,988	61,505	63,785	65,299	62,121	
38,939	42,006	43,416	49,413	46,984	49,324	
6,796	7,453	6,768	7,329	7,378	7,802	
11,745	11,041	5,255	4,294	4,780	1,752	
4,462	4,355	4,064	3,822	4,212	4,765	
13,618	6,172	6,081	7,133	16,341	12,072	
5,280	1,534	7,807	11,759	6,496	5,397	
296,816	271,101	285,538	312,093	326,130	325,989	
77,897	30,977	34,613	44,283	47,488	42,054	
100,265	99,680	99,871	106,469	111,012	116,577	
35,275	34,419	36,912	37,018	35,282	40,196	
3,517	3,744	4,106	4,274	4,356	4,324	
10,899	13,480	13,551	13,553	11,294	10,309	
27,192	28,240	30,039	30,505	32,241	32,663	
37,848	32,447	29,579	31,933	60,841	34,370	
20,645	24,907	23,571	16,855	29,032	32,254	
20,303	20,415	20,808	129,469	6,611	6,345	
16,486	10,783	9,797	8,730	8,139	8,744	
-	-	-	-	-	-	
-	-	-	-	-	-	
350,327	299,092	302,846	423,089	346,296	327,836	
(53,511)	(27,991)	(17,308)	(110,996)	(20,166)	(1,847)	
(459)	-	-	(2,283)	5,790	-	
51,097	841	351	119,460	60,460	-	
-	-	-	-	(60,762)	-	
81,635	84,444	61,085	51,606	121,920	67,251	
(63,131)	(65,045)	(50,718)	(38,028)	(109,631)	(50,916)	
-	-	-	-	11,128	-	
69,142	20,240	10,718	130,755	28,905	16,335	
152,582	(2,197)	-	-	-	-	
168,213	(9,948)	(6,590)	19,759	8,739	14,488	
11.2%	11.4%	11.0%	34.0%	4.6%	5.1%	

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
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	1.00%
2011	20,481,388	(138,275)	20,343,113	605,404	20,948,517	0.34%
2012	20,969,532	(137,843)	20,831,689	567,527	21,399,216	0.32%
2013	21,368,295	(136,241)	21,232,054	571,614	21,803,668	0.24%
2014	22,534,203	(134,257)	22,399,946	575,006	22,974,952	0.22%
2015	23,756,525	(131,813)	23,624,712	608,539	24,233,251	0.25%
2016	25,354,224	(130,238)	25,223,986	602,659	25,826,645	0.26%
2017	26,599,121	(128,241)	26,470,880	625,032	27,095,912	0.30%

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.

(This page intentionally left blank)

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

	Fiscal Year			
	2008	2009	2010	2011
City Direct Rates:				
City basic rate	0.1926	0.1932	0.1920	0.1891
Pasadena Community Development Commission (PCDC)	0.1447	0.1396	0.1380	0.1489
PCDC Successor Agency	-	-	-	-
Total City Direct Rate	0.3373	0.3328	0.3300	0.3380
Overlapping Rates:				
Los Angeles County General	0.3277	0.3635	0.2280	0.3307
Pasadena School District	0.2993	0.2765	0.3908	0.4392
Pasadena Community College District	-	-	-	-
Flood Control District	-	-	-	-
Metropolitan Water District	0.0045	0.0043	0.0043	0.0037
Total Direct Rate	1.0791	1.0789	1.0804	1.2347

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.

PCDC dissolved in January 2012, thereby, this schedule represents its seven months of enforceable obligations. The remaining five months are reported under the Successor Agency for the former PCDC.

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

Table 6

Fiscal Year						
2012	2013	2014	2015	2016	2017	
0.1921	0.1970	0.1918	0.2329	0.2290	0.2537	
0.0605	-	-	-	-	-	
0.0657	0.0437	0.0282	0.0219	0.0331	0.0479	
<u>0.3183</u>	<u>0.2407</u>	<u>0.2200</u>	<u>0.2548</u>	<u>0.2621</u>	<u>0.3016</u>	
0.3346	0.4266	0.4483	0.4118	0.4060	0.3647	
0.3589	0.4389	0.4379	0.4389	0.4375	0.4386	
-	-	-	-	-	-	
0.1121	0.1248	0.1247	0.1254	0.1254	0.1260	
-	-	-	-	-	-	
0.0037	0.0035	0.0035	0.0035	0.0035	0.0035	
<u>1.1276</u>	<u>1.2345</u>	<u>1.2345</u>	<u>1.2344</u>	<u>1.2345</u>	<u>1.2345</u>	

CITY OF PASADENA
Principal Property Taxpayers
Current Year and Nine Years Ago

<u>Property Owner</u>	<u>2017</u>		<u>2008</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>
Ppf Off 100 West Walnut Street	\$ 498,158,616	1.84%	\$ -	0.00%
Kaiser Foundation Health Plan	335,323,841	1.24%	231,705,488	1.23%
Westgate Pasadena LLC	218,197,945	0.81%		0.00%
Paseo Colorado Holdings LLC	190,681,423	0.70%	127,391,704	0.68%
Western Asset Plaza LLC	164,099,888	0.61%	-	0.00%
Pacific Huntington Hotel	157,560,798	0.58%	-	0.00%
Tishman Speyer Archstone Smith	147,094,689	0.54%	-	0.00%
Spf 888 Walnut Pasadena LLC	133,500,000	0.49%	-	0.00%
Bcsp Pasadena Towers Property	129,950,400	0.48%	-	0.00%
Teachers Insurance Annuity Ass	128,223,641	0.47%	-	0.00%
Maguire Partners Wap Llc	-	0.00%	124,002,535	0.66%
Ssr Paseo Colorado LLC	-	0.00%	106,206,848	0.56%
Pasadena Towers Llc	-	0.00%	104,166,845	0.55%
Equity Office Properties Trust	-	0.00%	103,537,991	0.55%
Archstone Smith Operating Trus	-	0.00%	95,133,577	0.51%
Crown City Center Llc	-	0.00%	75,234,474	0.40%
Operating Engineers Funds Inc.	-	0.00%	73,753,738	0.39%
Parfinco Ewa Llc	-	0.00%	71,198,279	0.38%
Total principal property taxpayers gross assessed value	<u>\$ 2,102,791,241</u>	7.76%	<u>\$ 1,112,331,479</u>	5.91%

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)
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%	505,708	36,668,527	97.07%
2012	38,752,298	38,214,429	98.61%	567,546	38,214,429	98.61%
2013	39,044,561	38,331,579	98.17%	516,462	38,331,579	98.17%
2014	41,214,435	41,488,565	100.67%	626,989	41,488,565	100.67%
2015	43,784,611	53,950,721	123.22%	*	53,950,721	123.22%
2016	46,200,734	56,653,799	122.63%	*	56,653,799	122.63%
2017	49,072,061	66,159,085	134.82%	*	66,159,085	134.82%

(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 2013 is not available.

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

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

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

	Fiscal Year			
	2008	2009	2010	2011
Type of Customer:				
Residential	338,855	337,531	328,320	319,657
Commercial and Industrial	884,070	887,698	883,413	813,566
Street Lights and Traffic Signals	15,701	16,266	16,272	15,640
Wholesales to Other Utilities	315,484	118,231	164,215	168,613
Other	(7,212)	3,513	(6,340)	10,697
Total	<u>1,546,898</u>	<u>1,363,240</u>	<u>1,385,880</u>	<u>1,328,173</u>
 Total direct rate per megawatt hour ¹	 119.62	 141.69	 132.55	 140.79

¹ Rate represents average cost per megawatt hour with respect to total revenue sales from electricity.

Source: Pasadena Water and Power

Table 9

Fiscal Year					
2012	2013	2014	2015	2016	2017
316,084	334,179	316,631	324,657	326,023	320,280
783,296	776,816	783,878	768,735	755,510	720,678
15,598	15,683	13,678	13,423	13,384	13,368
199,045	185,361	36,811	30,969	310	-
(867)	574	-	-	-	-
<u>1,313,156</u>	<u>1,312,613</u>	<u>1,150,998</u>	<u>1,137,784</u>	<u>1,095,227</u>	<u>1,054,326</u>
141.61	144.80	163.49	179.07	179.07	188.93

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
2008	0.1423	0.1235	0.1269	N/A
2009*	0.1552	0.1305	0.1379	N/A
2010*	0.1528	0.1307	0.1357	N/A
2011*	0.1554	0.1337	0.1367	N/A
2012*	0.1570	0.1362	0.1396	N/A
2013*	0.1613	0.1443	0.1313	N/A
2014*	0.1612	0.1442	0.1427	N/A
2015*	0.1784	0.1556	0.1514	N/A
2016*	0.1827	0.1582	0.1505	N/A
2017*	0.1826	0.1597	0.1467	N/A

* FY 2008 - FY 2016 include Public Benefit Charge (PBC)

Source: Pasadena Water and Power

**CITY OF PASADENA
Electricity Customers
Current Year**

Electricity Customer	2017	
	Electricity Charges	Percent of Operating Electric Revenues
Huntington Memorial Hospital	\$ 4,640,307	2.31%
Pasadena City College	2,316,270	1.15%
Water Dept.	2,149,004	1.07%
Kaiser Permanente	1,974,945	0.98%
Street Lights	1,755,864	0.87%
PUSD	2,498,485	1.24%
Caltech	2,104,123	1.05%
Public Works	1,615,978	0.81%
MTA	1,257,927	0.63%
Art Center College	1,218,397	0.61%
	\$ 21,531,300	10.73%

CITY OF PASADENA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				
	General Obligation Bonds	Revenue Bonds [^]	Pension Bonds	Certificates of Participation ¹	Tax Allocation Bonds ^{**}
2008	-	9,895,000	123,610,000	131,036,605	8,819,025
2009	-	9,415,000	118,365,000	124,732,976	7,656,689
2010	-	8,910,000	111,525,000	114,437,082	6,422,412
2011	-	8,405,000	103,935,000	103,651,183	5,149,000
2012	-	7,880,000	143,040,000	94,920,443	-
2013	-	6,700,000	133,905,000	85,772,925	-
2014	-	6,180,000	123,890,000	76,589,936	-
2015	-	5,617,649	117,184,671	73,165,019	-
2016	-	5,059,568	117,259,853	73,397,830	-
2017	-	4,501,487	117,335,939	68,275,669	-

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

¹ Restated COP prior year data 2007 to 2011

^{***} Beginning with fiscal year 2015, the City implemented GASB 68, so the pension liability amount was removed from the long term debt section

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

Table 12

Capitalized Lease Obligations	Notes Payable	Other ***	Total Governmental Activities
6,527,207	7,120,623	81,945,620	368,954,080
12,499,210	6,258,463	85,195,029	364,122,367
9,992,673	4,020,056	89,836,926	345,144,149
8,196,271	3,420,722	92,795,473	325,552,649
9,494,610	685,000	61,632,939	317,652,992
8,532,705	925,642	75,837,593	311,673,865
7,542,101	561,673	89,295,467	304,059,177
6,153,430	547,411	67,172,783	269,840,963
4,838,030	6,532,849	69,774,761	276,862,891
3,360,807	6,217,983	87,229,120	286,921,005 (continued)

CITY OF PASADENA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Business-type Activities					Total Business-type Activities
	Revenue Bonds	Certificates of Participation	Capitalized Lease Obligations	Notes Payable	Other	
2008	262,250,000	26,530,869	740,391	1,796,485	2,244,061	293,561,806
2009	253,675,000	23,798,315	448,305	1,677,796	1,309,143	280,908,559
2010	240,655,000	20,735,016	653,215	1,552,911	3,169,698	266,765,840
2011	263,190,000	17,393,817	111,754	1,421,679	2,069,094	284,186,344
2012	251,565,000	13,764,557	78,828	1,283,965	2,641,858	269,334,208
2013	239,665,000	9,837,075	44,626	1,139,066	3,346,787	254,032,554
2014	304,245,000	8,125,064	9,096	986,804	(3,040,335)	310,325,629
2015	303,423,927	6,300,977	-	826,805	-	310,551,709
2016	289,292,444	4,358,024	-	658,777	-	294,309,245
2017	366,890,070	2,291,366	-	482,108	-	369,663,544

* Percentage of Personal Income and Debt Per Capital (See Table 18), correction made retroactive to FY2008

**FY 2012's balance from Tax Allocation Bonds under Governmental Activities were transferred to FY 2012's Long-Term Liabilities under Private Purpose Trust Fund

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

Table 12

Total Primary Government	Private Purpose Long-Term Liabilities**	Percentage of Personal Income *	Debt Per Capita *
662,515,886	-	10.58%	4,473
645,030,926	-	10.64%	4,295
611,909,989	-	10.71%	4,474
609,738,993	-	10.74%	4,389
586,987,200	66,886,678	10.32%	4,216
565,706,419	51,256,905	10.86%	4,040
614,384,806	48,552,905	10.34%	4,361
580,392,672	7,525,000	9.73%	4,101
571,172,136	16,553,159	9.67%	4,050
656,584,549	10,483,543	10.44%	4,581

CITY OF PASADENA
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt					Total
	General Obligation Bonds	Revenue Bonds	Pension Bonds	Certificates of Participation	Tax Allocation Bonds **	
2008	-	9,895,000	123,610,000	131,036,605	8,819,025	273,360,630
2009	-	9,415,000	118,365,000	124,732,976	7,656,689	260,169,665
2010	-	8,910,000	111,525,000	114,437,082	6,422,412	241,294,494
2011	-	8,405,000	103,935,000	103,651,183	5,149,000	221,140,183
2012	-	7,880,000	143,040,000	94,920,443	-	245,840,443
2013	-	6,700,000	133,905,000	85,772,925	-	226,377,925
2014	-	6,180,000	123,890,000	76,589,936	-	206,659,936
2015	-	5,617,649	117,184,671	73,165,019	-	195,967,339
2016	-	5,059,568	117,259,853	73,397,830	-	195,717,251
2017	-	4,501,487	117,335,939	68,275,669	-	190,113,095

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.

**FY 2012's balance from Tax Allocation Bonds under Governmental Activities were transferred to FY 2012's Long-Term Liabilities under the Private Purpose Trust Funds

Table 13

Restricted Net Assets for Debt Service	Net Bonded Debt	Percent of Assessed Value¹	Per Capita
30,110,796	243,249,834	1.45%	1,845
44,714,908	215,454,757	1.26%	1,732
39,866,067	201,428,427	1.17%	1,764
40,502,909	180,637,274	1.06%	1,592
-	245,840,443	1.15%	1,766
31,126,374	195,251,551	1.04%	1,617
24,754,798	181,905,138	0.90%	1,467
9,723,366	186,243,973	0.81%	1,316
12,036,110	183,681,141	0.71%	1,302
11,519,460	178,593,635	0.70%	1,246

**CITY OF PASADENA
Direct and Overlapping Debt
June 30, 2017**

City Assessed Valuation	\$ 23,139,707,698
Redevelopment Agency Incremental Valuation	<u>3,956,203,302</u>
Total Assessed Valuation	<u><u>\$ 27,095,911,000</u></u>

	Percentage Applicable ¹	Outstanding Debt 6/30/17	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	1.054%	\$ 74,905,000	\$ 789,499
Pasadena Area Community College District	34.496%	80,630,000	27,814,125
La Canada Unified School District	0.205%	22,627,475	46,386
Pasadena Unified School District	73.248%	383,590,000	280,972,003
Los Angeles County Improvement District No. 2658-M	0.987%	1,465,000	14,460
Los Angeles County Regional Park and Open Space Assessment District	2.025%	38,895,000	787,624
Total overlapping tax and assessment debt		<u>602,112,475</u>	<u>310,424,097</u>
Overlapping Other Debt:			
Los Angeles County General Fund Obligations	2.025%	1,996,576,065	40,430,665
Los Angeles County Superintendent of Schools Certificates of Participation	2.025%	7,204,988	145,901
Los Angeles County Sanitation District Nos. 15, 16 & 17 Certificates of Participation	0.445-58.472%	24,830,306	5,396,016
Pasadena Unified School District Certificates of Participation	73.248%	1,166,664	854,558
Total gross overlapping other debt		<u>2,029,778,023</u>	<u>46,827,140</u>
Less: Los Angeles County Certificates of Participation (100% self-supporting from leasehold revenues on properties in Marina Del Rey)			
Total net overlapping debt		<u>\$ 2,631,890,498</u>	357,251,237
City direct debt			<u>199,691,883</u>
Total direct and overlapping debt			<u><u>\$ 556,943,120</u></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. The City Direct Debt amount does not include Business Type Activities debt.

Source: California Municipal Statistics, Inc.

(This page intentionally left blank)

CITY OF PASADENA
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands)

	Fiscal Year			
	2008	2009	2010	2011
Assessed valuation	607,798	651,376	644,888	605,404
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	151,950	162,844	161,222	151,351
Debt limit percentage	15%	15%	15%	15%
Debt limit	22,792	24,427	24,183	22,703
Total net debt applicable to limit:	-	-	-	-
Legal debt margin	22,792	24,427	24,183	22,703
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

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						
2012	2013	2014	2015	2016	2017	
567,527	571,614	575,006	24,233,251	25,826,921	27,095,911	
25%	25%	25%	25%	25%	25%	25%
141,882	142,904	143,752	6,058,313	6,456,730	6,773,978	
15%	15%	15%	15%	15%	15%	15%
21,282	21,436	21,563	908,747	968,510	1,016,097	
-	-	-	-	-	-	-
21,282	21,436	21,563	908,747	968,510	1,016,097	
0.0%	0.0%	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 Ended June 30	General Obligation Bonds				
	Property Taxes	Debt Service		Coverage	Tax Increment
		Principal	Interest		
2008	36,228	-	-	-	27,221
2009	40,087	-	-	-	28,975
2010	39,771	-	-	-	28,583
2011	39,608	-	-	-	31,195
2012	41,106	-	-	-	12,945
2013	44,066	-	-	-	-
2014	44,066	-	-	-	-
2015	56,446	-	-	-	-
2016	59,141	-	-	-	-
2017	68,752	-	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

*Up to January 31, 2012, the date of PCDC dissolution, tax increment was reported under Primary Government grouping.

**As of February 1, 2012, tax increment is reported under Private Purpose Trust Fund grouping.

Prior to fiscal year 2015, gross amount was reported (before deduction of Pass-through and County Administrative Cost).

Starting in fiscal year 2015, net amount is reported (post deduction of Pass-through and County Administrative Cost)

Tax Allocation Bonds						
Primary Government*			Private Purpose Trust Fund**			
Debt Service			Tax	Debt Service		
Principal	Interest	Coverage	Increment **	Principal	Interest	Coverage
1,109	383	18.24	-	-	-	-
1,162	442	18.06	-	-	-	-
1,234	380	17.71	-	-	-	-
1,273	315	19.64	-	-	-	-
455	182	20.33	14,065	500	65	24.88
-	-	-	9,537	13,433	1,187	0.65
-	-	-	6,486	2,704	725	1.89
-	-	-	1,925	2,245	409	0.73
-	-	-	4,965	2,100	284	2.08
-	-	-	9,327	2,235	234	3.78

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

Light & Power Revenue Bonds						
Fiscal Year Ended June 30	Light & Power Revenue ¹	Less Operating Expenses ²	Net Available Revenue	Principal	Debt Service ³ Interest	Coverage
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	142,962	50,087	5,320	6,261	432.49%
2012	192,542	149,327	43,215	7,945	6,181	305.93%
2013	193,400	159,351	34,049	9,060	5,885	227.83%
2014	193,701	155,663	38,038	8,695	7,190	239.46%
2015	207,745	147,810	59,935	8,950	8,715	339.29%
2016	204,224	146,510	57,714	9,340	8,347	326.31%
2017	204,287	151,499	52,788	11,290	10,865	238.27%

Water Revenue Bonds						
Fiscal Year Ended June 30	Water Revenue ¹	Less Operating Expenses ²	Net Available Revenue	Principal	Debt Service ³ Interest	Coverage
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	43,788	28,667	15,121	2,195	2,780	303.94%
2011	47,353	31,480	15,873	2,300	3,518	272.83%
2012*	54,777	36,413	18,364	2,390	4,340	272.87%
2013	58,839	37,699	21,140	2,985	4,188	294.72%
2014	61,772	42,615	19,157	3,070	4,045	269.25%
2015	58,039	38,810	19,229	3,185	3,915	270.83%
2016	51,538	35,501	16,037	3,305	3,782	226.29%
2017	58,551	38,589	19,962	4,430	3,634	247.54%

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.

* 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⁾
2008	148,126	6,260,545	42,265	4.3%
2009	150,185	6,060,866	40,356	9.9%
2010	136,769	5,715,713	41,791	9.4%
2011	138,915	5,677,039	40,867	12.6%
2012	139,222	5,689,585	40,867	9.1%
2013	140,020	5,206,803	37,186	8.4%
2014	140,879	5,940,727	42,169	5.8%
2015	141,510	5,965,432	42,156	6.3%
2016	141,023	5,905,778	41,878	6.0%
2017	143,333	6,287,051	43,863	4.7%

Source:

MuniServices, LLC

(1) State of California, Department of Finance Projections

(2) U.S. Census Bureau, 2010 American Community Survey

(3) State of California Employment Development Department, Bureau of Labor Statistics Department

Table 19

**CITY OF PASADENA
Principal Employers
Current Year and Nine Years Ago**

Employer	2017		2008	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
California Institute of Technology - Jet Propulsion Laboratory	6,065	7.77%	5,000	4.94%
Kaiser Permanente	3,059	3.92%	3,000	2.96%
California Institute of Technology - Campus	3,900	4.99%	2,650	2.62%
Huntington Memorial Hospital	3,957	5.07%	3,300	3.26%
The City of Pasadena	2,153	2.76%	2,298	2.27%
Pasadena Unified School District	2,098	2.69%	2,200	2.17%
Bank of America	1,654	2.12%	1,300	1.28%
Pasadena City College	831	1.06%	3,311	3.27%
Art Center College of Design	1,172	1.50%	*	*
Hathaway-Sycamores	682	0.87%	*	*
ATT (SBC in 2007)	2,525	3.23%	2,525	2.49%
Parsons Corporation	477	0.61%	784	0.77%
The Langham Huntington Hotel (The Ritz-Carlton)	504	0.65%	570	0.56%
Western Asset	569	0.73%	*	*
East West Bank	580	0.74%	*	*
One West Bank	500	0.64%	-	*
Rusnak Pasadena	358	0.46%	*	*
Pacific Clinics Administration	244	0.31%	*	*
Avon Products	160	0.20%	425	0.42%

Source: Individual company's Human Resource Department or City of Pasadena Business License Division unless noted below:

(1) For City of Pasadena, the number includes seasonal employees.

(2) For Pasadena City College, the information was obtained from MuniServices, LLC. For 2017, includes full time employees only.

(3) For AT&T, the information was obtained from Pasadena Chamber of Commerce.

(4) Total Employment, as used above, represents the total employment of all employers located within City limits. The information was provided

* Data not available

(This page intentionally left blank)

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

Function	Fiscal Year			
	2008	2009	2010	2011
General government	487.6	489.6	453.9	448.4
Public safety	591.6	594.6	593.6	568.8
Public works	372.3	373.3	357.9	340.4
Transportation	46.0	48.0	48.0	45.0
Health	108.8	103.1	96.8	92.0
Culture and leisure	147.2	148.2	142.6	139.4
Water & power	423.0	428.0	430.5	434.0
Information services	121.8	121.8	116.0	105.4
Seasonal	-	-	-	-
Total	2,298.3	2,306.6	2,239.3	2,173.4

Table 20

Fiscal Year						
2012	2013	2014	2015	2016	2017	
338.0	348.5	338.0	365.0	382.0	405.0	
560.0	562.9	540.0	548.0	550.0	563.0	
292.0	306.6	293.0	315.0	317.0	320.0	
43.0	45.0	51.0	50.0	51.0	51.0	
96.0	103.9	124.0	125.0	85.0	80.0	
210.0	192.2	281.0	94.0	97.0	103.0	
371.0	422.0	355.0	426.0	433.0	443.0	
150.0	104.9	140.0	107.0	108.0	108.0	
119.0	288.0	267.0	192.0	265.0	262.0	
<u>2,179.0</u>	<u>2,374.0</u>	<u>2,389.0</u>	<u>2,222.0</u>	<u>2,288.0</u>	<u>2,335.0</u>	

CITY OF PASADENA
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2008	2009	2010	2011
Police:				
Arrests	9,722	9,055	8,535	6,481
Transportation:				
Parking citations issued**	189,017	189,932	132,042	142,615
Fire:				
Number of emergency calls***	16,089	15,921	15,592	15,647
Inspections	5,017	5,720	6,737	*
Water:				
New connections	61	99	85	66
Average daily consumption (thousands of gallons)	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 FY2010 because a majority of parking tickets are issued by Transportation Department.

***FY2015 initially reported as 14,349; corrected in FY2016 to 18,237

Table 21

Fiscal Year					
2012	2013	2014	2015	2016	2017
6,031	4,906	3,852	3,966	4,210	4,078
160,384	172,154	168,896	185,832	166,481	175,430
16,431	16,570	17,368	18,237	19,488	19,458
7,168	7,123	7,445	7,500	8,296	9,251
42	55	57	31	35	98
25,174	26,982	28,368	25,436	21,144	22,535

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

	Fiscal Year			
	2008	2009	2010	2011
Police:				
Stations	1	1	1	1
Substations	3	4	4	5
Fire:				
Fire stations	8	8	8	7
Transportation:				
Streets (miles)	322	322	322	322
Streetlights	17,047	17,047	17,047	17,069
Traffic signals	340	325	327	327
Parking facilities	11	11	11	12
Culture and leisure:				
Park sites	24	24	24	24
Community centers	6	6	6	5
Libraries	10	10	10	10
Electric Utility:				
Power plants	1	1	1	1
Customers	62,902	63,576	63,838	63,957
Miles of service	525	525	525	525
Maximum capacity (megawatts)	197	197	197	175
Water:				
Water mains (miles)	508	508	508	508
Customers	37,522	37,602	37,586	38,036
Average daily consumption (mgd)	31.53	29.87	25.62	26.70

Table 22

Fiscal Year						
2012	2013	2014	2015	2016	2017	
1	1	1	1	1	1	1
5	5	5	5	3	3	3
7	8	8	8	8	8	8
322	322	357	357	357	357	338
17,100	17,207	17,452	17,584	17,597	17,597	17,597
329	329	329	330	330	330	330
12	9	9	9	9	9	9
24	20	20	20	20	20	20
4	4	4	4	4	4	4
10	10	10	10	10	10	10
1	1	1	1	1	1	1
64,163	64,931	65,039	65,564	65,318	65,318	65,979
525	673	680	680	687	687	687
175	174	175	174	174	174	174
508	516	520	520	520	520	520
38,069	37,911	37,974	37,972	37,959	37,959	38,067
25.17	26.98	28.37	25.43	21.14	21.14	22.54

(This page intentionally left blank)

