

CITY OF

PASADENA

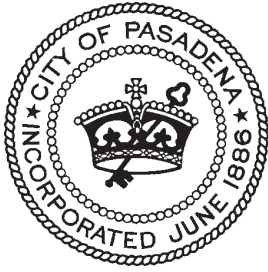
C A L I F O R N I A

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED **JUNE 30, 2018**





City of Pasadena, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2018



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

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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CITY OF

PASADENA

INTRODUCTORY SECTION





DEPARTMENT OF FINANCE

January 24, 2019

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, 2018 (FY 2018), 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 assurance, rather than absolute assurance, that the financial statements are free of any material misstatements.

This report was 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. The financial statements 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. 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 2018, fairly state the City's financial position. The independent audit involved examining evidence, on a test basis, that supports 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 2018 and that these financial statements 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.

Under the current auditor contract, the City required the auditor 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. The auditor’s report on internal controls and compliance will be available in the City’s separately issued Single Audit Report.

GASB requires that management provide a narrative introduction, an overview, and an 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 the 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 2018 population of 144,388, according to the California 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 entities 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, 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 overspend 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 considered from the broader perspective of the current environment in which the City of Pasadena operates.

The Current Economic Climate

The national economic climate was positive for much of 2018 with employment and other economic signs continuing to show moderate gains. The rate of growth, as measured by the Gross Domestic Product, grew by 0.6 percent to 4.1 percent for 2018 compared to a 0.5 percent growth in 2017. The forecast for future growth for 2019 remains in the mid 2.0 percent range.

The U.S. economy continued to add jobs at a rate of 208,000 a month for the first nine months of 2018. As of September 2018, the average hourly earnings rose 2.8 percent from the prior year. The Bureau of Labor Statistics predicts that the labor force will return to full employment by 2020.

On June 27, 2018, the Governor signed the 2018-19 Budget Act, which includes \$201.4 billion in spending. General Fund appropriations total \$138.7 billion, an \$11.6 billion (or 9.2%) increase over the revised 2017-18 budget expenditures. General Fund revenues are estimated at \$137.7 billion for 2018-19, which is \$5.2 billion (or 3.9%) more than the revised 2017-18 revenues. As the state's economy has recovered from the Great Recession, the past six state budgets have significantly increased spending. Because the state must continue to plan and save for the next recession, the 2018-19 budget takes a more prudent approach of fully funding the Rainy Day Fund. The state's largest and most volatile general fund revenue-capital gains-is expected to reach all-time highs in 2017 and 2018 and is forecast to stay at levels never achieved previously; however, to achieve these all-time highs, the stock market would need to continue an unprecedented run.

The California budget includes increased spending for education, an earned income tax credit for working families, an increased minimum wage, the extension of health care to millions, and the pay down of long-term liabilities.

Pasadena's local economy continues to perform well. The local unemployment rate dropped to 3.5 percent through June 2018 – better than Los Angeles County as a whole, which was 4.8 percent.

Construction activity in Pasadena is strong with a wide range of local investments moving forward. Shiners Hospital opened its doors on a new \$77 million building in July of 2017, moving its health services from Los Angeles to Pasadena. The Kaiser Permanente School of Medicine broke ground on an 80,000 square-foot building, which will bring hundreds of new faculty and students to Pasadena's central business district when completed in early 2020. Alexandria Real Estate Equities, one of the nation's largest investors in laboratories and new biomedical research ventures, started construction on an 82,000 square foot headquarters building, and Huntington Medical Research Institute completed a new \$29 million research facility on Fair Oaks Avenue. From a hospitality perspective, construction on both the 189-room Hyatt Place Hotel and the third phase expansion of the Dusit/Constance Hotel continues. In fiscal year 2018, construction permits were pulled for dozens of new residential projects representing hundreds of new, additional units.

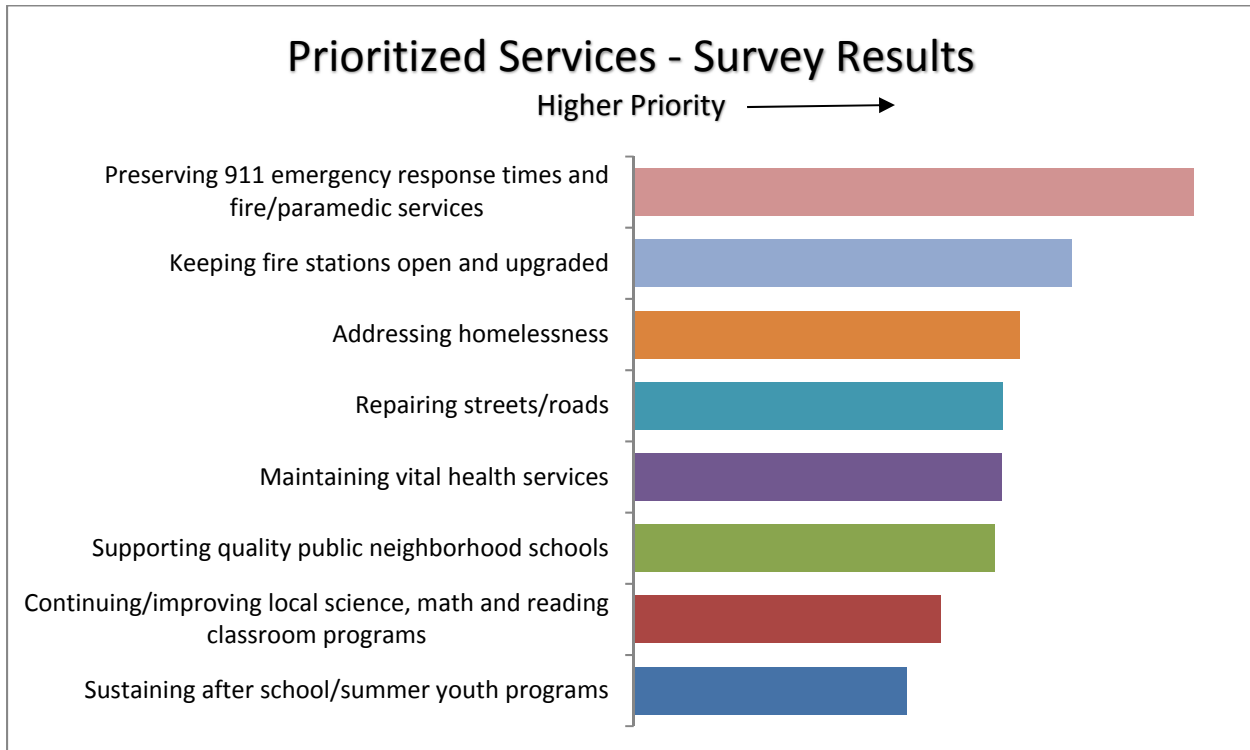
LONG-TERM FINANCIAL PLANNING AND NEXT YEAR'S BUDGETS AND RATES

The FY 2019 Adopted Budget was developed based on the City Council's Strategic Plan goals. All department performance measures and City activities are tied to one or more of the following 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 2019 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 \$83.5 million for FY 2019 and continues the City's efforts to maintain and enhance its physical plant.

Pasadena is a community where active citizen engagement is welcomed and encouraged; therefore, as part of this year's budget process, City staff initiated "Join the Conversation," a robust public engagement process to solicit input on the community's key service priorities. This effort included presentations to various community and business groups supported by an on-line survey that was widely promoted through social media and other communication outlets. Hundreds of responses were received indicating support for the following priorities.



These priorities are reflected in a variety of services funded by the Operating Budget as well as projects contained within the Capital Improvement Program budget; however, current financial trends and the ever-growing list of unfunded capital needs are challenging the City’s ability to maintain essential City services and its ability to reinvest in critical infrastructure.

The FY 2019 Adopted Budget totals \$816.7 million overall. This amount includes an operating budget of \$658.4 million, capital appropriations of \$83.5 million, and appropriations of \$74.8 million for the City’s three operating companies – Rose Bowl Operating Company, Pasadena Center Operating Company, and Pasadena Community Access Corporation.

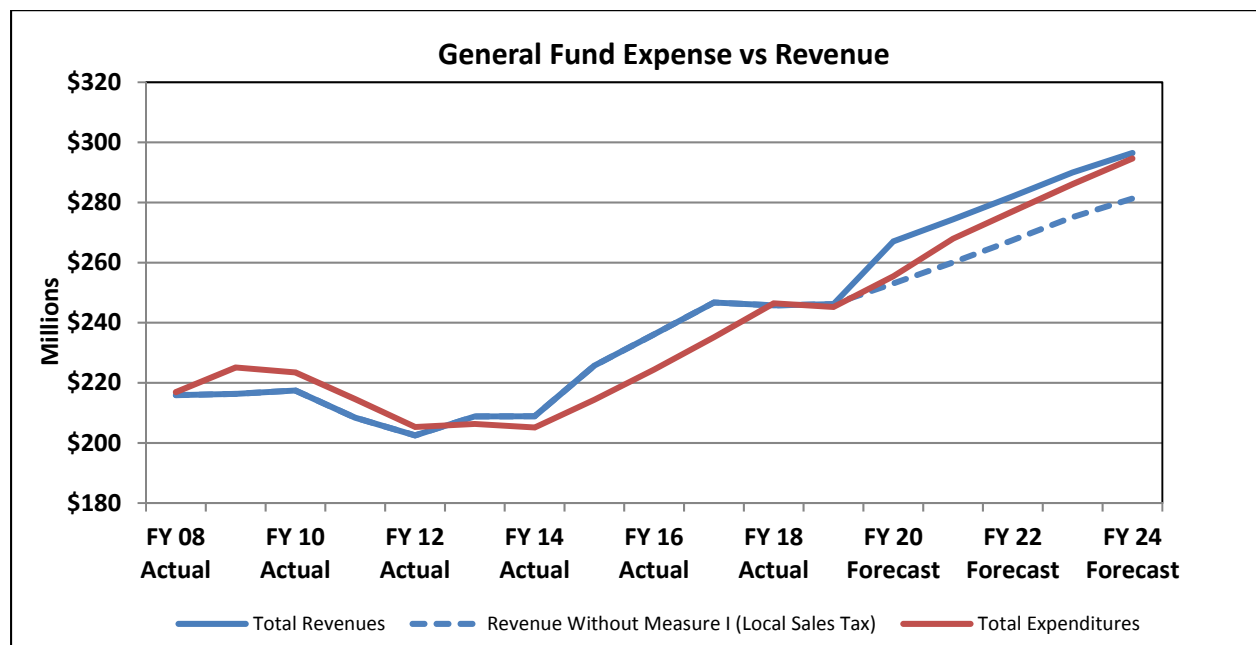
The City’s General Fund is the most important fund. It provides for most basic City services including public safety, public works, parks, and recreation. The Adopted Budget for the General Fund for FY 2019 is \$246.0 million with estimated revenues of \$245.8 million.

General Fund Five-Year Financial Forecast

The City’s 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. In June 2016 when the City Council adopted the FY 2017 Operating Budget, the Five-Year 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 2018 and would increase over time. To begin addressing this issue, in October 2016, the City Council approved budget reductions totaling \$2.1 million that included the elimination of 7.0 vacant Full-Time Equivalent (FTE) positions, other non-personnel reductions, and the shifting of costs from the General Fund to non-General Funds. As part of the adopted FY 2018 Operating Budget, to maintain a balanced budget and not draw upon

reserves, an additional \$2.0 million in reductions were approved involving the elimination of additional 7.0 positions. Despite these actions, estimates at the outset of the FY 2019 budget development process revealed an approximate \$3.5 million budget gap for the upcoming fiscal year and a growing mismatch between revenues and expenditures totaling in excess of \$32.0 million over the following five fiscal years.

Unless additional revenues are identified to help close the budget gap over the next several years, reductions in City service levels will be necessary to balance the budget without drawing down the City’s emergency reserves. Over the past ten years, the City made \$19.0 million in ongoing reductions including the elimination of 123 FTE staff positions that included 23 sworn police officer positions. Identifying further reductions each year for the foreseeable future will be exceptionally difficult and will jeopardize those City services identified as essential by the community.



To balance the General Fund Operating Budget for FY 2019, staff identified \$500,000 in projected new Transient Occupancy Tax (TOT) revenues associated with the approval of land-use regulations for short-term rentals. Not included is revenue from the pending excise tax on marijuana which voters approved in June 2018. It is anticipated that these revenues will be largely offset by additional expenses incurred by the City to manage the regulatory regime. Beyond this, another \$732,000 represents a reduction in debt service payments related to paying off a prior financing and the shifting of \$247,837 from the General Fund to other funds where the expenses are more appropriate.

Initially, the balance of recommendations to close the General Fund budget gap were departmental budget reductions totaling \$2,101,000 and included the elimination of another 14.8 FTE positions throughout City departments (all of which were currently vacant) and the reduction of non-personnel expenses. In identifying proposed reductions, care was taken to avoid the elimination of services in FY 2019. Subsequently, additional revenue sources were identified and the reductions in dollars and staff were reduced to \$1.7 million and 7.8 FTE positions.

General Fund Five-Year Forecast

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
Beginning Amount Available for Appropriations	4,392,200	5,261,578	5,407,744	1,829,920	(1,926,414)	(7,382,760)	(15,377,454)
Revenues							
Tax Revenues	178,357,609	182,736,100	188,330,783	193,482,738	198,791,345	204,260,740	209,294,298
Other Revenues	39,997,735	42,841,399	43,882,711	44,950,833	46,046,471	47,170,353	48,323,224
Contributions/Svs. From Other Funds	19,261,216	20,208,522	20,657,239	21,466,226	22,034,237	22,585,180	22,585,180
Total Revenues	237,616,560	245,786,021	252,870,733	259,899,797	266,872,053	274,016,273	280,202,702
Expenses							
Personnel	150,612,486	158,532,924	166,174,151	172,821,117	179,733,961	186,923,320	194,400,253
Debt Service	14,492,861	13,598,271	11,746,265	11,740,819	11,474,167	11,724,283	11,723,798
Contributions To Other Funds	14,549,254	13,986,653	13,866,386	14,143,714	14,426,588	14,715,120	15,009,422
Other Expenses	57,092,581	59,922,008	61,551,511	63,230,845	64,961,699	66,745,819	68,585,017
Total Expenses	236,747,182	246,039,856	253,338,312	261,936,495	270,596,415	280,108,542	289,718,490
Fund Balance Allocations	-	-	-	-	-	-	-
Contribution to Policy Reserve	-	(400,000)	3,110,245	1,719,636	1,731,984	1,902,425	1,921,990
Net Income/(Loss)	869,378	146,165	(3,577,824)	(3,756,334)	(5,456,346)	(7,994,694)	(11,437,777)
Ending Amount Available for Appropriations	5,261,578	5,407,744	1,829,920	(1,926,414)	(7,382,760)	(15,377,454)	(26,815,231)

Fiscal Drivers

The City's three major revenue sources property tax, sales tax, and utility user's tax, account for 52.8 percent of the General Fund's overall revenues. These revenues are a mixture of growth and decline going in to FY 2019.

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. Total assessed values increase 6.1 percent. This one source represents 26.1 percent of total general fund revenues. Continued strong growth is projected for the next few years as several large developments are underway which will add to the City's existing total assessed property valuation (both residential and commercial) of more than \$31 billion.

Pasadena's sales tax base has shown slow growth over the past few years, and a slight decrease is projected for FY 2019. The City's receipts from April through June 2018 were less than expected due to the state's transition to a new software and reporting system that caused a delay in processing thousands of payments statewide. 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 2019 is \$35.9 million, which is \$500,000 less than FY 2018.

The decision from the South Dakota v. Wayfair, Inc. (Wayfair) lawsuit will ultimately result in the taxation of online sales regardless of the principal location of the retail business. Under current state law, only online businesses with a physical presence in California are required to collect and remit

sales and use tax. The Wayfair decision has changed the definition of “physical presence” to authorize the California Department of Tax and Fee Administration (CDTFA) to implement remote sales tax collection and remittance for out-of-state retailers. CDTFA has been hosting stakeholder meetings to discuss the implementation of Wayfair with an expectation that implementation will begin in early calendar year 2019.

It is expected that future collection of sales and use tax will mirror the existing practice of allocating revenue through the county pools rather than to the local jurisdiction where the buyer made the purchase. While this is not the ideal method for Pasadena, it should still provide for an economic boost of new sales and use tax revenue in the future. Additionally, it is expected that one or more state senators will put forth a Senate Constitutional Amendment in 2019 to end the pooling of online sales.

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 2017. This decline continued in FY 2018 as reduced consumption of both water and electricity occurred along with the continued shift from traditional cable service. Increased usage of cellular phones provides some relief; however, carriers continue to lower prices or bundle more services and more people are eliminating their residential landlines resulting in limited new net revenue. For FY 2019, revenue is projected at \$27.8 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 and new developments that have either opened or are underway. In December 2018, the Hyatt Place Hotel at the Paseo opened. The hotel expansions along with TOT on short-term rentals provide strong growth for TOT revenue, helping to improve the General Fund five-year forecast.

A significant internal revenue source for the General Fund is 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. The transfer for FY 2019 is budgeted to be \$871,000 more than FY 2018, for a total of \$17.8 million.

ADDRESSING FISCAL CHALLENGES

On July 16, 2018, the City Council took action to place a $\frac{3}{4}$ cent local sales tax measure on the November 6, 2018 ballot. This initiative passed with a 68.74 percent approval. While not effective until April 1, 2019, it is expected to generate over \$21 million in new general fund revenue. A companion measure also passed with 72 percent approval and advised, but does not require, the City Council to share 1/3 of the revenue generated with local public schools.

Additional new revenue sources are forthcoming from three areas. The South Dakota v. Wayfair Inc. (Wayfair) lawsuit will result in taxation of online sales regardless of the principal location of the retail business. The legalization of cannabis will result in both regulatory fees and compliance monitoring costs as well as the new excise tax approved by voters. Transient Occupancy Tax (TOT) for short-term rentals is expected to generate \$600,000 annually. The City received the first quarter of TOT tax since the legalization of these rentals.

As mentioned above, staff held dozens of public presentations to solicit public input on the community's key service priorities. This input was reflected in the FY 2019 budget that was adopted on June 18, 2018 with several items needing further deliberation. On August 20, 2018, five additional changes totaling \$405,000 were made, balancing the FY 2019 budget without drawing on reserves.

The result of these efforts is that the Adopted Operating Budget for the General Fund for FY 2019 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 end, a total of \$1.7 million in budget reductions were made including the elimination of 7.8 vacant positions. Additionally, staff identified \$500,000 in projected new TOT revenues associated with the approval of land use regulations for short-term rentals. Another \$732,000 represents a reduction in debt service payments related to payoff of a prior financing and the shifting of costs from the General Fund to other funds where the expenses are more appropriate.

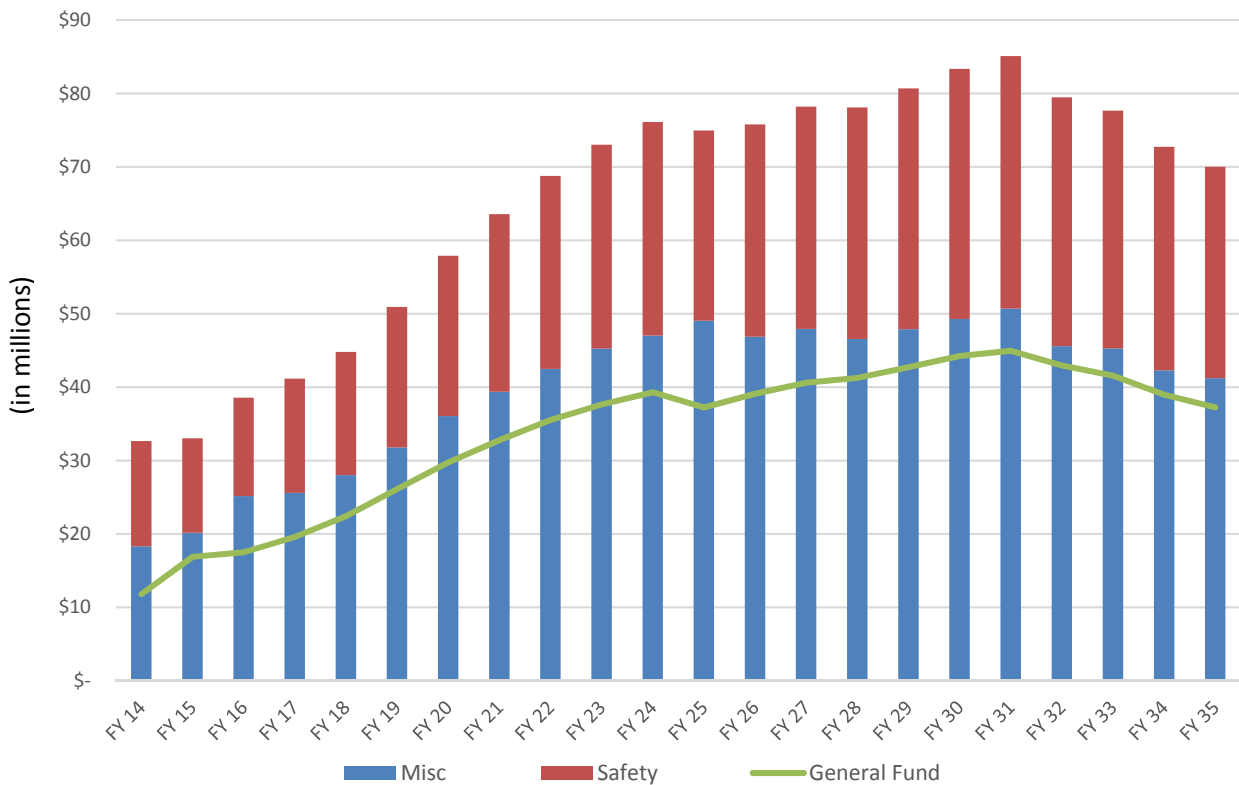
By ensuring the General Fund generates positive net income, the City is able to increase its reserves to guard against inevitable economic downturns, recover from natural disasters, and fund much-needed capital projects. The City Council established 15 percent of appropriations as the desired level of emergency contingency reserve for the General Fund and 5 percent of appropriations as the desired level of operating reserve. As of June 30, 2018, the emergency contingency reserve for the General Fund is fully funded at \$35.5 million and the General Fund operating reserve is funded at 4.8 percent or \$11.4 million. From the operating reserve, \$400,000 was appropriated to the Colorado Street Bridge Capital Improvement Project. In addition to these reserves, the City Council also authorized the establishment of a Section 115 Trust for both pension plan funding and reducing Other Post-Employment Benefits (OPEB) liabilities. The pension trust was funded with an initial contribution of \$10 million and the OPEB trust was funded with \$2 million with a long-term plan of additional contributions to help offset cost increases in ten to fifteen years.

Starting in FY 2015 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, 2018, the total liability was \$402 million. For FY 2019, the City's total contribution to CalPERS is budgeted at \$50.1 million of which \$29.7 million is in the General Fund.

The issue of public employee pension has received increased media attention 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, employees enrolled in 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, 27 percent of the City's workforce is covered by the PEPRA formula. Moreover, in Pasadena, all City employees contribute towards their pension costs.

As shown in the following graph, continued significant increases in CalPERS contributions are anticipated for the foreseeable future. These increases may become 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 has established a Section 115 Trust where funds can be accumulated and earn investment returns to help reduce the impact in future years with the greatest increases in required contributions.

Projected City Pension 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 reducing the fund deficit. Management has reviewed the deficit, and is working to correct the situation through a combination of injury prevention programs, training programs, reduction of claim severity, improved processes for return-to-work procedures, medical management, and minimizing delays in all aspects of claims handling.

The General Fund budget for personnel costs for FY 2019 totals \$159.0 million. This represents an increase of 8.4 million from \$150.6 million in FY 2018.

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 2018, reflecting a June 30, 2018 Measurement Date. This study was performed to comply with the employer financial accounting requirements under Government Accounting Standards Board (GASB) Statement No. 75 (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions). The report determined that Pasadena’s June 30, 2018 Net OPEB liability was approximately \$70.3 million, up from the \$54.2 million reported a year ago under GASB Statement 45 and an increase of \$16.1 million. It should be noted that the change from GASB 45 to GASB 75 results in new and different terminology, definitions, and accounting. GASB 75 requires recognition of the full actuarial liability where GASB 45 did not recognize the entire liability up front. The Net OPEB Liability takes into account the \$2.0 million that the City has set aside for future payments in a Section 115 Trust. The GASB 75 study provides an

Actuarially Determined Contribution of \$6.9 million for FY 2019 and \$7.0 million for FY 2020. These are recommended target contributions and assumes the City has the ability to contribute on an annual basis. Pasadena is currently using a pay-as-you-go methodology and pays only the amount needed to fund the monthly benefits. Continuing the pay-as-you-go method will significantly increase the Actuarially Determined Contribution and OPEB liability in future years.

This unfunded OPEB liability is the primary driver in the deficit fund balance in the Benefits Fund. The City took two actions in FY 2017 to begin to address this deficit; \$1.0 million of General Fund unassigned fund balance was transferred to the Benefits Fund and \$2.0 million was placed into a Section 115 Trust.

Litigation and Impact on Revenues

Power Fund Transfer to the City's General Fund

In September 2017, the City was sued in a putative class action lawsuit entitled *Komesar v. City of Pasadena*, challenging the validity of Charter-authorized transfers from the Light & Power Fund to the General Fund amounting to approximately \$14.5 to \$18.9 million annually. The lawsuit seeks a refund of the transferred funds. The City is vigorously defending the case.

FY 2019 CAPITAL IMPROVEMENT PROGRAM APPROPRIATIONS

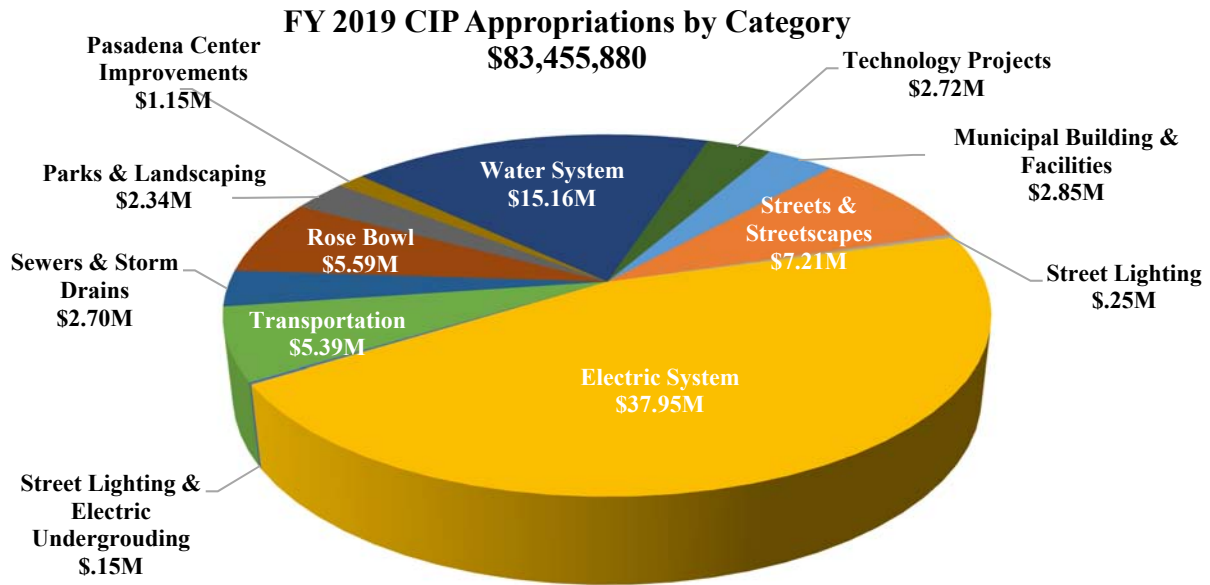
Protecting, maintaining, and replacing the City's infrastructure such as roads, bridges, parks, public buildings, utility systems, and parking facilities is one of the most important aspects of running an efficient, responsible city. Pasadena will continue with both major and minor infrastructure improvements through the City's five year FY 2019–2023 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 five-year CIP includes 205 active projects with a total estimated cost of \$1.295 billion. Addressing major deferred maintenance and upgrades of City-owned infrastructure is one of the City's core responsibilities. The FY 2019 CIP budget contains 24 new projects and appropriates \$83.5 million to 97 projects. 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 2019-2023 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.

Some categories of projects 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 need is street maintenance. 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. For the first time in many years, the FY 2019 CIP budget is able to fund the resurfacing of four miles of city streets. This is possible due to an influx of revenue \$2.38 million in the Road Maintenance and Rehabilitation Account (RMRA) – SB 1 dollars; \$1.3 million Surface Transportation Program (STP) funds; and \$1 million in Gas Tax.

The passage of SB 1 (Beall) Road Repair and Accountability Act of 2017 on April 6, 2017 is providing Pasadena approximately \$2.38 million annually to invest in the City’s street and road infrastructure.

Other areas that do not have sufficient funding to meet all requirements for fully maintaining infrastructure will benefit from the Measure I, ¾ percent tax measure. It is anticipated that a significant amount of the new revenue provided by Measure I will be devoted to capital improvements.

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 utility infrastructure and to improve system reliability for customers.

The complete FY 2019 to FY 2023 CIP document is posted on the City's website under the Public Works Department pages at: <https://ww5.cityofpasadena.net/public-works/engineering-and-construction/capital-improvement-program/>

FISCAL YEAR 2018 ACCOMPLISHMENTS

While it is critically important that the City maintain strong fiscal health and address its multiple infrastructure-related issues, it must also take time to acknowledge positive improvements. Examples of FY 2018 accomplishments include:

- Adoption of a balanced budget for the sixth consecutive year, consistent with the City Council's goal to maintain fiscal responsibility and stability;
- Implemented the second 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;
- Provided information leading to successful passage of Measures I & J (local sales tax initiatives) in November 2018;
- Replaced 42,500 square feet of broken sidewalk;
- Were voted one of the nation's "Top Ten Digital Cities" by The Center for Digital Government. This is the third year in a row, and fourth overall;
- Adopted a Climate Action Plan;
- Provided reintegration services to 1,183 previously incarcerated community members;
- Tripled the capacity of the City's 25 mile fiber-optic ring;
- Had 1.1 million unique visitors to the City's website;
- Read 762,025 water and electric meters with 99% accuracy;
- Responded to 17,600 emergency calls for service to the Fire Department;
- Conducted tens of thousands of various inspections and responded to thousands of citizen complaints;
- Successfully defended the City in several lawsuits and against numerous claims saving taxpayers millions of dollars;
- Completed the substantial renovation of the Robinson Park Recreation Center;
- Took a huge step away from fossil fuel by terminating an agreement for the Intermountain Power Project;
- Transported more than 1.5 million riders on Pasadena Transit;
- Answered 69,000 calls to the Citizen Service Center and conducted approximately 8,000 "Live Chat" sessions;
- Replaced 2,240 traffic signal indicators with more efficient lights;
- Got 200 handguns off the street;

- Collected and recycled 62 tons of electronic waste;
- Completed a year-long series of STEAM (science, technology, engineering, arts & math) events;
- Processed 174,000 parking meter transactions via mobile phones;
- Provided 280 tons of free mulch to residents;
- Were recognized for excellence by the California Recreation and Parks Society;
- Placed a new fire truck into service;
- Provided 140 local youth meaningful summer employment;
- Reduced Workers' Compensation claim severity by 16%;
- Received a "Diamond" rating from the American Public Power Association;
- Provided 34 Youth Ambassadors 7,600 hours of training and employment;
- Collected 98,000 tons of trash and 95,000 tons of recycling;
- Served more than 10,000 participants in aquatics, day camp and other recreational programming;
- Filled 222 regular, full-time positions;
- Pruned 15,893 trees and planted 643 new trees;
- Successfully merged with the San Gabriel Valley Mosquito and Vector Control District;
- Achieved an 18% reduction in Driving Under the Influence (DUI) related traffic collisions;
- Completed a Community Health Improvement Plan;
- Successfully shutdown several illegal cannabis operations;
- Obtained a 4 year, \$8 million grant to support mental health services;
- Launched the Pasadena Outreach Response Team (PORT) to assist homeless individuals;
- Obtained voter approval for cannabis regulations and a related cannabis tax;
- Replaced 2.3 miles of aging water lines;
- Provided 300 helmets to bike riders;
- Responded to 2,766 abandoned item requests for service;
- Issued over 8,200 construction permits;
- Launched LinkedIn Learning skills development program;
- Opened an Innovation Lab at Central Library;
- Assisted with tutoring over 2,700 students from kindergarten to 10th grade;
- Answered 257,897 calls to police dispatch;
- Replaced 1,345 water meters with new automated meters;
- Made 5,839 scheduled bulky-item pick-ups;
- Assisted with the development of a 21 unit affordable condominium project on the site of a former problem liquor store;
- Maintained over 450 people in permanent supportive housing;
- 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, 2017. This was the 19th 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 2018 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.

Under the City Council's leadership, the City of 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 (District 1)
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

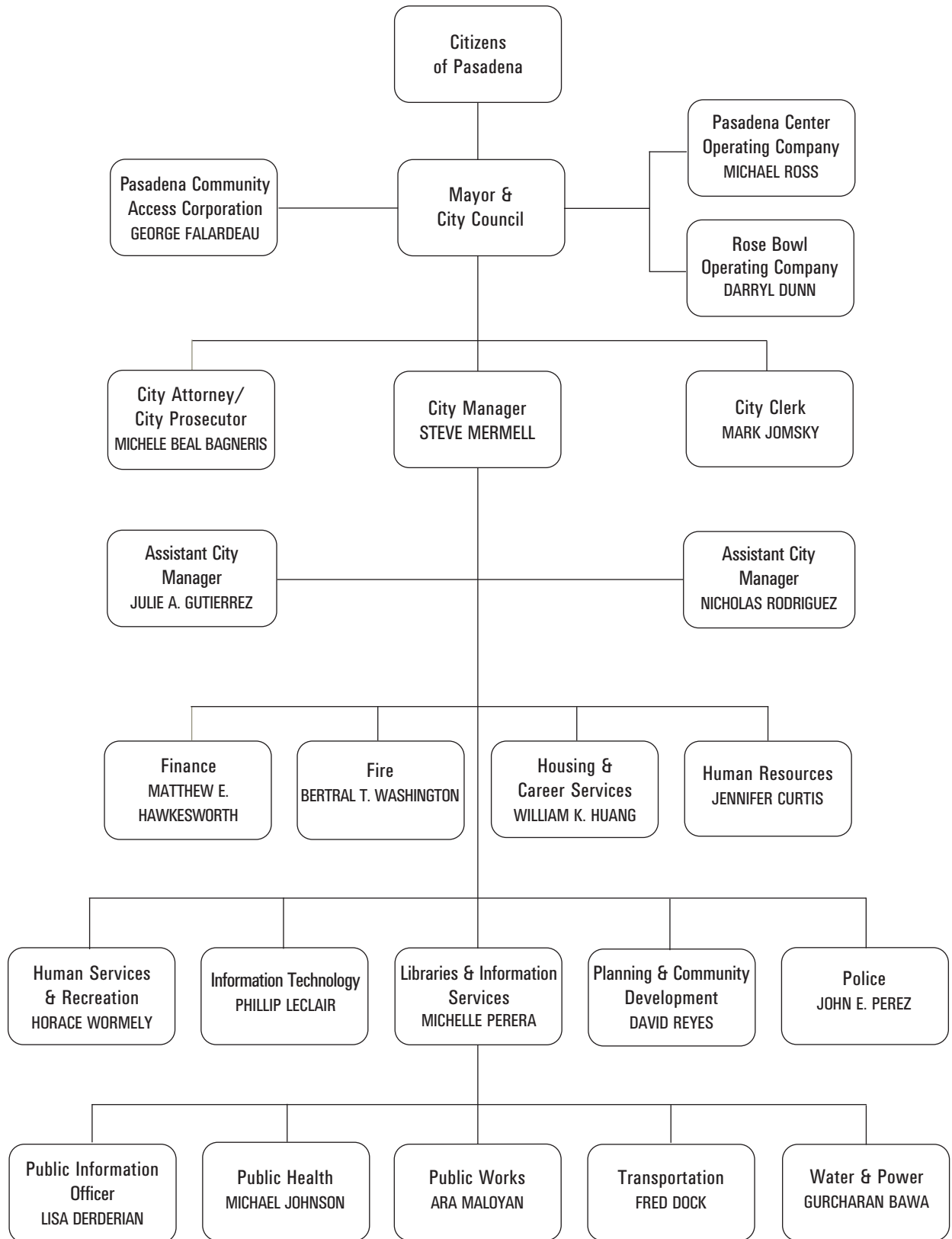
EXECUTIVE LEADERSHIP TEAM

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
Interim Chief of Police	John E. Perez
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
Interim Public Information Officer	Lisa Derderian
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, 2018



CITY OF PASADENA
Comprehensive Annual Financial Report
Year Ended June 30, 2018



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, 2017

Christopher P. Morrill

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, 2017.

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.

CITY OF

PASADENA

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 the City of Pasadena, California, (the City) as of and for the year ended June 30, 2018, 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, 2018, 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.

Change in Accounting Principle

As discussed in Note 19 to the financial statements, in 2018 the City adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 schedules of changes in net pension liability and related ratios, the schedules of plan contributions, the schedule of changes in the net OPEB liability and related ratios, and the schedule of OPEB 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 statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.



CPAs AND ADVISORS

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

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 and schedules 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2019 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.

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Brea, California
January 24, 2019

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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, 2018 (FY 2018). 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, the General Debt Service Fund, and the Housing Successor Fund, all four of which are considered to be major funds. Data from the other thirty one 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 and replacement, benefits, workers' compensation, general liability, printing services, and 311 call center 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 40-126 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* (RSI) concerning budgetary practices and budget to actual comparisons for the general fund and special revenue funds. Additional RSI includes pension and OPEB information on net pension liabilities and plan contributions. RSI can be found on pages 127-138 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 140-203 of this report.

FINANCIAL HIGHLIGHTS

New Significant Accounting Standards Implemented

In FY 2018, 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. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,*” and
- Statement No. 81, “*Irrevocable Split-Interest Agreements,*” and
- Statement No. 85, “*Omnibus 2017,*” and
- Statement No. 86, “*Certain Debt Extinguishment Issues.*”

Statement No. 75 changes the accounting and financial reporting for post-employment benefits other than pensions (other post-employment benefits or OPEB) by replacing the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

Statement No. 81 provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. It does not result in changes for the City of Pasadena financial reporting.

Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. It does not result in changes for the City of Pasadena’s financial reporting.

Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt.

Restatement of Beginning Net Position and Fund Balances

As disclosed in Footnote 21 on page 125, the beginning net position of the Governmental Activities was restated from \$163,255,075 to \$130,839,598 as of July 1, 2017, a reduction of \$32,415,477. This was primarily due to the implementation of GASB 75 of \$29,502,627. The other restatements were \$2,912,856 for fixed asset and accumulated depreciation adjustments.

The beginning net position of the Business Activities was restated from \$763,768,030 to \$746,101,018, reduction of \$17,667,014. This was primarily due to the implementation of GASB 75 of \$13,786,944. The other restatements were \$4,198,240 for fixed asset and accumulated depreciation adjustments and \$1,038,172 for waste management price difference.

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 \$919.4 million at the close of the most recent fiscal year.

\$860.0 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	
	2018*	2017*	2018*	2017*	2018*	2017*
Current and other assets	\$ 314.6	305.8	470.3	464.5	784.9	770.3
Capital assets	505.2	493.4	767.2	775.3	1,272.4	1,268.7
Total Assets	819.8	799.2	1,237.5	1,239.8	2,057.3	2,039.0
Deferred outflows	116.6	90.7	26.5	20.8	143.1	111.5
Long-term debt outstanding	268.6	260.2	346.0	369.7	614.6	629.9
Net pension liability	417.4	372.4	88.1	79.0	505.5	451.4
Other liabilities	76.3	64.9	51.5	42.0	127.8	106.9
Total Liabilities	762.3	697.5	485.6	490.7	1,247.9	1,188.2
Deferred inflows	27.3	29.2	5.8	6.2	33.1	35.4
Net position:						
Net investment in capital assets	439.3	415.4	420.7	404.0	860.0	819.4
Restricted	69.7	55.5	152.8	171.5	222.5	227.0
Unrestricted	(362.3)	(340.1)	199.2	170.6	(163.1)	(169.5)
Total Net Position	\$ 146.7	130.8	772.7	746.1	919.4	876.9

* As restated

A portion of the City of Pasadena's net position, \$222.5 million or 24.2 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, \$163.1 million, or 17.7 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 and GASB 75 regarding Pension Plan and OPEB reporting.

At the end of the fiscal year 2018, 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 2018, the primary government's net position increased by \$42.5 million. Approximately \$15.9 million of this is an increase in the City's Governmental Activities and \$26.6 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. The increase in Business-Type activities is the continuance of positive trend in increased revenues and this year's modest increases in expenses.

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

	Governmental Activities		Business-Type Activities		Total	
	2018*	2017*	2018*	2017*	2018*	2017*
Revenues:						
Program Revenues:						
Charges for services	\$ 81.2	80.2	301.1	287.8	382.3	368.0
Operating grants and contributions	47.0	41.0	2.4	-	49.4	41.0
Capital grants and contributions	14.2	9.1	4.1	4.8	18.3	13.9
General revenues:						
Taxes:						
Property taxes, levied for general purpose	63.5	68.8	-	-	63.5	68.8
Sales taxes	35.1	35.7	-	-	35.1	35.7
Utility users' tax	27.9	28.3	-	-	27.9	28.3
Other taxes	36.5	35.2	5.3	4.9	41.8	40.1
Other revenues	22.7	20.1	2.5	2.4	25.2	22.5
Misc revenues	11.3	8.2	2.6	8.2	13.9	16.4
Total revenues	339.4	326.5	318.0	308.1	657.4	634.6
Expenses:						
General government	45.8	42.9	-	-	45.8	42.9
Public safety	142.5	127.8	-	-	142.5	127.8
Transportation	46.5	41.7	-	-	46.5	41.7
Culture and leisure	38.4	34.2	-	-	38.4	34.2
Community development	45.1	39.8	-	-	45.1	39.8
Interest and other fiscal charges	8.4	8.6	-	-	8.4	8.6
Electric	-	-	187.9	183.5	187.9	183.5
Water	-	-	54.8	48.0	54.8	48.0
Other expenses	15.6	14.8	30.0	27.5	45.6	42.4
Total expenses	342.3	309.9	272.7	259.0	615.0	568.9
Increase (decrease) in net position before transfers	(2.9)	16.6	45.4	49.1	42.5	65.7
Transfers	18.8	18.7	(18.8)	(18.7)	-	-
Special Item	-	-	-	-	-	-
Increase (decrease) in net position	15.9	35.3	26.6	30.4	42.5	65.7
Net position at beginning of year, as restated	130.9	95.5	746.1	715.7	877.0	811.2
Net position at end of year	\$ 146.7	130.8	772.7	746.1	919.4	876.9

* As restated

Governmental Activities

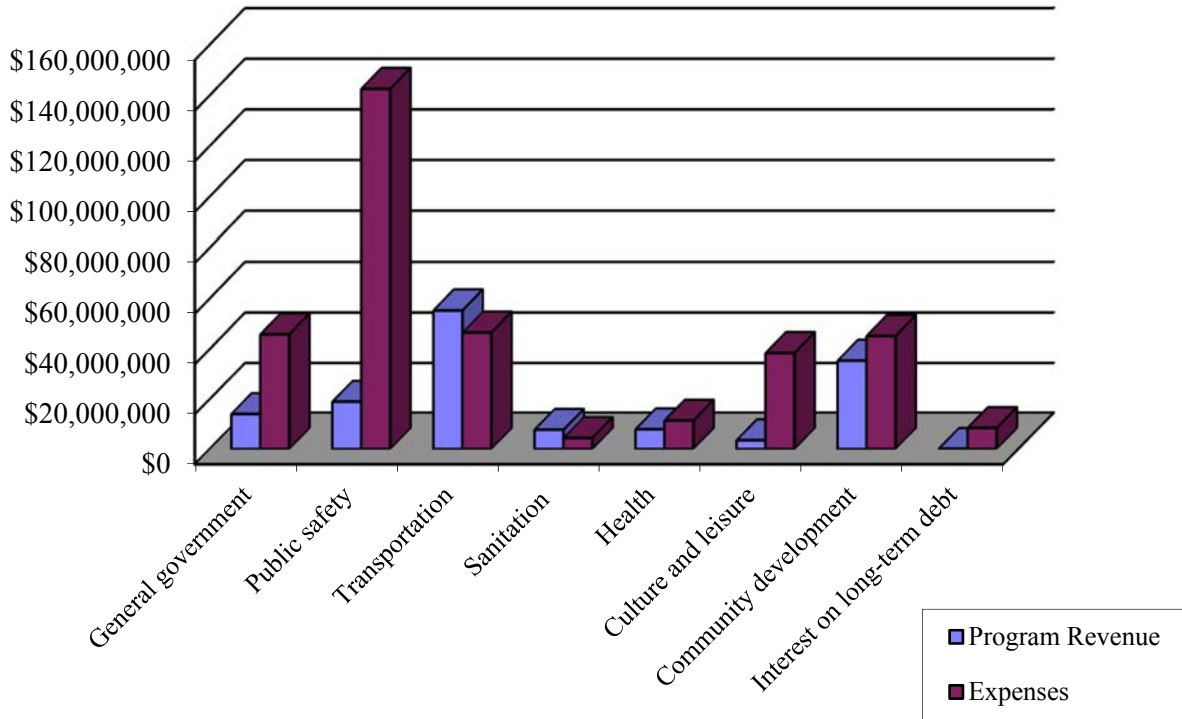
Governmental activities increased City of Pasadena's net position by \$15.9 million, 12.2 percent in the primary government's net position. Key elements of this increase are a combination of factors as follows:

- The revenue components of governmental activities increased by \$12.8 million or 3.9 percent over prior year revenues. The following categories showed changes: Operating and capital grants and contributions increased \$11.1 million, miscellaneous revenues increased \$3.2 million, other revenues increased \$2.6 million, other taxes increased \$1.3 million, and charges for services increased \$1.0 million. Property taxes decreased \$5.3 million, sales taxes decreased by \$0.6 million, and utility user tax decreased by \$0.4 million.
- The expense components of Governmental Activities increased by \$32.4 million or 10.5 percent. The largest changes in expenses from the prior year were: public safety increased \$14.7 million, community development increased \$5.3 million, transportation increased \$4.8 million, culture and leisure increased \$4.2 million, and general government increased \$2.9 million. The other categories have net increase of \$0.5 million.

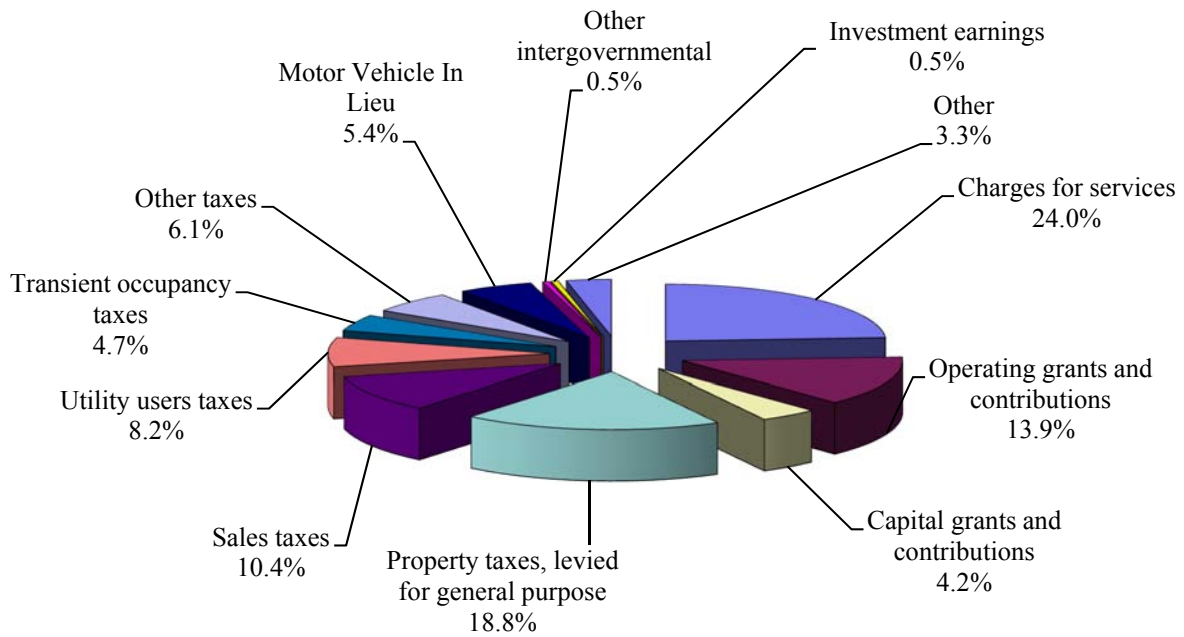
- Operating Grants and Contributions increased \$6.0 million or 14.6 percent primarily due to \$2.0 million more revenues for the general government and \$2.8 million more revenues for Transportation such as Road Maintenance and Rehabilitation Program (SB1) Measure R.
- Capital Grants and Contributions increased \$5.1 million or 56.2 percent from the prior year. It included \$3.2 million less for community development. The revenues were moved to general government. There were \$8.3 million more for Transportation including \$6.6 million more grants from the Los Angeles County Metro, \$1.7 million more from the California Department of Transportation, and \$0.4 million more from Federal Transit Administration.
- Miscellaneous revenues increased \$3.2 million largely attributed to \$3.1 million more inclusionary housing in-lieu fees received in FY 2018 due to more local housing development.
- Property taxes decreased \$5.3 million primarily due to the final SB 481 distribution of \$9.0 million in the fiscal year 2017.
- Total expenses increased by \$32.4 million to \$342.3 million from \$309.9 million in the fiscal year 2017. The largest increase occurred in Public Safety which increased \$14.7 million or 11.5 percent primarily due to GASB 68 pension cost for Fire and Police Retirement System.
- Community Development expenses increased \$5.3 million or 13.4 percent largely due to \$1.0 million more GASB 68 pension cost, \$1.0 million more building personnel cost expenses as more vacant positions were filled, \$1.0 million more building service expenses as the Planning Department started implementing the general plan, and \$2.3 million increase in other expenses.
- Transportation expenses increased \$4.8 million or 11.5 percent, and Culture and leisure expenses increased \$4.2 million or 12.0 percent primarily due to increased capital outlay expenses, GASB pension, and OPEB expenses.

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Program Revenues and Expenses - Governmental Activities



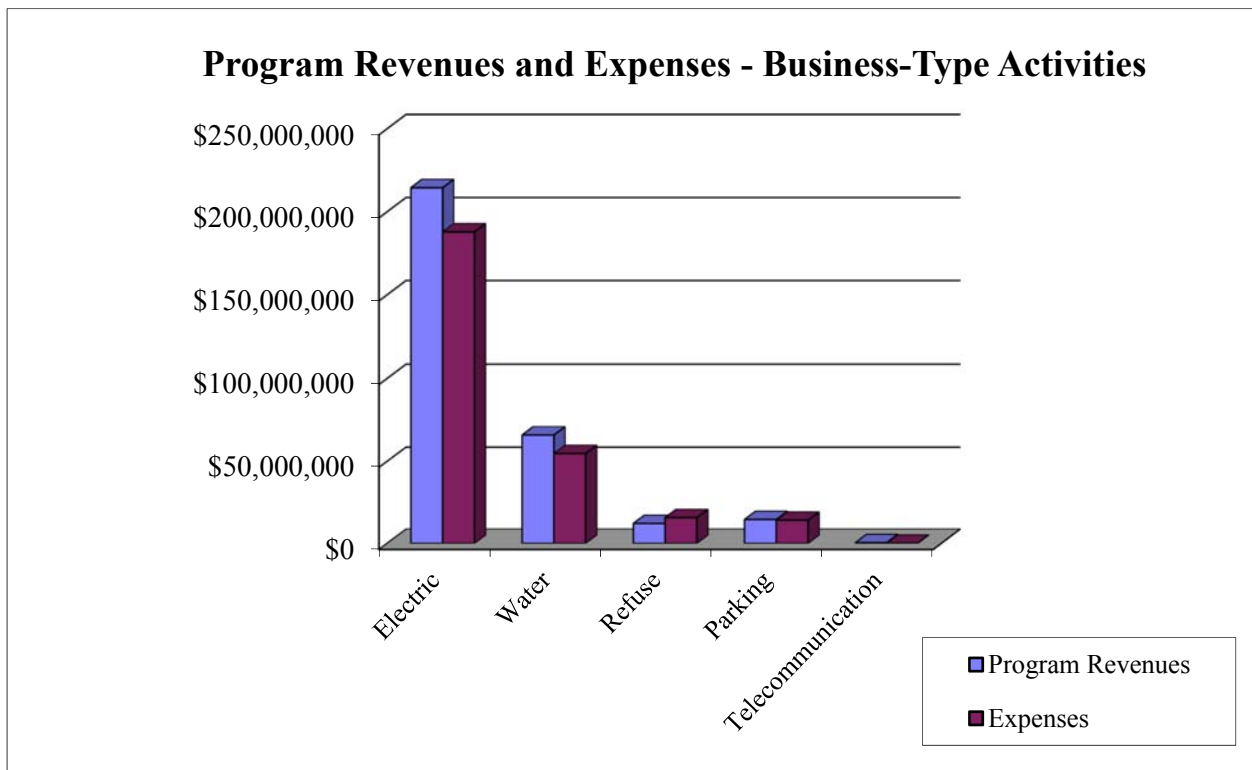
Revenues by Sources - Governmental Activities



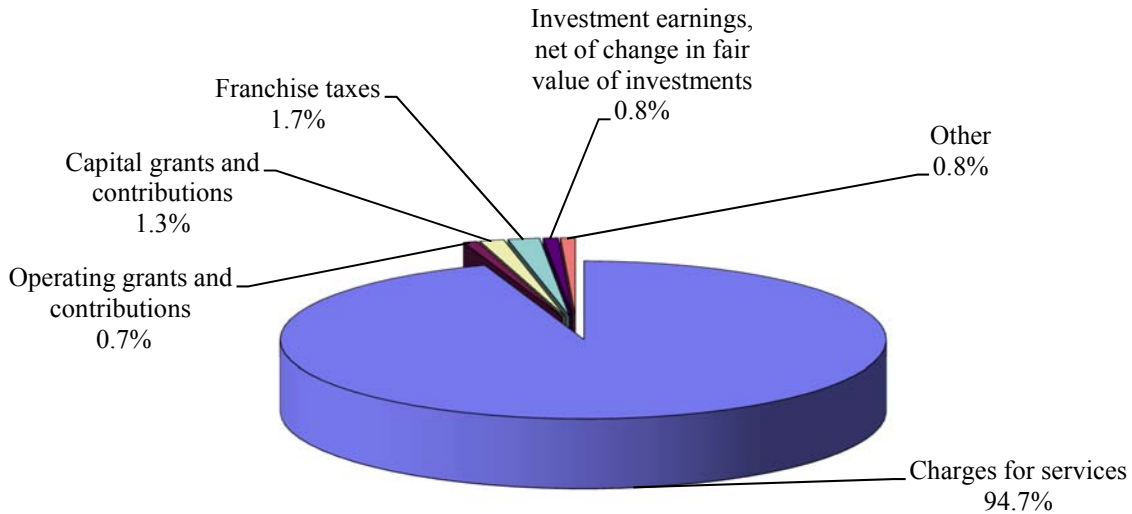
Business-Type Activities

Business-type activities increased the City of Pasadena's net position by almost \$26.6 million. Key elements of this year's increase are as follows:

- Net income/ (loss) of the Light and Power, Water, Off Street Parking, and Non-Major Enterprise Funds were \$14.7 million, \$10.8 million, \$(0.4) million, and \$1.5 million respectively.
- Electric charges for services increased \$9.6 million or 4.8 percent from the prior year due to increased rates during the fiscal year.
- Electric expenses decreased \$5.4 million or 2.9 percent from the prior year due to the prior year impact of GASB 75 and a decrease in purchased power.
- Water charges for services increased \$4.3 million or 7.4 percent over the prior year due to an increase of about 1.1 million billing units in retail water sales.
- Water expenses increased \$3.2 million or 6.6 percent from the prior year mostly due to increased purchased water costs.
- Off Street Parking operating revenues decreased \$45 thousand and expenses increased \$761 thousand or 6.0 percent.
- Off Street Parking net loss of \$(358) thousand was primarily a result of increased interest costs and increased operating costs.



Revenue by Sources - Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the City'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 *non-spendable, restricted, committed, assigned, and unassigned* portions. City Council may commit a portion of the *fund balance* by formal action, per the current policy of increasing the commitment up to 20 percent of the General Fund annual appropriations. The 20 percent comprised of 15 percent General Fund Emergency Contingency and 5 percent General Fund Operating Reserve. On June 18, 2018, the City Council committed the full 15 percent or \$35,512,050 for FY 2018 Emergency Contingency and 4.83 percent or \$11,437,350 for Operating Reserve.

At the end of the fiscal year 2018, the City's governmental funds reported combined ending fund balances of \$249.7 million, an increase of \$6.8 million in comparison with the prior year. The non-spendable fund balance of \$6.1 million represents assets generated by prepayments, permanent trust fund balances and receivables in funds, net of allowances. The restricted fund balance of \$69.6 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 \$155.5 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 \$13.2 million describes the portion of fund balance that reflects the City's intended use of resources. The unassigned fund balance of \$5.3 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 fiscal year 2018, total fund balance equaled \$86.9 million, versus \$89.7 million in the prior year. The fund balance decreased by \$2.8 million or 3.2 percent, during the fiscal year 2018. Key factors for this change are as follows:

Total expenditures increased \$13.2 million or 6.3 percent. Four of the five components increased as follows: \$10.8 million in Public Safety, \$3.2 million in Capital Outlay, \$1.3 million in Culture and Leisure, and \$1.6 million in Transportation and Community Development. General government decreased by \$3.7 million. Public Safety increase is due to vacancy filling, increasing pension cost, position coverage, and overtime expenses for both police and fire. Capital outlay expenditures increased \$3.2 million primarily due to the acquisition of a property of \$3.1 million.

Total revenues decreased by \$2.5 million due to increases in three categories of revenue and decreases in six categories, as explained below:

Charges for services increased \$3.1 million due to an increase of \$1.1 million in Fire charges including \$0.6 for additional revenues from Emergency Medical Aid Response to residents, \$0.6 million increase in Police billable security services, \$0.9 million increase in other billable projects including RBOC events, and smaller increases for other departments.

Intergovernmental revenues increased \$1.4 million primarily due to an increase of \$1.2 million in Motor Vehicle in-lieu tax.

Taxes decreased by a net \$5.3 million primarily due to property tax 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 in the fiscal year 2017. The decrease was offset by general increase of \$3.7 million in property tax due to increase Asset Value in Pasadena. Transient Occupancy tax revenue increased by \$0.6 million, and the utility user's tax decreased by \$0.4 million. Sales tax decreased by \$0.7 million.

Miscellaneous revenues decreased by \$1.0 million primarily due to the decrease of bad debt recovery in the Recognized Obligation Payments Schedule from the California Department of Finance.

The remaining differences were smaller and covered a number of categories: licenses and permits up \$0.3 million, fines and forfeits down \$0.5 million, investment earnings down \$0.3 million, rental income down \$0.1 million, and contribution down by \$28 thousand.

General Fund Transfers increased \$2.6 million as the General Fund received a one-time transfer of \$3.2 million from the Residential Development Fund to purchase a piece of property.

In the fiscal year 2018, the General Fund transferred \$4.4 million more to Debt Service Funds, \$0.5 million more to the Library Service Funds, and \$0.4 million more to Prop C Fund for a Prop A and Prop C exchange with the City of Montebello. On the other hand, the General Fund transferred \$2.3 million less to the Capital Improvement Fund and \$2.0 million less to the Workers Compensation Fund and the General Liability Fund. So, the net General Fund Transfers Out increased by \$1.1 million in the fiscal year 2018.

The Housing Successor Fund has a fund balance of \$6.1 million, which is an increase of almost \$0.8 million from the prior year. The key factors contributing to this increase are as follows:

- A decrease of \$0.1 million in total revenues from \$1.4 million to \$1.3 million reflects decreased rental income and \$0.9 million received from PCDC for the 20% set-aside per California Health and Safety Code.
- Total expenditures increased from \$0.05 million to \$0.5 million mainly due to the transfer of FY 2015 Housing Successor surplus to the Housing Authority of the County of Los Angeles and Supportive Housing sub-recipients paid 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 \$152.9 million and those for the Water, Off Street Parking Fund, and Non-Major Enterprise Funds amounted to \$34.7 million, \$2.3 million, and \$9.3 million respectively. The total net income/ (loss) for each fund was \$14.7 million, \$10.8 million, \$(0.4) million, and \$1.5 million respectively.

Light and Power operating revenues increased \$9.6 million from prior year. Total retail electric energy sold was approximately 1.04 million megawatt hours, a 1.5 percent decrease compared to prior fiscal year. Total operating expenses decreased \$5.4 million or 2.9 percent to \$178.9 million primarily due to the impact of GASB 75 in prior year and a decrease in purchased power.

Water Fund operating revenues increased \$4.3 million primarily due to an increase of about 1.1 million billing units in retail water sales. Operating expenses increased \$3.2 million or 6.6 percent primarily due to \$2.7 million increase in purchased water costs resulting from increases in retail water sales and rate increases implemented by Metropolitan Water District (MWD).

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 loss of \$(0.4) million in FY 2018, as compared to \$228 thousand net income in FY17 primarily due to increased interest costs and increased operating costs.

Implementation of GASB 68 has resulted in showing a "GASB 68 Net Pension Liability" in the Proprietary Funds. At June 30, 2018, the GASB 68 Net Pension Liability is \$58.8 million, \$20.5 million, \$1.2 million, and \$7.7 million for Light and Power, Water, Off Street Parking, and Non-Major Enterprise funds respectively.

Implementation of GASB 75 has resulted in showing a "GASB 75 Net OPEB Liability" in the Proprietary Funds. At June 30, 2018, the GASB 75 Net OPEB Liability is \$8.0 million, \$3.9 million, \$0.1 million, and \$1.8 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, 2018 amounts to \$1,272.5 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 \$11.5 million (a \$14.7 million increase for governmental activities and \$3.2 million decrease for business-type activities.)

Major capital asset related events during the 2018 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, Sidewalks, rehabilitate La Loma Bridge, Improvements to Robinson Park, Intelligent Transportation Systems (ITS), and Transit Fleet Vehicles. During the 2018 fiscal year the City spent \$28.7 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, 2018 is \$37.2 million and for the business-type activities is \$32.7 million.
- In the area of technology upgrade project, the City spent nearly \$1.1 million towards new and replacement servers, routers, networks, and data centers, and \$1.1 million toward replacement of its Land Management System.

- Improvement of city-owned facilities continues. \$2.8 million was spent for preventive maintenance and repairs for the City buildings, facilities, and parking garages during fiscal year 2018.
- Transportation purchased four new 35-foot busses and seven paratransit vehicles at a total costs of \$2.7 million. In addition, \$3.3 million was spent for Intelligent Transportation Systems (ITS).
- As of June 30, 2018, the business-type activities net assets amounted to \$767.2 million, a decrease of \$3.2 million over the prior year.
- Water and Power utility plant net assets amounted to \$717.4 million, a decrease of \$5.6 million. During the fiscal year, the City spent \$61.4 million on various water and power projects and moved \$74.4 million into completed projects.
 - Some of the major power projects are Power Distribution Capacity and Reliability \$4.5 million, 4kvDistribution System Conversion \$3.0 million, and Distribution System Expansion \$2.1 million.
 - Some of the major Water projects are Customer Driven Meters and Services \$2.3 million, Distribution Mains \$3.6 million, and Meter and Services \$2.5 million.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017*	2018	2017*	2018	2017*
Land	\$ 87.4	83.4	14.7	14.7	102.1	98.1
Buildings and improvements	159.4	159.2	83.8	80.0	243.2	239.2
Machinery and equipment	29.0	24.2	636.0	604.8	665.0	629.0
Infrastructure	192.3	191.0	-	-	192.3	191.0
Construction in progress	37.2	32.8	32.7	70.9	69.9	103.7
Totals	\$ 505.3	490.6	767.2	770.4	1,272.5	1,261.0

* As restated

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 \$117.4 million of taxable pension bonds, \$348.9 million of revenue bonds, \$63.0 million of certificates of participation, \$6.2 million of notes payable and \$1.8 million of capitalized lease obligations. Long-term debt decreased by a net amount of \$32.9 million as a result of normal scheduled principal maturities, increased compensated absences, and decreased insurance claims payable. The net pension obligation increased \$54.2 million and Other Post-Employment Benefits (OPEB) increased 43.5 million. The City was assigned an AAA issuer rating by Standard and Poor's and AA+ rating by Fitch Rating Agency.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Long-term debt (including premium/discount):						
Notes payable	\$ 5.9	6.2	0.3	0.5	6.2	6.7
Bonds	117.4	121.8	348.9	366.9	466.3	488.7
Certificates of participation	62.9	68.3	0.1	2.3	63.0	70.6
Capitalized lease obligations	1.8	3.4	-	-	1.8	3.4
Total long-term debt	188.0	199.7	349.3	369.7	537.3	569.4
Operational Liabilities:						
Compensated absences	11.0	10.8	-	-	11.0	10.8
Insurance Claims Payable	48.7	49.7	-	-	48.7	49.7
Total operational liabilities	59.7	60.5	-	-	59.7	60.5
Totals	\$ 247.7	260.2	349.3	369.7	597.0	629.9
Net pension obligation	\$ 417.4	372.3	88.1	79.0	505.5	451.3
Net OPEB	\$ 56.4	26.7	13.8	-	70.2	26.7

Additional information on the City of Pasadena’s long-term debt can be found in note 9 on pages 73 to 81 of this report. Information on Insurance Claims Payable can be found in note 16 on pages 100 to 102, Other Post-Employment Benefits can be found in note 19 on pages 118 to 123 and Net Pension Obligation in note 18 on pages 104 to 118.

The City reports three items of significant economic importance in its subsequent event note 22 on page 126.

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, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total Primary Government
Assets:			
Cash and investments (note 2)	\$ 248,455,351	\$ 270,410,941	\$ 518,866,292
Receivables:			
Accounts (note 3)	38,763,636	33,391,331	72,154,967
Accrued interest (note 3)	1,054,826	1,070,978	2,125,804
Internal balances	537,067	(537,067)	-
Inventories	476,519	24,068,714	24,545,233
Prepaid and other assets	463,380	14,358,841	14,822,221
Advances to component units (note 6)	648,771	-	648,771
Due from City	-	-	-
Due from Successor Agency	2,671,093	-	2,671,093
Deposits	-	200,000	200,000
Land held for resale	395,202	-	395,202
Derivative instrument asset (note 10)	79,877	-	79,877
Restricted assets (note 2):			
Cash and investments	12,710,223	22,013,890	34,724,113
Cash with fiscal agent	8,302,365	11,113,832	19,416,197
Stranded Investments	-	69,216,320	69,216,320
Notes and loans (note 4)	-	24,997,500	24,997,500
Capital assets not being depreciated (note 7)	124,571,249	47,403,963	171,975,212
Capital assets, net of depreciation (note 7)	380,660,845	719,838,166	1,100,499,011
Total Assets	819,790,404	1,237,547,409	2,057,337,813
Deferred Outflows of Resources:			
Deferred charges on refundings (note 8)	4,837,047	2,768,086	7,605,133
Accumulated decrease in fair value of hedging derivatives	-	-	-
Deferred outflows related to net pension liability (note 8 and 18)	111,737,240	23,755,829	135,493,069
Total Deferred Outflows of Resources	116,574,287	26,523,915	143,098,202
Liabilities:			
Accounts payable	26,887,612	17,218,158	44,105,770
Accrued liabilities	5,697,581	1,626,429	7,324,010
Accrued interest	2,039,518	1,452,479	3,491,997
Due to primary government	-	-	-
Due to other governments	430,145	-	430,145
Unearned revenue	1,359,363	3,685,628	5,044,991
Deposits payable	4,289,931	10,319,887	14,609,818
Derivative instrument liability (note 10)	-	-	-
Noncurrent liabilities:			
Long-term advance	-	-	-
Net pension liability (note 18)	417,423,639	88,100,106	505,523,745
Net OPEB liability (note 19)	56,424,691	13,835,060	70,259,751
Due within one year (note 9)	35,649,299	17,170,922	52,820,221
Due in more than one year (note 9)	212,145,835	332,146,799	544,292,634
Total Liabilities	762,347,614	485,555,468	1,247,903,082
Deferred Inflows of Resources:			
Accumulated increase in fair value of interest rate swap (note 10)	79,877	-	79,877
Derivatives instruments (note 10)	259,997	-	259,997
Deferred charges on refundings	-	-	-
Deferred inflows related to net pension liability (note 8 and 18)	26,313,653	5,647,906	31,961,559
Deferred inflows related to net OPEB liability (note 8 and 19)	636,244	156,002	792,246
Sales of future revenues	-	-	-
Service concession agreement	-	-	-
Total Deferred Inflows of Resources	27,289,771	5,803,908	33,093,679
Net Position:			
Net investment in capital assets	439,354,784	420,692,503	860,047,287
Restricted for:			
Community development projects	14,054,053	-	14,054,053
Public safety	2,442,198	-	2,442,198
Capital projects	3,405,567	-	3,405,567
Debt service	11,528,304	33,031,492	44,559,796
Stranded investments (note 12)	-	97,584,430	97,584,430
Transportation	18,593,463	-	18,593,463
Contribution	-	19,152,951	19,152,951
Other purpose	6,639,327	3,041,811	9,681,138
Air quality improvement	151,675	-	151,675
Donated funds	1,921,326	-	1,921,326
Trusts and loans	10,994,815	-	10,994,815
Unrestricted	(362,358,206)	199,208,761	(163,149,445)
Total Net Position	\$ 146,727,306	\$ 772,711,948	\$ 919,439,254

Aggregate Component	
Units	Total
\$ 63,110,159	\$ 581,976,451
7,416,914	79,571,881
-	2,125,804
-	-
-	24,545,233
357,785	15,180,006
-	648,771
1,352,932	1,352,932
-	2,671,093
-	200,000
-	395,202
319,506	399,383
26,085,479	60,809,592
-	19,416,197
-	69,216,320
-	24,997,500
5,037,845	177,013,057
325,096,208	1,425,595,219
428,776,828	2,486,114,641
4,521,218	12,126,351
15,773,256	15,773,256
1,322,429	136,815,498
21,616,903	164,715,105
7,357,272	51,463,042
-	7,324,010
3,618,376	7,110,373
2,311,954	2,311,954
80,879	511,024
-	5,044,991
17,032,416	31,642,234
15,773,256	15,773,256
900,000	900,000
2,688,676	508,212,421
-	70,259,751
7,545,277	60,365,498
365,036,608	909,329,242
422,344,714	1,670,247,796
319,506	399,383
-	259,997
6,878,416	6,878,416
130,420	32,091,979
-	792,246
4,523,288	4,523,288
266,643	266,643
12,118,273	45,211,952
(5,473,929)	854,573,358
-	14,054,053
-	2,442,198
3,065,415	6,470,982
-	44,559,796
-	97,584,430
-	18,593,463
-	19,152,951
-	9,681,138
-	151,675
-	1,921,326
-	10,994,815
18,339,258	(144,810,187)
\$ 15,930,744	\$ 935,369,998

CITY OF PASADENA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 45,755,302	\$ 10,861,440	\$ 3,130,480	\$ -
Public safety	142,494,654	15,707,784	3,218,074	-
Community development	45,114,170	13,286,088	22,062,853	-
Culture and leisure	38,364,668	3,181,350	281,539	-
Transportation	46,451,781	28,165,344	12,856,234	14,189,632
Sanitation	4,376,344	7,665,250	-	-
Health	11,346,602	2,346,379	5,509,235	-
Interest on long-term debt	8,411,017	-	-	-
Total Governmental Activities	342,314,538	81,213,635	47,058,415	14,189,632
Business-Type Activities:				
Light and Power	187,872,320	212,115,681	-	2,391,099
Water	54,757,184	62,591,958	1,635,455	1,720,770
Refuse Collection	15,695,002	11,412,924	719,123	-
Off Street Parking Facilities	14,139,639	14,559,810	-	-
Telecommunications	144,061	470,630	-	-
Total Business-Type Activities	272,608,206	301,151,003	2,354,578	4,111,869
Total Primary Government	\$ 614,922,744	\$ 382,364,638	\$ 49,412,993	\$ 18,301,501
Aggregate Component Units	\$ 74,745,137	\$ 49,058,265	\$ -	\$ 139,989

General Revenues:

Taxes:

Property taxes, levied for general purpose
 Transient occupancy taxes
 Sales taxes
 Franchise taxes
 Business licenses taxes
 Utility users tax
 Other taxes
 Motor vehicle in lieu - unrestricted
 Use of money and property
 Other
 Other intergovernmental, unrestricted
 Loss on disposal of capital assets

Transfers

Total General Revenues, Contributions, and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position (note 21)

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position				
Primary Government				
Governmental Activities	Business-Type Activities	Total Primary Government	Aggregate Component Units	Total
\$ (31,763,382)	\$ -	\$ (31,763,382)	\$ -	\$ (31,763,382)
(123,568,796)	-	(123,568,796)	-	(123,568,796)
(9,765,229)	-	(9,765,229)	-	(9,765,229)
(34,901,779)	-	(34,901,779)	-	(34,901,779)
8,759,429	-	8,759,429	-	8,759,429
3,288,906	-	3,288,906	-	3,288,906
(3,490,988)	-	(3,490,988)	-	(3,490,988)
(8,411,017)	-	(8,411,017)	-	(8,411,017)
(199,852,856)	-	(199,852,856)	-	(199,852,856)
-	26,634,460	26,634,460	-	26,634,460
-	11,190,999	11,190,999	-	11,190,999
-	(3,562,955)	(3,562,955)	-	(3,562,955)
-	420,171	420,171	-	420,171
-	326,569	326,569	-	326,569
-	35,009,244	35,009,244	-	35,009,244
(199,852,856)	35,009,244	(164,843,612)	-	(164,843,612)
-	-	-	(25,546,883)	(25,546,883)
63,483,527	-	63,483,527	-	63,483,527
15,814,251	-	15,814,251	10,390,826	26,205,077
35,075,871	-	35,075,871	-	35,075,871
2,732,728	5,358,942	8,091,670	-	8,091,670
7,196,603	-	7,196,603	-	7,196,603
27,881,022	-	27,881,022	-	27,881,022
10,714,106	-	10,714,106	3,911,418	14,625,524
18,384,846	-	18,384,846	-	18,384,846
3,008,443	2,505,686	5,514,129	198,192	5,712,321
11,372,239	2,552,104	13,924,343	16,747,929	30,672,272
1,610,735	-	1,610,735	-	1,610,735
(299,469)	(49,382)	(348,851)	-	(348,851)
18,765,662	(18,765,662)	-	-	-
215,740,564	(8,398,312)	207,342,252	31,248,365	238,590,617
15,887,708	26,610,932	42,498,640	5,701,482	48,200,122
163,255,075	763,768,030	927,023,105	10,229,262	937,252,367
(32,415,477)	(17,667,014)	(50,082,491)	-	(50,082,491)
\$ 146,727,306	\$ 772,711,948	\$ 919,439,254	\$ 15,930,744	\$ 935,369,998

CITY OF PASADENA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Housing Successor	Project Management Fund	General Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and investments (note 2)	\$ 58,954,158	\$ 5,868,487	\$ 3,285,668	\$ 3,213,924	\$ 145,293,224	\$ 216,615,461
Receivables:						
Accounts (note 3)	23,332,380	5,145	5,470,881	-	9,727,249	38,535,655
Notes and loans (note 4)	-	20,503,081	-	-	49,808,543	70,311,624
Accrued interest (note 3)	358,216	2,399	-	11,986	596,037	968,638
Prepaid costs	138,231	-	-	-	66,847	205,078
Due from other governments	2,671,093	-	-	-	-	2,671,093
Due from other funds (note 5)	5,640,394	-	-	-	-	5,640,394
Advances to other funds (note 6)	1,087,067	-	-	-	-	1,087,067
Land held for resale	-	322,458	-	-	72,744	395,202
Restricted assets (note 2):						
Cash and investments	10,594,101	-	-	-	2,116,122	12,710,223
Cash and investments with fiscal agents	-	-	-	-	8,302,365	8,302,365
Advances to component units (note 6)	648,771	-	-	-	-	648,771
Allowance for uncollectible notes receivable (note 4)	-	(20,503,081)	-	-	(49,808,543)	(70,311,624)
Total Assets	103,424,411	6,198,489	8,756,549	3,225,910	166,174,588	287,779,947
Liabilities, Deferred inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable	6,042,514	63,572	7,287,832	-	3,460,248	16,854,166
Accrued liabilities	5,065,223	-	104,510	-	527,848	5,697,581
Unearned revenues	16,988	-	-	-	1,342,375	1,359,363
Deposits payable	4,155,205	-	-	-	134,726	4,289,931
Due to other governments	430	-	-	-	429,715	430,145
Due to other funds (note 5)	-	-	-	-	2,345,459	2,345,459
Advances from other funds (note 6)	550,000	-	-	-	-	550,000
Total Liabilities	15,830,360	63,572	7,392,342	-	8,240,371	31,526,645
Deferred Inflows of Resources:						
Unavailable revenues (note 8)	727,339	-	2,775,159	-	3,017,980	6,520,478
Total Deferred Inflows of Resources	727,339	-	2,775,159	-	3,017,980	6,520,478
Fund Balances:						
Nonspendable	4,545,162	-	-	-	1,573,722	6,118,884
Restricted	10,994,815	6,134,917	1,465,818	3,225,910	47,769,677	69,591,137
Committed	46,949,400	-	1,195,980	-	107,373,072	155,518,452
Assigned	13,214,718	-	-	-	-	13,214,718
Unassigned	11,162,617	-	(4,072,750)	-	(1,800,234)	5,289,633
Total Fund Balances	86,866,712	6,134,917	(1,410,952)	3,225,910	154,916,237	249,732,824
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 103,424,411	\$ 6,198,489	\$ 8,756,549	\$ 3,225,910	\$ 166,174,588	\$ 287,779,947

CITY OF PASADENA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Fund balances of governmental funds		\$ 249,732,824
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.		488,837,299
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Notes payable	\$ (5,902,803)	
Pension Bonds	(119,460,000)	
Certificates of participation	(57,734,159)	
Capitalized lease obligations	(1,524,251)	
Unamortized premium (discount)	<u>(3,185,241)</u>	(187,806,454)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		(2,039,518)
Unavailable revenue related to GASB 33 requirement, which consisted primarily of intergovernmental receivables not collected within the availability period.		
Revenues not available		
General Fund	727,339	
Project Management Capital Projects Fund	2,775,159	
Non-Major Governmental Funds	<u>3,017,980</u>	6,520,478
The substance of an advanced refunding is reported as deferring the difference and amortizing it over future periods.		4,830,996
The City uses derivative instruments to hedge its exposure to changing interest rates through use of interest rate swaps. The following related items have been reflected in the Statement of Net Position.		(259,997)
The City implemented GASB 68. The following related items have been implemented in the Statement of Net Position.		
Net pension liability	(318,421,566)	
Net pension liability - deferred inflows	(19,817,367)	
Net pension liability - deferred outflows	<u>85,113,453</u>	(253,125,480)
The City implemented GASB 75. The following related items have been implemented in the Statement of Net Position.		
Net OPEB liability	(51,396,746)	
Net OPEB liability - deferred inflows	<u>(579,550)</u>	(51,976,296)
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 assets and liabilities of the internal service funds must be added to the statement of net position.		<u>(107,986,546)</u>
Net Position of Governmental Activities		<u>\$ 146,727,306</u>

CITY OF PASADENA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General	Housing Successor	Project Management Fund	General Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 153,679,528	\$ -	\$ -	\$ -	\$ 9,218,580	\$ 162,898,108
Licenses and permits	5,046,056	-	-	-	9,976,284	15,022,340
Intergovernmental	18,775,702	-	11,196,476	-	44,121,244	74,093,422
Charges for services	40,718,793	-	574,299	-	12,124,126	53,417,218
Use of money and property	1,590,064	92,411	-	14,874	4,318,197	6,015,546
Fines and forfeitures	7,261,762	-	-	-	-	7,261,762
Contributions	-	-	1,981,406	-	3,530,772	5,512,178
Miscellaneous	5,956,679	282,133	-	-	8,000,721	14,239,533
Total Revenues	233,028,584	374,544	13,752,181	14,874	91,289,924	338,460,107
Expenditures:						
Current:						
General government	38,284,003	-	195,388	3,661	128,108	38,611,160
Public safety	124,993,413	-	185,569	-	1,648,509	126,827,491
Community development	8,128,086	521,772	1,019,130	-	29,696,159	39,365,147
Culture and leisure	20,846,719	-	3,280,366	-	12,984,078	37,111,163
Transportation	28,082,073	-	2,353,337	-	14,642,313	45,077,723
Sanitation	-	-	-	-	4,351,597	4,351,597
Health	-	-	41,467	-	10,935,618	10,977,085
Capital outlay	3,223,552	-	25,437,543	-	46,129	28,707,224
Debt service:						
Principal retirement	-	-	-	900,554	9,619,475	10,520,029
Interest and fiscal charges	-	-	-	5,489,618	3,068,740	8,558,358
Total Expenditures	223,557,846	521,772	32,512,800	6,393,833	87,120,726	350,106,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,470,738	(147,228)	(18,760,619)	(6,378,959)	4,169,198	(11,646,870)
Other Financing Sources (Uses):						
Transfers in (note 15)	22,306,731	919,766	23,282,077	6,390,171	27,838,697	80,737,442
Transfers out (note 15)	(34,639,072)	-	(461,291)	-	(27,225,808)	(62,326,171)
Total Other Financing Sources (Uses)	(12,332,341)	919,766	22,820,786	6,390,171	612,889	18,411,271
Net Change in Fund Balances	(2,861,603)	772,538	4,060,167	11,212	4,782,087	6,764,401
Fund Balances, Beginning of Year	89,728,315	5,362,379	(5,471,119)	3,214,698	150,134,150	242,968,423
Fund Balances, End of Year	\$ 86,866,712	\$ 6,134,917	\$ (1,410,952)	\$ 3,225,910	\$ 154,916,237	\$ 249,732,824

CITY OF PASADENA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Net change in fund balances - total governmental funds \$ 6,764,401

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay	\$ 30,340,730	
Depreciation	(15,159,813)	
Gain/(loss) on sale of capital assets	<u>(387,516)</u>	14,793,401

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments	10,520,029	
Amortization of bond premiums/discounts	<u>414,220</u>	10,934,249

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.

90,858

Pension expenses recognized in accordance with GASB 68 not recognized in the governmental fund activity.

(13,942,810)

OPEB expenses recognized in accordance with GASB 75 not recognized in the governmental fund activity.

(758,293)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

980,743

Bond issuance costs, deferred charges 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.

(158,920)

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 revenues (expenses) of the internal service funds is reported with governmental activities.

(2,815,921)

Change in Net Position of Governmental Activities

\$ 15,887,708

CITY OF PASADENA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Light and Power	Water	Off Street Parking Facilities	Other Enterprise Funds
Assets:				
Current:				
Cash and investments (note 2)	\$ 194,284,979	\$ 48,078,245	\$ 5,592,381	\$ 22,455,336
Receivables:				
Accounts (note 3)	22,375,533	8,115,824	275,277	2,624,697
Accrued interest (note 3)	790,143	211,908	-	68,927
Prepaid costs	278,339	342,286	171,359	-
Inventories	15,805,621	8,263,093	-	-
Restricted:				
Cash with fiscal agent (note 2)	3,135,000	-	-	-
Notes and loans (note 4)	4,353,333	-	-	-
Total Current Assets	241,022,948	65,011,356	6,039,017	25,148,960
Noncurrent:				
Restricted:				
Stranded investments (note 12)	69,216,320	-	-	-
Cash and investments (note 2)	22,011,677	2,213	-	-
Cash with fiscal agent (note 2)	-	5,975,046	2,003,786	-
Notes and loans (note 4)	20,644,167	-	-	-
Deposit with Independent System Operator (ISO)	200,000	-	-	-
Advances to other funds (note 6)	550,000	-	-	-
Prepaid long term assets	13,566,857	-	-	-
Capital assets - net of accumulated depreciation (note 7)	521,121,719	196,281,476	45,561,797	4,277,137
Total Noncurrent Assets	647,310,740	202,258,735	47,565,583	4,277,137
Total Assets	888,333,688	267,270,091	53,604,600	29,426,097
Deferred Outflows of Resources:				
Deferred charge on refunding	2,437,281	330,805	-	-
Deferred outflows related to net pension liability	15,046,290	6,183,775	345,049	2,180,715
Total Deferred Outflows of Resources	17,483,571	6,514,580	345,049	2,180,715
Liabilities, Deferred Inflows of Resources, and Net Position:				
Liabilities:				
Current:				
Accounts payable	8,345,886	6,782,266	1,425,277	664,729
Accrued liabilities	1,051,869	344,411	25,416	204,733
Accrued interest	1,175,565	273,907	3,007	-
Unearned revenues	2,333,256	1,352,372	-	-
Deposits payable	2,572,044	371,369	256,563	7,119,911
Due to other funds (note 5)	-	-	-	-
Accrued compensated absences	-	-	-	-
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases (note 9)	12,475,000	3,695,000	1,000,922	-
Total Current Liabilities	27,953,620	12,819,325	2,711,185	7,989,373
Noncurrent:				
Advances from other funds	-	-	1,087,067	-
Accrued claims and judgments	-	-	-	-
Net pension Liability (note 18)	58,752,167	20,510,022	1,157,825	7,680,092
Net OPEB Liability (note 19)	8,045,573	3,883,469	98,587	1,807,431
Bonds, notes, and capital leases (note 9)	248,762,772	60,582,646	22,801,381	-
Total Noncurrent Liabilities	315,560,512	84,976,137	25,144,860	9,487,523
Total Liabilities	343,514,132	97,795,462	27,856,045	17,476,896
Deferred Inflows of Resources:				
Deferred inflows related to net pension liability	3,728,683	1,369,196	51,841	498,186
Deferred inflows related to OPEB	90,723	43,788	1,111	20,380
Total Deferred Inflows of Resources	3,819,406	1,412,984	52,952	518,566
Net Position:				
Net investment in capital assets	262,321,234	132,334,638	21,759,494	4,277,137
Restricted for Debt Service	25,050,447	5,977,259	2,003,786	-
Restricted for Contribution	17,608,813	1,544,138	-	-
Restricted for Stranded Investments (note 12)	97,584,430	-	-	-
Restricted for Other Purposes	3,041,811	-	-	-
Unrestricted	152,876,986	34,720,190	2,277,372	9,334,213
Total Net Position	558,483,721	174,576,225	26,040,652	13,611,350
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 905,817,259	\$ 273,784,671	\$ 53,949,649	\$ 31,606,812

See Notes to Financial Statements

Total Enterprise Funds	Governmental Activities- Internal Service Funds
\$ 270,410,941	\$ 31,839,890
33,391,331	227,981
1,070,978	86,188
791,984	258,302
24,068,714	476,519
-	-
3,135,000	-
4,353,333	-
337,222,281	32,888,880
69,216,320	-
22,013,890	-
7,978,832	-
20,644,167	-
200,000	-
550,000	-
13,566,857	-
767,242,129	16,394,795
901,412,195	16,394,795
1,238,634,476	49,283,675
2,768,086	6,051
23,755,829	26,623,787
26,523,915	26,629,838
17,218,158	9,176,850
1,626,429	855,951
1,452,479	645
3,685,628	-
10,319,887	-
-	3,294,935
-	10,978,104
-	18,355,045
17,170,922	319,928
51,473,503	42,981,458
1,087,067	-
-	30,335,603
88,100,106	99,002,073
13,835,060	5,027,945
332,146,799	-
435,169,032	134,365,621
486,642,535	177,347,079
5,647,906	6,496,286
156,002	56,694
5,803,908	6,552,980
420,692,503	16,074,867
33,031,492	-
19,152,951	-
97,584,430	-
3,041,811	-
199,208,761	(124,061,413)
772,711,948	(107,986,546)
\$ 1,265,158,391	\$ 75,913,513

CITY OF PASADENA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Light and Power	Water	Off Street Parking Facilities	Other Enterprise Funds
Operating Revenues:				
Utilities	\$ 212,115,681	\$ 62,591,958	\$ -	\$ -
Offstreet parking	-	-	14,550,343	-
Refuse Collection	-	-	-	11,412,924
Telecommunications	-	-	-	470,630
Computing and communication services	-	-	-	-
Building Maintenance	-	-	-	-
Fleet Maintenance	-	-	-	-
Employee benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
311 Call Center	-	-	-	-
Total Operating Revenues	212,115,681	62,591,958	14,550,343	11,883,554
Operating Expenses:				
Utility production	103,698,930	28,461,942	-	-
Utility transmission and distribution	18,498,342	5,317,243	-	-
Utility commercial and general	26,438,703	10,020,516	-	-
Offstreet Parking	-	-	11,648,005	-
Refuse collection	-	-	-	14,642,492
Telecommunications	-	-	-	47,158
Computing and communication services	-	-	-	-
Building maintenance	-	-	-	-
Fleet maintenance	-	-	-	-
Benefits	-	-	-	-
Insurance	-	-	-	-
Printing	-	-	-	-
311 Call Center	-	-	-	-
Depreciation expense	30,217,199	7,751,003	1,778,008	1,149,413
Total Operating Expenses	178,853,174	51,550,704	13,426,013	15,839,063
Operating Income (Loss)	33,262,507	11,041,254	1,124,330	(3,955,509)
Nonoperating Revenues (Expenses):				
Taxes	-	-	-	5,358,942
Intergovernmental	-	1,635,455	-	109,353
Interest revenue	1,756,605	226,504	422,922	99,655
Interest expense	(9,019,146)	(3,206,480)	(713,626)	-
Other	1,291,338	1,260,766	9,467	609,770
Gain (loss) on disposal of capital assets	(95,239)	22,281	-	23,576
Total Nonoperating Revenues (Expenses)	(6,066,442)	(61,474)	(281,237)	6,201,296
Income (Loss) Before Transfers and Contributions	27,196,065	10,979,780	843,093	2,245,787
Contributions	2,391,099	1,720,770	-	-
Transfers in (note 15)	1,910,021	-	-	63,531
Transfers out (note 15)	(16,846,635)	(1,923,796)	(1,201,219)	(767,564)
Changes in Net Position	14,650,550	10,776,754	(358,126)	1,541,754
Net Position:				
Beginning of Year, as previously reported	555,370,687	168,029,578	26,497,024	13,870,741
Restatements	(11,537,516)	(4,230,107)	(98,246)	(1,801,145)
Beginning of Fiscal Year, as restated (note 21)	543,833,171	163,799,471	26,398,778	12,069,596
End of Fiscal Year	\$ 558,483,721	\$ 174,576,225	\$ 26,040,652	\$ 13,611,350

Total Enterprise Funds	Governmental Activities- Internal Service Funds
\$ 274,707,639	\$ -
14,550,343	-
11,412,924	-
470,630	-
-	14,106,303
-	12,629,063
-	10,722,124
-	31,400,993
-	17,278,323
-	1,116,566
-	689,396
301,141,536	87,942,768
132,160,872	-
23,815,585	-
36,459,219	-
11,648,005	-
14,642,492	-
47,158	-
-	14,070,614
-	10,093,148
-	7,555,707
-	36,678,981
-	18,338,190
-	1,487,975
-	695,682
40,895,623	2,522,578
259,668,954	91,442,875
41,472,582	(3,500,107)
5,358,942	-
1,744,808	-
2,505,686	132,757
(12,939,252)	(31,286)
3,171,341	162,446
(49,382)	65,878
(207,857)	329,795
41,264,725	(3,170,312)
4,111,869	-
1,973,552	1,347,141
(20,739,214)	(992,750)
26,610,932	(2,815,921)
763,768,030	(126,886,007)
(17,667,014)	21,715,382
746,101,016	(105,170,625)
\$ 772,711,948	\$ (107,986,546)

CITY OF PASADENA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Light and Power	Water	Off Street Parking Facilities	Other Enterprise Funds
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 215,865,992	\$ 62,440,799	\$ 14,525,740	\$ 11,856,486
Cash payments to suppliers for goods and services	(108,887,053)	(27,802,548)	(11,187,870)	(15,229,572)
Cash payments to employees for services	(31,384,910)	(11,330,064)	41,968	236,484
Cash payments to other funds for services	(5,760,913)	(3,275,505)	-	-
Cash payments from other funds for services	-	-	2,085,000	-
Net Cash Provided (Used) by Operating Activities	69,833,116	20,032,682	5,464,838	(3,136,602)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(16,846,635)	(1,923,796)	-	(767,564)
Cash transfers in	2,164,460	-	(1,201,219)	63,531
Advance (to)/from other funds	110,000	-	(4,408,944)	-
Cash received on loans from other funds	-	-	-	(74,283)
Taxes received	-	-	-	5,358,942
Intergovernmental revenues	-	1,635,455	-	109,353
Non-operating miscellaneous revenues	1,291,338	1,260,766	9,467	609,770
Net Cash Provided (Used) by Non-Capital Financing Activities	(13,280,837)	972,425	(5,600,696)	5,299,749
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	1,997,639	1,201,204	-	-
Acquisition and construction of capital assets	(31,775,691)	(11,721,314)	-	(407,266)
Principal paid on capital debt	(12,000,000)	(3,525,000)	(3,071,171)	-
Interest paid on capital debt	(11,252,998)	(3,456,377)	(781,759)	-
Proceeds from sales of capital assets	63,194	29,785	-	23,576
Net Cash Provided (Used) by Capital and Related Financing Activities	(52,967,856)	(17,471,702)	(3,852,930)	(383,690)
Cash Flows from Investing Activities:				
Proceeds from the sales and maturities of investments	19,056,586	57,220	-	-
Purchase of investments	(3,299,010)	-	-	-
Payments received from loans made to suppliers	6,125,000	-	-	-
Investment earnings	1,593,570	200,251	422,922	88,169
Net Cash Provided (Used) by Investing Activities	23,476,146	257,471	422,922	88,169
Net Increase (Decrease) in Cash and Cash Equivalents	27,060,569	3,790,876	(3,565,866)	1,867,626
Cash and Cash Equivalents at Beginning of Year	178,868,934	44,387,551	11,162,033	20,587,710
Cash and Cash Equivalents at End of Year	\$ 205,929,503	\$ 48,178,427	\$ 7,596,167	\$ 22,455,336
Reconciliation of cash and cash equivalents to amounts reported on the statement of Net Position:				
Cash and investments	\$ 194,284,979	\$ 48,078,245	\$ 5,592,381	\$ 22,455,336
Restricted:				
Stranded investments	69,216,320	-	-	-
Cash and investments	22,011,677	2,213	2,003,786	-
Cash with fiscal agent	3,135,000	5,975,046	-	-
Less non-cash equivalents	(82,718,473)	(5,877,077)	-	-
Cash and cash equivalents at end of year	\$ 205,929,503	\$ 48,178,427	\$ 7,596,167	\$ 22,455,336

Total Enterprise Funds	Governmental Activities- Internal Service Funds
\$ 304,689,017	\$ 84,455,393
(163,107,043)	(27,142,150)
(42,436,522)	(54,873,573)
(9,036,418)	-
2,085,000	-
92,194,034	2,439,670
(19,537,995)	(992,750)
1,026,772	1,347,141
(4,298,944)	-
(74,283)	-
5,358,942	-
1,744,808	-
3,171,341	162,446
(12,609,359)	516,837
3,198,843	-
(43,904,271)	(2,459,832)
(18,596,171)	(613,100)
(15,491,134)	(32,558)
116,555	65,878
(74,676,178)	(3,039,612)
19,113,806	-
(3,299,010)	-
6,125,000	-
2,304,912	115,943
24,244,708	115,943
29,153,205	32,838
255,006,228	31,807,052
\$ 284,159,433	\$ 31,839,890
\$ 270,410,941	\$ 31,839,890
69,216,320	-
24,017,676	-
9,110,046	-
(88,595,550)	-
\$ 284,159,433	\$ 31,839,890

CITY OF PASADENA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Light and Power	Water	Off Street Parking Facilities	Other Enterprise Funds
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 33,262,507	\$ 11,041,254	\$ 1,124,330	\$ (3,955,509)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	30,217,199	7,751,003	1,778,008	1,149,413
(Increase) decrease in accounts receivable	3,669,572	(178,542)	(24,603)	(27,068)
Increase (decrease) in allowance for uncollectible accounts	80,739	27,383		
(Increase) decrease in due from other governments	-	-	2,085,000	-
(Increase) decrease in inventories	(2,928,014)	(100,871)	-	-
(Increase) decrease in deferred outflows	(2,823,455)	(2,183,332)	(133,329)	(629,640)
(Increase) decrease in prepaid expense	4,194,765	48,835	3,239	-
Increase (decrease) in accounts payable and accrued liabilities	(213,086)	560,963	452,949	(1,138,061)
Increase (decrease) in deposits payable	310,750	99,075	-	-
Increase (decrease) in due to other governments	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in unearned revenue	-	-	3,947	598,139
Increase (decrease) in net OPEB obligations	27,981	13,507	-	-
Increase (decrease) in net pension obligations	5,613,977	2,367,636	341	6,286
Increase (decrease) in deferred inflows	(1,579,819)	585,771	183,840	891,222
Increase (decrease) in claims and judgments	-	-	(8,884)	(31,384)
Increase (decrease) in compensated absences	-	-	-	-
Total Adjustments	36,570,609	8,991,428	4,340,508	818,907
Net Cash Provided (Used) by Operating Activities	\$ 69,833,116	\$ 20,032,682	\$ 5,464,838	\$ (3,136,602)
Non-Cash Investing, Capital, and Financing Activities:				
Gain/(Loss) on disposition of capital assets	\$ (95,239)	\$ 22,821	\$ -	\$ -
Changes in Fair Value of Investments	(3,561,515)	(619,002)	-	-
Amortization of deferred charges	(454,932)	(66,161)	-	-
Amortization of premiums/discounts	773,592	301,937	-	-

Total Enterprise Funds	Governmental Activities- Internal Service Funds
\$ 41,472,582	\$ (3,500,107)
40,895,623	2,522,578
3,439,359	54,690
108,122	-
2,085,000	-
(3,028,885)	(85,521)
(5,769,756)	(6,830,600)
4,246,839	(176,039)
(337,235)	1,000,918
409,825	-
-	514,404
-	343,612
602,086	-
41,488	17,487
7,988,240	9,979,147
81,014	(566,371)
(40,268)	(1,026,666)
-	192,138
50,721,452	5,939,777
\$ 92,194,034	\$ 2,439,670

\$ (72,418)	\$ -
(4,180,517)	-
(521,093)	-
1,075,529	-

CITY OF PASADENA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2018

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>	<u>Private Purpose Trust Funds</u>
Assets:			
Cash and Cash Equivalents (note 2)	\$ 297,139,489	\$ 630,160	\$ 3,567,104
Receivables:			
Accounts	-	659,014	-
Notes and loans	-	-	1,858,000
Allowance for uncollectible long-term			(1,858,000)
Accrued interest	132,570	-	-
Other assets	-	1,000,353	-
Due from other funds	-	-	511
Restricted assets:			
Cash and investments	-	-	341,721
Investments at fair value (note 2)			
Government and agencies	15,223,407	-	-
Fixed Income mutual funds	16,354,631	-	-
Domestic corporate obligations	27,507,533	-	-
International corporate obligations	169,806	-	-
Real Estate	13,408,597	-	-
Equity - Domestic	23,261,000	-	-
Equity - International	22,190,575	-	-
Total investments	<u>118,115,549</u>	<u>-</u>	<u>-</u>
Capital assets:			
Capital assets, not being depreciated	-	-	1,129,261
Total Assets	<u>\$ 415,387,608</u>	<u>\$ 2,289,527</u>	<u>\$ 5,038,597</u>
Liabilities:			
Accounts payable	\$ 45,185	\$ 652,637	\$ 2,047
Accrued liabilities	1,675	-	4,254
Accrued interest	-	-	20,036
Due to other governments	-	596,655	-
Due to other trust funds	-	-	511
Due to City	-	-	2,671,092
Due to bondholders	-	1,040,235	-
Long-term liabilities:			
Due in one year	-	-	195,000
Due in more than one year	-	-	635,000
Pending Purchases	3,486,823	-	-
Total Liabilities	<u>\$ 3,533,683</u>	<u>\$ 2,289,527</u>	<u>\$ 3,527,940</u>
Net Position:			
Held in trust for other post retirement benefits	\$ 2,002,193		\$ -
Held in trust for employees pension benefits	409,851,732		-
Held in trust for other purposes	-		1,510,657
Total Net Position	<u>\$ 411,853,925</u>		<u>\$ 1,510,657</u>

CITY OF PASADENA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2018

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
Additions:		
Contributions:		
Plan members	\$ 17,313,459	\$ -
Net investment income:		
Investment earnings	27,212,526	3,825
Interest	816,072	-
Dividends	1,841,085	-
Gross Investment Income	<u>29,869,683</u>	<u>3,825</u>
Less: Investment expenses	(476,303)	-
Net investment income:	<u>29,393,380</u>	<u>3,825</u>
Taxes	-	10,369,442
Miscellaneous	-	24,442
Gain on Sale of Property	-	<u>295,537</u>
Total Additions	<u>46,706,839</u>	<u>10,693,246</u>
Deductions:		
Benefits paid to participants	26,851,302	-
Fiscal agency expenses	-	2,618
Lease expense	-	18,979
Administrative expenses	540,868	1,440,290
Interest expense	-	146,660
Statutory pass-through expenses	-	<u>4,869,896</u>
Total Deductions	<u>27,392,170</u>	<u>6,478,443</u>
Transfers		
Transfers in	-	13,607,853
Transfers Out	-	<u>(13,607,853)</u>
Total Transfers	-	-
Changes in Net Position	<u>19,314,669</u>	<u>4,214,803</u>
Net Position - Beginning of the Year	<u>392,539,256</u>	<u>(2,704,146)</u>
Net Position - End of the Year	<u>\$ 411,853,925</u>	<u>\$ 1,510,657</u>

CITY OF PASADENA

DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	Rose Bowl Operating Company	Pasadena Center Operating Company	Pasadena Community Access Corp.	Total
Assets:				
Current:				
Cash and investments	\$ 47,188,667	\$ 15,580,511	\$ 340,981	\$ 63,110,159
Cash and investments restricted	14,809,840	11,275,639	-	26,085,479
Accounts receivable, net	6,127,788	824,706	19,063	6,971,557
Due from primary government	-	1,352,932	-	1,352,932
Prepays and other assets	198,711	139,751	19,323	357,785
Total Current Assets	68,325,006	29,173,539	379,367	97,877,912
Noncurrent:				
Other receivable	445,357	-	-	445,357
Derivative instrument asset	319,506	-	-	319,506
Capital assets:				
Land	-	2,683,116	-	2,683,116
Construction in progress	2,354,729	-	-	2,354,729
Other capital assets, net	192,810,817	132,107,852	177,539	325,096,208
Total Noncurrent Assets	195,930,409	134,790,968	177,539	330,898,916
Total assets	264,255,415	163,964,507	556,906	428,776,828
Deferred Outflows of Resources:				
Accumulated decrease in fair value of hedging derivatives	-	15,773,256	-	15,773,256
Deferred refunding charges	3,299,646	1,221,572	-	4,521,218
Outflows related to pension liability	1,322,429	-	-	1,322,429
Total Deferred Outflows of Resources	4,622,075	16,994,828	-	21,616,903
Liabilities				
Current:				
Accounts payable and accrued liabilities	5,368,953	1,959,865	28,454	7,357,272
Deposits	15,888,342	1,144,074	-	17,032,416
Interest payable	3,094,326	524,050	-	3,618,376
Due to other governments	-	-	80,879	80,879
Due to primary government	1,915,244	396,710	-	2,311,954
Current portion of compensated absences	152,213	-	20,538	172,751
Current portion of long-term debt (note 9)	2,431,769	4,940,757	-	7,372,526
Total Current Liabilities	28,850,847	8,965,456	129,871	37,946,174
Noncurrent:				
Derivative instrument liability (note 10)	-	15,773,256	-	15,773,256
Net pension liability	2,688,676	-	-	2,688,676
Compensated absences	155,009	-	-	155,009
Long-term advance	900,000	-	-	900,000
Long-term debt (note 9)	210,896,770	153,984,829	-	364,881,599
Total Noncurrent Liabilities	214,640,455	169,758,085	-	384,398,540
Total Liabilities	243,491,302	178,723,541	129,871	422,344,714
Deferred Inflows of Resources:				
Deferred refunding charge (note 10)	1,039,984	5,838,432	-	6,878,416
Accumulated increase in fair value of interest rate swap	319,506	-	-	319,506
Sale of future revenue	4,523,288	-	-	4,523,288
Service concession agreement (note 10)	-	266,643	-	266,643
Inflows related to net pension liability	130,420	-	-	130,420
Total Deferred Inflows of Resources	6,013,198	6,105,075	-	12,118,273
Net Position:				
Net Investment in capital assets	7,207,511	(12,858,979)	177,539	(5,473,929)
Restricted	-	3,065,415	-	3,065,415
Unrestricted	12,165,479	5,924,283	249,496	18,339,258
Total Net Position	\$ 19,372,990	\$ (3,869,281)	\$ 427,035	\$ 15,930,744

CITY OF PASADENA

**DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018**

	Rose Bowl Operating Company	Pasadena Center Operating Company	Pasadena Community Access Corp.	Total
Operating Revenues:				
Charges for services:				
Rose Bowl	\$ 35,539,432	\$ -	\$ -	\$ 35,539,432
Golf course	1,862,845	-	-	1,862,845
Pasadena Center Operating Company	-	10,662,747	-	10,662,747
Pasadena Community Access Corporation	-	-	993,241	993,241
Total Operating Revenues	37,402,277	10,662,747	993,241	49,058,265
Operating Expenses:				
Rose Bowl	25,172,336	-	-	25,172,336
Golf course	651,378	-	-	651,378
Pasadena Center Operating Company	-	11,425,318	-	11,425,318
Pasadena Community Access Corporation	-	-	929,294	929,294
Depreciation	13,570,710	4,580,376	60,500	18,211,586
Total Operating Expenses	39,394,424	16,005,694	989,794	56,389,912
Operating income	(1,992,147)	(5,342,947)	3,447	(7,331,647)
Nonoperating Revenues (Expenses):				
Transient occupancy taxes, net	-	10,390,826	-	10,390,826
Tourism business improvement district tax	-	3,712,079	-	3,712,079
Facility restoration fee	-	199,339	-	199,339
Investment earnings	(9,291)	207,427	56	198,192
Interest expense	(11,616,515)	(6,599,864)	-	(18,216,379)
Public, education, and government(PEG) revenue	-	-	259,349	259,349
PEG expense	-	-	(138,846)	(138,846)
Other nonoperating revenues	16,488,580	-	-	16,488,580
Total Nonoperating Revenues	4,862,774	7,909,807	120,559	12,893,140
Income (loss) Before Contributions	2,870,627	2,566,860	124,006	5,561,493
Capital contributions	-	139,989	-	139,989
Change in net position	2,870,627	2,706,849	124,006	5,701,482
Net position at beginning of year	16,502,363	(6,576,130)	303,029	10,229,262
Net position at end of year	\$ 19,372,990	\$ (3,869,281)	\$ 427,035	\$ 15,930,744

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CITY OF

PASADENA

NOTES TO THE BASIC FINANCIAL STATEMENTS



CITY OF PASADENA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF PASADENA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of Entity

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.

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 FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Blended Component Units

Pasadena Parking 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.

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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. 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. 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, California 91109.

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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.

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, California 91101. PCOC was audited in accordance with Generally Accepted Governmental Auditing Standards. Additional information is available at www.pasadenacenter.com.

CITY OF PASADENA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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, California 91104. PCAC was audited in accordance with Generally Accepted Governmental Auditing Standards. Additional information is available at www.pasadenamedia.webs.com.

Jointly Governed Organizations

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

Bob Hope Airport

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

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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.

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).

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

b. Basis of Accounting and Measurement Focus

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.

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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.

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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.

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.

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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, 2018.

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.

i. Prepaids

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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	
		Building and	
		Improvements	20 to 50 years
		Machinery and	
		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.

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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 FY2018 and FY2017 were 88% and 87% of prior year accruals, respectively.

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. 75, 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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

q. Bond Premiums, Discounts, and 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.

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

- 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.

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 FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and Summary of Significant Accounting Policies (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 FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 1: Organization and 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
83	Certain Asset Retirement Obligations	June 15, 2018
84	Fiduciary Activities	December 15, 2018
87	Leases	December 15, 2019
88	Certain Disclosures related to Debt, including Direct Borrowings and Direct Placements	June 15, 2018
89	Accounting for Interest Costs Incurred before the End of a Construction Period	December 15, 2019
90	Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61	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, 2019 and beyond. For the fiscal year ended June 30, 2019, management does not anticipate any significant impact from the new statements on the financial statements.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 2: Cash and Investments

Primary Government (excluding FPRS Cash and Investments)

Cash and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 518,866,292
Restricted cash and investments	123,356,630
Fiduciary funds:	
Cash and cash equivalents	297,118,711
Restricted cash and investments	341,721
Total cash and investments	<u>\$ 939,683,354</u>

Cash and investments as of June 30, 2018, consist of the following:

Cash on hand	\$ 103,286
Deposits with financial institutions	6,957,182
Investments	932,622,886
Total cash and investments	<u>\$ 939,683,354</u>

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 2: 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	30%	None
Repurchase Agreement	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20% of base value	None
Time Deposits	Yes	N/A	25%	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 FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 2: Cash and Investments (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>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 to 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 FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 2: Cash and Investments (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	\$ 84,983,448	\$ 38,138,860	\$ 17,483,134	\$ 29,361,454	\$ -
Supernationals	23,003,595	18,410,623	-	4,592,972	-
Federal Agency Securities	383,447,234	56,374,615	78,346,337	232,970,881	15,755,401
Municipal Bond	35,423,308	6,164,047	19,546,059	7,039,241	2,673,961
Certificate of Deposit	973,655	973,655	-	-	-
Money Market Funds	31,482,586	31,482,586	-	-	-
State Investment Pool	33,329,116	33,329,116	-	-	-
US Treasury	16,706,475	4,781,465	7,201,960	4,723,050	-
Held by Bond Trustee:					
Federal Agency Securities	15,706,719	-	8,566,848	7,139,871	-
Money Market Funds	4,051,202	4,051,202	-	-	-
Investment Contracts	-	-	-	-	-
Held by OPEB Trustee:					
Mutual Fund	2,001,792	2,001,792	-	-	-
Held by Pension Section 115 Trustee:					
Mutual Fund	10,594,101	10,594,101	-	-	-
Deferred Compensation Plan:					
Mutual Fund	290,919,655	290,919,655	-	-	-
Total	\$ 932,622,886	\$ 497,221,717	\$ 131,144,338	\$ 285,827,469	\$ 18,429,362

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 2: Cash and Investments (Continued)

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Rating as of Year-End			
			AAA	Aa	A	Not Rated
Corporate Bonds	\$ 84,983,448	A	\$ 12,505,309	\$ 24,271,238	\$ 48,206,901	\$ -
Supernationals	23,003,595	A	23,003,595	-	-	-
Federal Agency Securities	383,447,234	N/A	383,447,234	-	-	-
Municipal Bond	35,423,308	N/A	2,712,143	28,912,162	3,799,003	-
Certificates of Deposit	973,655	A	-	-	-	973,655
Money market funds	31,482,586	A	-	-	-	31,482,586
State Investment Pool	33,329,116	N/A	-	-	-	33,329,116
US Treasury	16,706,475	N/A	16,706,475	-	-	-
Held by Bond Trustee:						
Federal Agency Securities	15,706,719	N/A	15,706,719	-	-	-
Money Market Funds	4,051,202	A	4,051,202	-	-	-
Held by OPEB Trustee:						
Mutual Fund	2,001,792	N/A	-	2,001,792	-	-
Held by Pension Section 115 Trustee:						
Mutual Fund	10,594,101	N/A	-	10,594,101	-	-
Deferred Compensation Plan:						
Mutual Fund	290,919,655	N/A	-	290,919,655	-	-
Total	<u>\$ 932,622,886</u>		<u>\$ 458,132,677</u>	<u>\$ 356,698,948</u>	<u>\$ 52,005,904</u>	<u>\$ 65,785,357</u>

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:

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal Agency Securities	\$ 120,094,265
Federal National Mortgage Assoc.	Federal Agency Securities	97,021,456
Federal Home Loan Bank	Federal Agency Securities	87,721,594
Federal Home Loan Mortgage Corp	Federal Agency Securities	86,980,277
Local Agency Investment Fund	State Investment Pool	34,226,077

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 2: Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the 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, 2018, \$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.

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 2: Cash and Investments (Continued)

The Company has the following recurring fair value measurements as of June 30, 2018:

Measure by Fair Value	Level		
	1	2	Total
Corporate Bonds	\$ -	\$ 84,983,448	\$ 84,983,448
Supnationals	-	23,003,595	23,003,595
Federal Agency Securities	-	383,447,234	383,447,234
Municipal Bond	-	35,423,308	35,423,308
Certificate of Deposit	-	973,655	973,655
Money Market Funds	-	31,482,586	31,482,586
State Investment Pool	-	33,329,116	33,329,116
US Treasury	-	16,706,475	16,706,475
Held by Bond Trustee:			
Federal Agency Securities	-	15,706,719	15,706,719
Money Market Funds	-	4,051,202	4,051,202
Held by OPEB Trustee:			
Mutual Fund	-	2,001,792	2,001,792
Held by OPEB Trustee:			
Mutual Fund	-	10,594,101	10,594,101
Deferred Compensation Plan:			
Mutual Fund	-	290,919,655	290,919,655
Total	<u>\$ -</u>	<u>\$ 932,622,886</u>	<u>\$ 932,622,886</u>

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 3: Accounts Receivable

As of June 30, 2018, the accounts receivable are categorized as follows:

	General	Housing Successor	Project Management Capital Project	General Debt Service	Non-Major Governmental Funds	Internal Service
Governmental Activities:						
Accounts Receivable	\$ 5,084,597	\$ 5,145	\$ 3,165,294	\$ -	\$ 5,496,576	\$ 157,738
Accrued Revenue						
Receivable	15,073,568	-	2,305,587	-	3,767,169	70,243
Interest Receivable	358,216	2,399	-	11,986	596,037	86,188
Paramedics Receivable	4,043,184	-	-	-	-	-
Utility Receivable	1,231,984	-	-	-	497,838	-
	<u>25,791,549</u>	<u>7,544</u>	<u>5,470,881</u>	<u>11,986</u>	<u>10,357,620</u>	<u>314,169</u>
Less allowance for un-collectible amounts	(2,100,953)	-	-	-	(34,334)	-
Total	\$ 23,690,596	\$ 7,544	\$ 5,470,881	\$ 11,986	\$ 10,323,286	\$ 314,169
	Light and Power	Water	Off-Street Parking	Non-Major Proprietary		
Business-Type Activities:						
Accounts Receivable	\$ 80,455	\$ 35,894	\$ 235,483	\$ 186,108		
Accrued Revenue						
Receivable	13,888,549	5,210,465	39,794	1,634,430		
Interest Receivable	790,143	211,908	-	68,927		
Utility Receivable	9,087,054	3,071,794	-	860,047		
	<u>23,846,201</u>	<u>8,530,061</u>	<u>275,277</u>	<u>2,749,512</u>		
Less allowance for un-collectible amounts	(680,525)	(202,329)	-	(55,888)		
Total	\$ 23,165,676	\$ 8,327,732	\$ 275,277	\$ 2,693,624		

Note 4: Notes Receivable – Primary Government

The notes receivable in the Governmental Funds amounted to \$70,311,624 at June 30, 2018. \$49,808,543 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. \$20,503,081 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, 2018, the City has recorded an allowance for uncollectible long-term receivables of \$70,311,624.

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, 2018 is \$24,997,500.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 5: Due From and To Other Funds

Current interfund receivable and payable balances at June 30, 2018, are as follows:

Due to Other Funds	Due from Other Funds	
	General Fund	Total
Non-Major Governmental Funds	\$ 2,345,459	\$ 2,345,459
Internal Service Funds	3,294,935	3,294,935
Total	\$ 5,640,394	\$ 5,640,394

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

Note 6: Advances To and From Other Funds

Primary Government

Long-term interfund receivable and payable balances at June 30, 2018, are as follows:

Advances from Other Funds	Advances to Other Funds		Total
	General Fund	Light and Power Fund	
General Fund	\$ -	\$ 550,000	\$ 550,000
Offstreet Parking Fund	1,087,067	-	1,087,067
Total	\$ 1,087,067	\$ 550,000	\$ 1,637,067

**Outstanding at
 June 30, 2018**

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 for fiscal year 2018 – 2019.

\$1,087,067

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.

550,000

Total advances between City funds

\$1,637,067

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 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, 2018 are as follows:

<u>Advances To Component Units</u>	<u>Advances From the City</u>	<u>Amount</u>
General Fund	Pasadena Center Operating Company	<u>\$ 648,771</u>

**Outstanding at
June 30, 2018**

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. \$159,282

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 anticipated that the loan repayment will be from ice skating net income by the 6th year of operation of the new rink over a 10-year period. 489,489

Total advances between City and discretely presented component units \$648,771

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 7: Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2018, is as follows:

Governmental Activities	Balance at June 30, 2017	Additions	Deletions	Transfers and Adjustments	Prior Period Adjustment	Balance at June 30, 2018
Depreciable Assets:						
Buildings and Improvements	\$ 284,683,173	\$ 209,745	\$ -	\$ 6,162,605	\$ -	\$ 291,055,523
Machinery and Equipment	65,606,872	3,218,313	(2,287,846)	6,826,060	940,601	74,304,000
Infrastructure	308,759,932	-	-	7,662,318	21,917,660	338,339,910
Total Cost of Depreciable Assets	659,049,977	3,428,058	(2,287,846)	20,650,983	22,858,261	703,699,433
Less Accumulated Depreciation:						
Buildings and Improvements	(125,507,032)	(6,145,547)	-	-	-	(131,652,579)
Machinery and Equipment	(42,365,619)	(5,112,744)	2,189,820	-	(11,758)	(45,300,301)
Infrastructure	(139,297,550)	(6,424,100)	-	-	(364,058)	(146,085,708)
Total Accumulated Depreciation	(307,170,201)	(17,682,391)	2,189,820	-	(375,816)	(323,038,588)
Net Depreciable Assets	351,879,776	(14,254,333)	(98,026)	20,650,983	22,482,445	380,660,845
Capital Assets Not Depreciated:						
Land	83,353,604	4,049,519	-	-	-	87,403,123
Construction in Progress	58,180,915	25,322,985	(289,490)	(20,650,983)	(25,395,301)	37,168,126
Total Cost of Non-Depreciable Assets	141,534,519	29,372,504	(289,490)	(20,650,983)	(25,395,301)	124,571,249
Capital Assets, Net	\$ 493,414,295	\$15,118,171	\$ (387,516)	\$ -	\$ (2,912,856)	\$ 505,232,094

During the year, the Governmental activities received proceeds of \$296,321 from the disposal of capital assets and incurred a loss on disposal of \$12,014.

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

General Government	\$ 5,784,588
Public Safety	1,389,359
Transportation	975,810
Health	119,798
Culture and Leisure	1,384,831
Community Development	5,505,427
Computing and Communication	1,194,198
Building Maintenance	1,411
Fleet Maintenance	1,320,090
Printing Services	6,879
	<u>\$ 17,682,391</u>

CITY OF PASADENA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 7: Capital Assets (Continued)

Business-Type Activities	Balance at June 30, 2017	Additions	Deletions	Transfers and Adjustments	Prior Period Adjustment	Balance at June 30, 2018
Depreciable Assets:						
Buildings and Improvements	\$ 133,992,215	\$ -	\$ (781,980)	\$ 7,499,198	\$ 2,279,965	\$ 142,989,398
Utility lines, Machinery and Equipment	1,013,984,329	1,726,337	(5,564,299)	66,877,988	47,499,042	1,124,523,397
Total Cost of Depreciable Assets	1,147,976,544	1,726,337	(6,346,279)	74,377,186	49,779,007	1,267,512,795
Less Accumulated Depreciation:						
Buildings and Improvements	(55,993,735)	(3,641,405)	781,979	-	(325,251)	(59,178,412)
Utility lines, Machinery and Equipment	(452,048,226)	(37,254,218)	5,399,216	-	(4,592,989)	(488,496,217)
Total Accumulated Depreciation	(508,041,961)	(40,895,623)	6,181,195	-	(4,918,240)	(547,674,629)
Net Depreciable Assets	639,934,583	(39,169,286)	(165,084)	74,377,186	44,860,767	719,838,166
Capital Assets Not Depreciated:						
Land	14,676,119	-	-	-	-	14,676,119
Construction in Progress	120,707,879	36,176,158	-	(74,377,186)	(49,779,007)	32,727,844
Total Cost of Non-Depreciable Assets	135,383,998	36,176,158	-	(74,377,186)	(49,779,007)	47,403,963
Capital Assets, Net	\$ 775,318,581	\$ (2,993,128)	\$ (165,084)	\$ -	\$ (4,918,240)	\$ 767,242,129

During the year, the Business-type activities received proceeds of \$115,688 from the disposal of capital assets.

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

Electric	\$ 30,217,199
Water	7,751,003
Refuse	1,052,510
Parking	1,778,008
Telecommunication	96,903
	<u>\$ 40,895,623</u>

A portion of the interest expense for bonds issues were capitalized and included as part of the costs of capital assets for the year ended June 30, 2018.

	Interest Expense	Amount Capitalized
Electric	\$ 11,170,679	\$ 1,161,725
Water	3,442,252	-
Parking	713,626	-
	<u>\$ 15,326,557</u>	<u>\$ 1,161,725</u>

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 7: Capital Assets (Continued)

Fiduciary Funds – Private Purpose Trust Fund

Fiduciary Funds	Balance at June 30, 2017	Additions	Deletions	Transfers and Adjustments	Period Adjustment	Balance at June 30, 2018
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	1,129,261	-	-	-	-	1,129,261
Total cost of non-depreciable assets	1,129,261	-	-	-	-	1,129,261
Capital assets, net	\$ 1,129,261	\$ -	\$ -	\$ -	\$ -	\$ 1,129,261

Depreciation expense in the private purpose trust funds were \$0 for the year ended June 30, 2018.

Note 8: Deferred Inflows and Outflows

Primary Government

Deferred Outflows on the Government-Wide Statement of Net Position consists of the following at June 30, 2018:

	Balance at June 30, 2017	Increase	Decrease	Balance at June 30, 2018
Governmental Activities:				
2015 A Refunding COP Deferred Charges	\$ 5,077,685	\$ -	\$ (246,689)	\$ 4,830,996
Equipment Lease	6,051	6,051	(6,051)	6,051
GASB68 Contributions Subsequent to Measurement Date	32,390,231	37,516,670	(32,390,231)	37,516,670
GASB68 Net Difference on Pension Plan Investments	50,734,212	-	(36,666,851)	14,067,361
GASB68 Change of Assumptions	-	58,125,209	-	58,125,209
FPRS Net Difference on Pension Plan Investments	2,502,000	-	(474,000)	2,028,000
	\$ 90,710,179	\$ 95,647,930	\$ (69,783,822)	\$ 116,574,287

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 8: Deferred Inflows and Outflows (Continued)

Business-Type Activities:	Balance at			Balance at June 30, 2018
	June 30, 2017	Increase	Decrease	
1998 Electrical Bonds Deferred Charges	\$ 650,782	\$ -	\$ (108,464)	\$ 542,318
2002 Electrical Bonds Deferred Charges	1,171,982	-	(292,996)	878,986
2008 Electrical Bonds Deferred Charges	1,069,449	-	(53,472)	1,015,977
2003 Water Bonds Deferred Charges	396,966	-	(66,161)	330,805
GASB68 Contributions Subsequent to Measurement Date	6,898,118	8,364,342	(6,898,118)	8,364,342
GASB68 Net Difference on Pension Plan Investments	10,607,344	-	(8,174,874)	2,432,470
GASB68 Change of Assumptions	-	12,959,017	-	12,959,017
	<u>\$ 20,794,641</u>	<u>\$ 21,323,359</u>	<u>\$ (15,594,085)</u>	<u>\$ 26,523,915</u>

Deferred Inflows on the Government-Wide Statement of Net Assets consists of the following at June 30, 2018:

Governmental Activities:	Balance at			Balance at June 30, 2018
	June 30, 2017	Increase	Decrease	
Derivative Instruments	\$ 347,766	\$ -	\$ (87,769)	\$ 259,997
Accumulated Increase in Fair Value of Interest Rate Swap	79,877	-	-	79,877
GASB68 Change of Assumptions	8,884,797	-	(5,455,735)	3,429,062
GASB68 Difference in Experience	19,919,732	2,964,859	-	22,884,591
GASB75 Change of Assumptions	-	634,835	-	634,835
GASB75 Difference between projected and actual earnings on OPEB plan investments	-	1,409	-	1,409
	<u>\$ 29,232,172</u>	<u>\$ 3,601,103</u>	<u>\$ (5,543,504)</u>	<u>\$ 27,289,771</u>

Business-Type Activities:	Balance at			Balance at June 30, 2018
	June 30, 2017	Increase	Decrease	
GASB68 Change of Assumptions	\$ 4,340,606	\$ -	\$ (1,216,359)	\$ 3,124,247
GASB68 Difference in Experience	1,862,644	661,015	-	2,523,659
GASB75 Change of Assumptions	-	155,657	-	155,657
GASB75 Difference between projected and actual earnings on OPEB plan investments	-	345	-	345
	<u>\$ 6,203,250</u>	<u>\$ 817,017</u>	<u>\$ (1,216,359)</u>	<u>\$ 5,803,908</u>

Deferred Inflows on the Governmental Funds consists of the following at June 30, 2018:

	Project Management Capital			
	General Fund	Project	Non-Major Governmental	Total Governmental
Revenues not "available"	\$ 727,339	\$ 2,775,159	\$ 3,017,980	\$ 6,520,478
	<u>\$ 727,339</u>	<u>\$ 2,775,159</u>	<u>\$ 3,017,980</u>	<u>\$ 6,520,478</u>

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 8: Deferred Inflows and Outflows (Continued)

In accordance with GASB Statement No. 33 revenue recognition requirements, the following revenues have been deferred because they were not available at year end: \$727,339 of park projects, \$2,775,159 of capital improvement projects, \$1,306,144 of Health grants, \$281,368 of Transportation services, \$963,665 of Housing grants, \$36,457 of Homeland security grants, and \$430,346 of land resource protection projects.

Note 9: Long-Term Debt and Other Liabilities

Primary Government

Changes in long-term debt and other liabilities for the year ended June 30, 2018, are as follows:

	Balance at June 30, 2017	Additions	Reductions	Balance at June 30, 2018	Due Within One Year	Due in More Than One Year
Governmental Activities						
Notes Payable						
Rose Bowl Operating Company	\$ 517,983	\$ -	\$ (15,180)	\$ 502,803	\$ 15,499	\$ 487,304
Section 108	5,700,000		(300,000)	5,400,000	300,000	5,100,000
Total Notes Payable	6,217,983	-	(315,180)	5,902,803	315,499	5,587,304
Pension Bonds						
2015 Taxable Pension Obligation Bonds	119,460,000	-	-	119,460,000	-	119,460,000
Bond Premiums/ (Discount)	(2,124,061)		76,086	(2,047,975)		(2,047,975)
Total Pension Bonds	117,335,939	-	76,086	117,412,025	-	117,412,025
Certificates of Participation						
2008 COP Series B Refunding 2004 A&B	6,198,634	-	(3,019,475)	3,179,159	3,179,159	-
2008 COP Series C Refunding 2003 COP	1,780,000		(1,780,000)	-	-	-
2015 COP Series A Refunding 2008 COP	54,555,000		-	54,555,000	1,810,000	52,745,000
Bond Premiums/ (Discount)	5,742,035		(508,819)	5,233,216		5,233,216
Total Certificates of Participation	68,275,669	-	(5,308,294)	62,967,375	4,989,159	57,978,216
Revenue Bonds						
2006 Revenue Bonds	4,520,000	-	(4,520,000)	-	-	-
Bond Premiums/ (discount)	(18,513)		18,513	-	-	-
Total Revenue Bonds	4,501,487	-	(4,501,487)	-	-	-
Capital Lease Obligations	3,360,807	-	(1,516,628)	1,844,179	1,011,492	832,687
Other						
Compensated Absences	10,785,966	9,722,727	(9,530,589)	10,978,104	10,978,104	-
Insurance Claims Payable	49,717,314	12,793,847	(13,820,513)	48,690,648	18,355,045	30,335,603
Total Governmental Activity Long-Term Liabilities	\$ 260,195,165	\$ 22,516,574	\$ (34,916,605)	\$ 247,795,134	\$ 35,649,299	\$ 212,145,835

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 9: Long-Term Debt and Other Liabilities (Continued)

Business-Type Activities	Balance at June 30, 2017	Additions	Reductions	Balance at June 30, 2018	Due Within One Year	Due in More Than One Year
Notes Payable	\$ 482,108	\$ -	\$ (185,646)	\$ 296,462	\$ 195,081	\$ 101,381
Revenue Bonds:						
2009 Electric Revenue Refunding Bonds	22,035,000	-	(3,015,000)	19,020,000	3,135,000	15,885,000
2010A Electric Revenue Refunding Bonds	18,925,000	-	(4,490,000)	14,435,000	4,625,000	9,810,000
2010A Water Revenue Bonds (Taxable Build America)	25,425,000	-	-	25,425,000	-	25,425,000
2010B Water Revenue Bonds (Tax-Exempt)	2,120,000	-	(675,000)	1,445,000	705,000	740,000
2011A Water Revenue Refunding Bonds	21,140,000	-	(2,375,000)	18,765,000	2,490,000	16,275,000
2012A Electric Revenue Refunding Bonds	6,005,000	-	(515,000)	5,490,000	535,000	4,955,000
2013A Electric Revenue Refunding Bonds	79,060,000	-	(1,500,000)	77,560,000	1,575,000	75,985,000
2016A Electric Revenue Refunding Bonds	119,440,000	-	(2,480,000)	116,960,000	2,605,000	114,355,000
2017A Water Revenue Refunding Bonds	14,595,000	-	(475,000)	14,120,000	500,000	13,620,000
Total Water and Power	308,745,000	-	(15,525,000)	293,220,000	16,170,000	277,050,000
2008 Paseo Colorado Taxable Revenue Bonds	24,100,000	-	(700,000)	23,400,000	700,000	22,700,000
Bond Premiums/ (discount)	34,045,070	-	(1,749,652)	32,295,418	-	32,295,418
Total Revenue Bonds	366,890,070	-	(17,974,652)	348,915,418	16,870,000	332,045,418
Certificates of Participation:						
1993 Refunding COP (Old Pasadena)	2,085,000	-	(2,085,000)	-	-	-
2008 COP Series B Refunding 2004 A&B	206,366	-	(100,525)	105,841	105,841	-
Total Certificates of Participation	2,291,366	-	(2,185,525)	105,841	105,841	-
Total Business-Type Activity Long-Term Liabilities	\$ 369,663,544	\$ -	\$ (20,345,823)	\$ 349,317,721	\$ 17,170,922	\$ 332,146,799

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, \$319,928 of internal service funds capitalized lease obligations are included in the governmental activities schedule.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 9: Long-Term Debt and Other Liabilities (Continued)

Discretely Presented Component Units

Changes in discretely presented component unit's long-term debt and other liabilities for the year ended June 30, 2018, are as follows:

Discretely Presented Component Units	Balance at June 30, 2017	Additions	Reductions	Balance at June 30, 2018	Due Within One Year	Due in More Than One Year
Certificates of Participation:						
2006 COP (Conference Center Project)	\$ 25,160,217	\$ 1,192,790	\$ (4,125,000)	\$ 22,228,007	\$ 4,405,000	\$ 17,823,007
2008 Refunding COP Series 2008A (Conference Center Project)	134,720,000	-	-	134,720,000	-	134,720,000
Total Certificates of Participation	159,880,217	1,192,790	(4,125,000)	156,948,007	4,405,000	152,543,007
Revenue Bonds:						
2010A Revenue Bonds (Tax-Exempt)	19,731,035	1,216,702	-	20,947,737	-	20,947,737
2010B Revenue Bonds (Taxable Build America)	106,660,000	-	-	106,660,000	-	106,660,000
2010C Revenue Bonds (Taxable)	3,375,000	-	(935,000)	2,440,000	1,200,000	1,240,000
2010D (Taxable Recovery)	7,400,000	-	-	7,400,000	-	7,400,000
2013A Revenue Bonds (Refunding-Taxable Fixed Rate)	34,900,000	-	-	34,900,000	-	34,900,000
2013B Revenue Bonds (Refunding-Taxable Fixed Rate)	14,700,000	-	(1,175,000)	13,525,000	1,180,000	12,345,000
2016A Revenue Bonds (Partial Refunding 2010A Bonds)	21,865,000	-	-	21,865,000	-	21,865,000
Bond Premiums/ (Discount)	5,364,475	-	(550,203)	4,814,272	-	4,814,272
Total Revenue Bonds (Rose Bowl Renovation)	213,995,510	1,216,702	(2,660,203)	212,552,009	2,380,000	210,172,009
Energy Conservation Loan	1,590,118	-	(261,311)	1,328,807	271,733	1,057,074
Conference Center Loan	259,102	-	(99,819)	159,283	104,872	54,411
Skating Rink Loan	644,757	-	(155,268)	489,489	159,151	330,338
Golf Equipment Finance	-	776,530	-	776,530	51,769	724,761
Compensated absences	295,731	205,240	(173,211)	327,760	172,752	155,008
Total Discretely Presented Component Units Long-Term Liabilities	\$ 376,665,435	\$ 3,391,262	\$ (7,474,812)	\$ 372,581,885	\$ 7,545,277	\$ 365,036,608

Fiduciary Funds – Private Purpose Trust Fund

Successor Agency to Pasadena Community Development Commission (PCDC):	Balance at June 30, 2017	Additions	Reductions	Balance at June 30, 2018	Due Within One Year	Due in More Than One Year
Tax Allocation Bonds:						
2006 Tax Allocation Refunding Bonds (Fair Oaks)	\$ 1,015,000	\$ -	\$ (185,000)	\$ 830,000	\$ 195,000	\$ 635,000
2006 Tax Allocation Refunding Bonds (Lake/Washington)	90,000	-	(90,000)	-	-	-
Total Tax Allocation Bonds	1,105,000	-	(275,000)	830,000	195,000	635,000
Advances Payable -City	9,378,543	7,453	(6,714,904)	2,671,092	2,671,092	-
Total Successor Agency to PCDC Long-Term Liabilities	\$ 10,483,543	\$ 7,453	\$ (6,989,904)	\$ 3,501,092	\$ 2,866,092	\$ 635,000

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 9: Long-Term Debt and Other Liabilities (Continued)

Governmental Activities

<u>Detail of Long-Term Debts</u>	<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, 2018</u>
Governmental Activities:						
Notes Payable						
Notes Payable-RBOC	1/15/2013	a	\$ 575,642	2.10%	1/7/2043	\$ 502,803
Notes Payable-Section 108	10/29/2015	v	6,000,000	variable	8/1/2035	5,400,000
Total Notes Payable						<u>\$ 5,902,803</u>
Pension Bonds:						
2015 Taxable Pension Obligation Bonds	5/5/2015	b	119,460,000	2.577% to 4.796%	5/1/2045	\$ 119,460,000
Total Pension Bonds						<u>\$ 119,460,000</u>
Certificates of Participation:						
2008 COP Series B Refunding 2004 A&B	5/15/2008	c	26,759,131	3.0% to 5.25%	2/1/2019	\$ 3,179,159
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>\$ 57,734,159</u>
Capitalized Lease Obligations						
2001 Property Lease 965 N Fair Oaks	12/27/2000	f	4,000,000	variable	12/27/2020	\$ 381,152
2011 Equipment Lease-AARTS Buses	12/23/2011	g	2,072,805	3.560%	1/15/2022	919,666
2012 Equipment Lease - Helicopter	6/18/2012	g	1,584,326	1.873%	11/20/2018	128,617
2012 Equipment lease- 911 System	6/18/2012	g	3,947,507	1.814%	11/20/2018	319,928
2014 Equipment Lease-Civic Center						
Parking Meter	7/15/2013	g	350,708	1.950%	7/15/2018	36,622
2015 Equipment Lease-South Lake Parking						
Meter	9/23/2015	g	112,924	2.470%	9/23/2020	58,194
Total Capitalized Lease Obligations						<u>\$ 1,844,179</u>

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 9: Long-Term Debt and Other Liabilities (Continued)

Business-Type Activities

<u>Detail of Long-Term Debts</u>	<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, 2018</u>
Business-Type Activities:						
Notes Payable						
Notes Payable-Marriott Parking Garage	8/18/1999	h	\$ 2,600,000	4.950%	12/19/2019	\$ 296,462
Total Notes Payable						<u>\$ 296,462</u>
Revenue Bonds:						
2008 Paseo Colorado Taxable Revenue Bonds	9/17/2008	l	28,800,000	variable	6/1/2038	\$ 23,400,000
2009 Electric Revenue/ Refunding Bonds	11/24/2009	m	40,655,000	4.0% to 5.0%	8/1/2024	19,020,000
2010 Electric Revenue/ Refunding Bonds	8/23/2010	o	36,320,000	2.0% to 4.0%	6/1/2021	14,435,000
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	1,445,000
2011A Water Revenue/ Refunding Bonds	12/20/2011	n	29,770,000	3.0% to 5.0%	6/1/2033	18,765,000
2012A Electric Revenue Refunding Bonds	10/4/2012	o	11,780,000	1.0% to 4.0%	6/1/2022	5,490,000
2013A Electric Revenue Refunding Bonds	12/3/2013	i, p	80,485,000	4.25% to 5.0%	6/1/2043	77,560,000
2016A Electric Revenue Refunding Bonds	12/1/2016	x	119,440,000	4.0% to 5.0%	6/1/2046	116,960,000
2017A Water Revenue Refunding Bonds	4/5/2017	y	15,395,000	5.000%	6/1/2036	14,120,000
Total Notes Payable						<u>\$ 316,620,000</u>
Certificates of Participation:						
2008 COP Series B Refunding 2004 A&B	5/15/2008	c	890,869	3.0% to 5.25%	2/1/2019	\$ 105,841
Total Certificates of Participation						<u>\$ 105,841</u>

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 9: Long-Term Debt and Other Liabilities (Continued)

<u>Detail of Long-Term Debts</u>	Issue Date	Purpose	Original Amount	Coupon Interest Rate	Final Principal Payment Date	Outstanding at June 30, 2018
Discretely Presented Component Units:						
Certificates of Participation:						
2006 COP (Conference Center Project)	8/23/2006	CC1	27,139,972	3.85% to 4.81%	2/1/2023	\$ 22,228,007
2008 Refunding COP, Series 2008A (Conference Center Project)	4/15/2008	CC2	134,720,000	variable	2/1/2035	134,720,000
Total Certificated of Participation (PCOC)						<u>\$ 156,948,007</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	19,112,737
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	2,440,000
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	13,525,000
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>\$ 207,737,737</u>

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 9: Long-Term Debt and Other Liabilities (Continued)

<u>Detail of Long-Term Debts</u>	<u>Issue Date</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Coupon Interest Rate</u>	<u>Final Payment Date</u>	<u>Outstanding at June 30, 2018</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	\$ 830,000
Total Tax Allocation Bonds						<u>830,000</u>
Advances Payable - City	various		-	1.25% to 10.00%	various	<u>2,671,092</u>
Total Successor Agency to PCDC Long-Term Liabilities						<u>\$ 3,501,092</u>

Purpose of Debt:

- a Refund 2006 Revenue Bonds
- b Fire and Police Retirement
- c Refund 2004A&B Certificates of Participation
- f Land Acquisition
- g Equipment Purchases, assets purchased collateralizes debt
- h Marriott Parking Improvements
- i GT5 Improvements
- j Water System Capital Improvements
- 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
- 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 Electrical 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

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 9: Long-Term Debt and Other Liabilities (Continued)

The annual requirements to amortize as of June 30, 2018, are as follows:

Governmental Activities:

Years Ending June 30	Notes Payable		Pension Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 315,499	\$ 145,575	\$ -	\$ 5,429,959	\$ 4,989,159	\$ 2,617,316
2020	315,824	137,749	710,000	5,429,959	1,895,000	2,399,650
2021	316,156	129,916	890,000	5,411,662	1,995,000	2,304,900
2022	316,495	122,076	1,075,000	5,386,529	2,090,000	2,205,150
2023	316,842	114,228	1,340,000	5,353,483	2,195,000	2,100,650
2024-2028	1,589,665	453,172	10,505,000	25,892,968	12,745,000	8,741,500
2029-2033	1,599,483	255,830	13,650,000	23,489,457	16,225,000	5,250,425
2034-2038	1,010,377	64,914	21,565,000	19,315,250	15,600,000	2,214,400
2039-2043	122,462	7,822	47,445,000	12,261,175	-	-
2044-2045	-	-	22,280,000	1,599,800	-	-
Total Payment	\$ 5,902,803	\$ 1,431,282	\$ 119,460,000	\$ 109,570,242	\$ 57,734,159	\$ 27,833,991

Years Ending June 30	Revenue Bonds		Capitalized Lease	
	Principal	Interest	Principal	Interest
2019	\$ -	\$ -	\$ 1,011,492	\$ 36,578
2020	-	-	344,707	23,721
2021	-	-	245,753	15,032
2022	-	-	242,227	6,487
Total Payment	\$ -	\$ -	\$ 1,844,179	\$ 81,818

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 9: Long-Term Debt and Other Liabilities (Continued)

Business-Type Activities:

Years Ending June 30	Notes Payable*		Revenue Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 195,081	\$ 12,461	\$ 16,870,000	\$ 14,551,473	\$ 105,481	\$ 4,234
2020	101,381	2,547	16,180,000	13,826,550	-	-
2021	-	-	16,930,000	13,111,415	-	-
2022	-	-	17,555,000	12,417,600	-	-
2023	-	-	11,010,000	11,614,310	-	-
2024-2028	-	-	53,525,000	50,671,570	-	-
2029-2033	-	-	60,565,000	37,910,300	-	-
2034-2038	-	-	64,000,000	22,685,950	-	-
2039-2043	-	-	45,880,000	9,017,860	-	-
2044-2046	-	-	14,105,000	1,143,000	-	-
Total Payment	\$ 296,462	\$ 15,008	\$ 316,620,000	\$ 186,950,028	\$ 105,481	\$ 4,234

Fiduciary Funds:

Years Ending June 30	Tax Allocation Bonds	
	Principal	Interest
2019	\$ 195,000	\$ 35,441
2020	200,000	26,010
2021	210,000	16,118
2022	225,000	5,513
Total Payment	\$ 830,000	\$ 83,082

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 10: Derivative Instruments

Primary Government:

Governmental Activities

Objective of the swaps: The City of Pasadena has entered into two separate floating to fixed interest rate swaps in order to lower the borrowing cost by accessing interest rate markets otherwise unattractive with traditional fixed rate debt structures. The greater liquidity and flexibility of the swap market has offered the City significant cost savings opportunities in 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, 2018, 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	\$ 3,940,000	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 FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Derivative Instruments (Continued)

Years					
Ending June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance	
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:

Years					
Ending June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance	
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)	-	

On May 1, 2018, the remaining portion of the restructured 2006 Bonds were paid off. As a result, pursuant to GASB Statement No. 53, the remaining portion of the hedging relationship established in 2011 was terminated and the value of the remaining portion of the 2011 On-Market Swap was re-characterized as a deferred amount and a new hedging relationship was established between the remaining on-market swap (the 2018 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 FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Derivative Instruments (Continued)

Years	Ending June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
2019		\$ 5,666	\$ 151	\$ (1,793)	\$ 4,024
2020		4,024	104	(1,492)	2,636
2021		2,636	65	(1,182)	1,519
2022		1,519	34	(862)	691
2023		691	13	(527)	177

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 outstanding at June 30, 2018, 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, 2018		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred Inflow	\$ (65,804)	Asset	\$ 79,877	\$ 3,940,000

The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculated 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, 2018 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 rate the City pays on its hedged variable-rate debt, which is remarketed every 30 days. As of June 30, 2018, the weighted-average interest rate on the City’s hedged variable-rate debt is 1.907019% while 65 percent of LIBOR is 1.23955%.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 10: Derivative Instruments (Continued)

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 included standard termination events such as failure to pay and bankruptcy. In addition, the City may optionally terminate the agreement on any date. If at the time of termination, a hedging derivative instrument is in a liability position, the City would be liable to the counterparty for a payment equal to the liability.

Rollover risk: The City is exposed to rollover risk on hedging derivative instruments that are hedged 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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Derivative Instruments (Continued)

Discretely Presented Component Units

Rose Bowl Operating Company (RBOC)

Derivative Instrument Liability

The fair value balance and notional amount of the derivative instrument outstanding June 30, 2018 and the changes in fair value of the derivative instrument for the year then ended are as follows:

Cash Flow Hedge	Changes in Fair Value		Fair Value at June 30, 2018		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred Inflow	\$ 263,215	Asset	\$ 319,506	\$ 15,760,000

The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculated 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, 2018, 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 2013 Bonds	\$ 15,760,000	2/23/2006	12/1/2023	Pays 3.285% receive 65% of LIBOR index	Aa2/AA-

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, 2018 and therefore the RBOC 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 Company.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Derivative Instruments (Continued)

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, 2018, the weighted-average interest rate on RBOC's hedged variable-rate debt is 1.90701%, while 65 percent of LIBOR is 1.23955%.

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 included standard termination vents 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.

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, 2018, the balance was \$647,597.

The annual amortization and balance of the borrowing as of June 30, 2018, are as follows:

Years Ending June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
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)	-

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 10: Derivative Instruments (Continued)

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:

Years Ending June 30	Beginning Balance	Accrued Interest	Payment	Ending Balance
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, 2018:

Measure by Fair Value	Total	Level		
		1	2	3
Derivative Instrument Liability	\$ 319,506	\$ -	\$ 319,506	\$ -

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Derivative Instruments (Continued)

Pasadena Center Operating Company (PCOC)

Conference Center Variable Rate Demand Refunding Certificated 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 Terms of Hedging Derivative Instruments

The following table displays the objective and terms of PCOC's hedging derivative instruments outstanding at June 30, 2018, 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	4/1/2011	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 FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: 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, 2018, the balance was \$5,838,432.

Years Ending June 30,	Beginning Balance	Accrued Interest	Payment	Ending Balance
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)	-
2034	-	-	-	-

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, 2018:

Measure by Fair Value	Total	Level		
		1	2	3
Derivative Instrument Liability	\$ 15,773,256	\$ -	\$ 15,773,256	\$ -

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Derivative Instruments (Continued)

Derivative Instrument Liability

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2018, 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, 2018		Notional
	Classification	Amount	Classification	Amount	
Pay-fixed interest rate swaps	Deferred outflow	\$ 6,744,105	Liability	\$ 15,773,256.00	\$ 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, 2018 and therefore PCOC 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 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, 2018, the weighted-average interest rate on the PCOC's hedged variable-rate debt is 1.90701%, while 64 percent of LIBOR is 1.22049%.

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, 2018, the maximum exposure/loss would have been \$22,718,444.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 10: Derivative Instruments (Continued)

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.

Note 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, 2018, are as follows:

	General Fund	Housing Successor	Project Management Capital Project	General Debt Service	Non-Major Governmental Funds
Fund Balances					
Nonspendable:					
Notes Receivable	\$ -	\$ 20,503,081	\$ -	\$ -	\$ 49,808,543
Prepaid and Other Assets	138,231	-	-	-	66,847
Advances to Other Funds	3,758,160	-	-	-	-
Advances to Component Units	648,771	-	-	-	-
Allowance for Uncollectible Long-Term	-	(20,503,081)	-	-	(49,808,543)
Land held for resale	-	-	-	-	72,744
Permanent Fund Principal	-	-	-	-	1,434,131
Total Nonspendable	4,545,162	-	-	-	1,573,722
Restricted for:					
Air Quality Improvement	-	-	-	-	151,675
City Charter/ Capital Projects	-	-	1,465,818	-	1,939,749
Debt Service	-	-	-	3,225,910	8,302,394
Donated Funds	-	-	-	-	1,921,326
Housing and Community Development	-	-	-	-	-
Housing Funds	-	-	-	-	5,013,600
CDBG	-	-	-	-	918,895
Inclusionary Housing Trust	-	-	-	-	6,083,967
Rental Assistance Programs	-	-	-	-	1,917,479
Other Purpose	-	6,134,917	-	-	504,410
Public Safety	-	-	-	-	-
Asset Forfeiture	-	-	-	-	754,277
Public Safety Augmentation	-	-	-	-	1,209,343
Other Public Safety Programs	-	-	-	-	459,099
Section 108 HUD Loan Security for Robinson Park Rehab	400,000	-	-	-	-
Section 115 Trust	10,594,815	-	-	-	-
Transportation	-	-	-	-	18,593,463
Total Restricted	\$ 10,994,815	\$ 6,134,917	\$ 1,465,818	\$ 3,225,910	\$ 47,769,677

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 11: Fund Balance and Net Position (Continued)

	General Fund	Housing Successor	Project Management Capital Project	General Debt Service	Non-Major Governmental Funds
Fund Balances, continued					
Total from previous page	\$ 15,539,977	\$ 6,134,917	\$ 1,465,818	\$ 3,225,910	\$ 49,343,399
Committed to:					
Building Plan Check and Permit Services	-	-	-	-	11,032,687
Building Services - General Plan Maintenance Fee and Technology Fee	-	-	-	-	4,364,590
Capital Projects	-	-	1,195,980	-	22,779,274
Emergency Contingency	46,949,400	-	-	-	-
Libraries	-	-	-	-	5,450,887
Pasadena Center Capital Improvement Trust	-	-	-	-	45,102
Parking	-	-	-	-	3,239,443
Sewer Construction and Maintenance	-	-	-	-	9,752,134
Underground Utilities	-	-	-	-	50,708,955
Total Committed	46,949,400	-	1,195,980	-	107,373,072
Assigned to:					
General Government	8,072,015	-	-	-	-
Parking	-	-	-	-	-
Health	1,838,654	-	-	-	-
Capital Projects	2,797,244	-	-	-	-
Public Safety	387,726	-	-	-	-
Transportation	119,079	-	-	-	-
Total Assigned	13,214,718	-	-	-	-
Unassigned:	11,162,617	-	(4,072,750)	-	(1,800,234)
Total Fund Balance	\$ 86,866,712	\$ 6,134,917	\$ (1,410,952)	\$ 3,225,910	\$ 154,916,237

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 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, 2018, are as follows:

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total Primary Government	Aggregate Component Units
Net Investment in Capital Assets	\$ 439,354,784	\$ 420,692,503	\$ 860,047,287	\$ (5,473,929)
Restricted:				
Expendable				
Public Safety	2,442,198	-	2,442,198	-
Capital Projects	3,405,567	-	3,405,567	3,065,415
Community Development	14,054,053	-	14,054,053	-
Contributions	-	19,152,951	19,152,951	-
Debt Service	11,528,304	33,031,492	44,559,796	-
Stranded Investments (Notes 12 and 19)	-	97,584,430	97,584,430	-
Transportation	18,593,463	-	18,593,463	-
Other Purposes	6,639,327	3,041,811	9,681,138	-
Air Quality Improvement	151,675	-	151,675	-
Donated Funds	1,921,326	-	1,921,326	-
Trust and loans	10,994,815	-	10,994,815	-
Unrestricted:	(362,358,206)	199,208,761	(163,149,445)	18,339,258
Total Net Position	<u>\$ 146,727,306</u>	<u>\$ 772,711,948</u>	<u>\$ 919,439,254</u>	<u>\$ 15,930,744</u>

Note 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 Intermountain Power Agency (IPA) issued approximately \$70.0 million of subordinated notes to PWP, the payments for which will offset a portion of the debt service associated with the economically defeased bonds, thereby reducing the cost of energy purchased from IPP.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 12: Restricted Net Position – Stranded Investments (Continued)

As of June 30, 2018, the Stranded Investment Reserve balance was \$97.6 million. The details of the additions and subtractions from the Reserve that occurred during fiscal year 2018 are shown below.

Restricted Cash and Investment			
Beginning Balance			\$ 69,125,543
Interest Earnings			1,289,889
Market Gain/ Losses			<u>(1,199,112)</u>
Restricted Cash and Investment Ending Balance			<u>\$ 69,216,320</u>
IPA Subordinated Notes			
	Balance at		Balance at
	June 30, 2017	Reduction	June 30, 2018
Notes Receivable	\$ 31,122,500	\$ (6,125,000)	\$ 24,997,500
Premium	4,044,732	(674,122)	3,370,610
Total IPA Subordinated Notes	<u>\$ 35,167,232</u>	<u>\$ (6,799,122)</u>	<u>\$ 28,368,110</u>
Restricted for Stranded Investments at June 30, 2018			<u>\$ 97,584,430</u>

Note 13: Accumulated Fund Deficits

The following funds reported accumulated deficits in their respective fund balances/net position at June 30, 2018:

	Due to Operations	Due to GASB 68 Implementation	Due to GASB 75 Implementation	Total Accumulated Deficit
Governmental Activities:				
Special Revenue Funds				
Health	\$ (1,800,234)	\$ -	\$ -	\$ (1,800,234)
Capital Project Funds:				
Project Management	(1,410,952)	-	-	(1,410,952)
Internal Service Funds:				
Computing and Communication	9,042,839	(13,951,088)	(2,136,054)	(7,044,303)
Benefits	(2,061,051)	(65,042,958)	(197,175)	(67,301,184)
Workers Compensation	(29,742,413)	(7,985,370)	(230,037)	(37,957,820)
General Liability	(6,607,196)	(383,829)	(32,862)	(7,023,887)
Printing Services	(3,184,991)	(901,995)	(197,175)	(4,284,161)
311 Call Center	380,540	(568,975)	(197,175)	(385,610)

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 13: Accumulated Fund Deficits (Continued)

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 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, but in fiscal year 2018 Medi-Cal revenue for clinical programs didn't meet projections. Going forward, the Department will implement additional measures to monitor all revenues and resolve projected imbalances by way of operational changes to facilitate reduction in 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 assessment districts where revenues are received from grants by other governments, private properties and through transfers from other City funds. The negative fund balance is due, in part, to unbilled costs and deferred revenue, under GASB33, of \$2,775,159. The Department of Public Works and the Department of Finance are cooperating to improve the timeliness of all billings.

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 at the end of each fiscal 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 2018 fund balance decrease is primarily attributable to an increase of \$6 million in GASB68 pension liability. To better manage the short-term costs and long-term liabilities associated with pensions and OPEB, the City set aside \$10 million into a Section 115 pension trust and \$2 million into a Section 115 OPEB trust in fiscal year 2018.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 13: Accumulated Fund Deficits (Continued)

Workers' Compensation

The City has established a Workers' Compensation Fund to provide benefits 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 working to correct the situation through a combination of injury prevention programs, training programs, reduction of claim severity, improved return-to-work procedures, medical management and minimizing delays in all aspects of claims handling. An increase in rates charged to the Departments remains a part of the annual budget process.

General Liability

The City has established a General Liability Fund to provide for the potential claim and cost expenditures for general liability claims against the City. In addition to any monies held in this Fund, the City makes an annual appropriation based upon its estimate of claim and expense payments during the fiscal year. In fiscal year 2018 there was a deficit primarily attributable to lower rates charged to Departments. Management reviewed the deficit and is implementing appropriate recovery measures to gradually reduce the deficit.

Printing Services

The Printing Fund was established to account for printing services provided to various departments by the Printing Services Section of the Department of Finance. As Printing Services revenues are entirely dependent on the annual printing and design demands of the organization as a whole, annual revenue will fluctuate based on these requirements. In fiscal year 2017, some departments transferred design responsibilities to internal staff, which had a detrimental effect on Printing Services ability to generate revenue in its graphic design section. Fiscal year 2018 showed a 22% increase of expenditure in outsourced printing and duplicating. As print specifications of individual jobs determines whether these projects are outsourced for printing, the volume of projects sent to outside vendors is dependent on client job requests. Since outsourced jobs generate less revenue than in-house printed jobs, a greater number of high volume projects will generate a smaller amount of revenue. While revenue showed a decline of 4% from fiscal year 2017 to fiscal year 2018, this dollar amount is well within expected tolerances year to year. Actual costs of operation (revenue over expenses) varied only 2.6% between fiscal year 2017 and fiscal year 2018. Printing Services will continue to promote their services throughout the city through email, word of mouth and seasonal promotions.

311 Call Center

The City has established the 311 Call Center fund to account for the operations of the City's central call center. In fiscal year 2018 there was a deficit primarily attributable to the implementation of GASB 68 and 75. Management reviewed the deficit and is implementing appropriate recovery measures to gradually reduce the deficit.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 13: Accumulated Fund Deficits (Continued)

GASB Implementation

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

In fiscal year 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Under this implementation, the City has recorded certain deferred inflows and obligations, related to other postemployment benefits, to the proprietary funds. This caused several of the fund's fund balances to fall into or increase a deficit position.

Note 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 \$9,750,992 reported, \$5,165,268 was received and recorded in June 2017, per Department of Finance guidelines, it is not to be spent until next fiscal year.

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expense) (in thousands)	Annual Debt Service Payment (in thousands)	Debt Service as a Percentage of Pledged Revenue
Primary Government			
Light and Power Revenues	\$ 65,237	\$ 23,250	36%
Water Revenues	19,018	6,981	37%
Fiduciary Funds			
Tax Increment (SA PDC)	9,750,992 (a)	2,537	0%

Note:

(a) \$5,165,268 of \$9,750,992 of pledged revenue was received and recorded in June 2017 to be spent during the period of July 2017 - December 2017.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 15: Transfers

Primary Government

The following is a summary of transfers in and out for the year ended June 30, 2018:

Transfers Out	Transfers In								Total
	General Fund	Project Management Capital Project	General Debt Service	Housing Successor	Non-Major Governmental Funds	Light and Power Fund	Non-Major Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 1,962,044	a. \$ 5,987,431	\$ 919,766	b. \$ 24,953,387	\$ -	\$ -	\$ 816,444	\$ 34,639,072
Project Management Fund	-	-	-	-	192,562	3,083	63,531	202,115	461,291
Non-Major Governmental Funds	3,303,060	c. 18,920,322	402,740	-	2,692,748	1,906,938	-	-	27,225,808
Light and Power Fund	d. 16,846,635	-	-	-	-	-	-	-	16,846,635
Water Fund	1,923,796	-	-	-	-	-	-	-	1,923,796
Off Street Parking Fund	35,000	1,166,219	-	-	-	-	-	-	1,201,219
Non-Major Enterprise Funds	198,240	240,742	-	-	-	-	-	328,582	767,564
Internal Service Funds	-	992,750	-	-	-	-	-	-	992,750
Total	\$ 22,306,731	\$ 23,282,077	\$ 6,390,171	\$ 919,766	\$ 27,838,697	\$ 1,910,021	\$ 63,531	\$ 1,347,141	\$ 84,058,135

Fiduciary Funds

The following is a summary of transfers in and out for the year ended June 30, 2018:

Transfers In	Transfers Out	
	Redevelopment Obligation Retirement Fund	Total
Successor Agency Administration	\$ 257,813	\$ 257,813
Successor Agency Debt Service	13,350,040	13,350,040
Total	\$ 13,607,853	\$ 13,607,853

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 15: Transfers (Continued)

Primary Government

- a. Transfers from the General Fund to General Debt Service Fund consist of:
 - \$5,429,959 to pay interest for the 2015 Taxable Pension Obligation
 - \$557,472 for other debt service payments
- b. Transfers from the General Fund to Non-Major Governmental Funds consist of:
 - \$7,083,460 to pay for various debt service obligations, including 2008B, 2008C and 2015A Refunding COPs
 - \$4,640,111 to pay for various debt service obligations, including 2006 Lease Revenue bonds
 - \$11,128,918 to support the Library Services Fund
 - \$2,100,898 to Health, Housing and Community Development and various Transportation and Parking funds to support their operations
- c. \$18,920,322 - Transfers from the Non-Major Governmental Funds to the Project Management Fund were for various capital improvement projects.
- d. Light and Power contributed \$16,846,635 to the General Fund for the payment of interest and principal on City bonds, municipal improvements and other purposes.

Fiduciary Funds

The Redevelopment Obligation Retirement Fund (RORF) transferred \$13,350,040 to the Successor Agency Debt Service Funds (SADSF) to pay for various Successor Agency debt service obligations. RORF also transferred \$257,813 to the Successor Agency Administration Fund to pay for administrative expenses.

Note 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, 2017 to June 30, 2018 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 renewed for FY18. Worker's Compensation claims for all City workers, including Public Safety, Fire and Police, are administered by a Third Party Administrator, AdminSure. The City maintains a few self-administered claims (with dates of Injury 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 three fiscal years that is expected to exceed \$5,000,000 over the course of succeeding years.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 16: Self-Insurance (Continued)

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 FY18, the City paid approximately \$1,626,665 in loss payments. The overall total incurred is \$3,338,447. 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. This matter went into litigation and settled for a total of \$1.5 million in May 2018. 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.

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 as of FY16. The increased policy limit remains in effect for FY 18. 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 of \$990 million. 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 \$100,000, depending on coverage triggered. Exclusions include earthquake, collapse of buildings and nuclear hazard. There have been no new claims during FY 2018 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 \$25,000. Exclusions under this policy include earthquake, fungus, and contingent business income/extra expense.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 16: Self-Insurance (Continued)

The City’s Property: Power Plant Boiler and Machinery policy, with total insured value of \$343,115,247, was renewed with a policy limit of \$130,000,000 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 2018.

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.

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, 2018, liability claims payable amounted to \$12,892,372 of which \$4,837,684 is estimated to be paid within one year. Workers’ Compensation claims payable amounted to \$35,798,276, of which \$13,517,361 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
2016-2017	\$ 37,088,201	\$ 22,869,086	\$ 10,239,973	\$ 49,717,314
2017-2018	49,717,314	12,793,847	13,820,513	48,690,648

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 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:

	2018	2017
Assets, beginning of year (market value)	\$ 267,174,499	\$ 243,494,259
Deferrals of compensation	15,313,459	16,047,910
Earnings and adjustments to market value	22,734,719	24,830,353
Payments to eligible employees	(14,036,143)	(17,037,358)
Plan fees	(266,879)	(160,665)
Assets, end of year (market value)	\$ 290,919,655	\$ 267,174,499

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 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.

a. 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 members 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.

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	\$ 318,721
Restricted Pooled Cash	1,250,000
Cash with Fiscal Agent	2,649,321
Total Cash and Cash Equivalents	4,218,042
Investments Held by Trustee	118,115,549
Total Cash and Investments	\$ 122,333,591

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

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 18: Pension Plans (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 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 contributions 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 contributions 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, 2018, the funded percentage of FPRS, calculated in accordance with Agreement No. 20,823 and Agreement No. 16,900, was 79.9%. As provided by Contribution Agreement No. 16,900, if the funded percentage is below the minimum funding percentage of 79% for fiscal year 2018, the City will reimburse FPRS in the following fiscal year subject to certain reimbursement limits. Based on the June 30, 2018 actuarial valuation, the funding deficiency was \$0, or 0%, below the funding requirement of 79% as of June 30, 2018. Thus, no required supplemental contribution is owed to FPRS by the City for the fiscal year ended June 30, 2018, on January 1, 2019.

CITY OF PASADENA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 18: Pension Plans (Continued)

Net Pension Liability

At June 30, 2018, the Net Pension Liability of FPRS was as follows:

FPRS	2018
Net Pension Liability	
Discount Rate	5.75%
Beginning Total Pension Liability (TPL)	\$ 142,270,000
Interest	8,832,000
Benefit Payments	(12,815,000)
Experience Losses (Gains)	1,261,000
Changes of Assumptions	2,189,000
Ending Total Pension Liability (TPL)	141,737,000
Beginning Fiduciary Net Position (FNP)	125,363,000
Employer Contribution	-
Net Investment Income	6,656,000
Benefit Payments	(12,815,000)
Administrative Expenses	(272,000)
Ending Fiduciary Net Position (FNP)	118,932,000
Net Pension Liability (NPL)	\$ 22,805,000
FNP as a percentage of TPL	83.9%

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 18: Pension Plans (Continued)

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 March 21, 2018, 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, 2018. The TPL was determined by the actuarial valuation performed as of June 30, 2018, using the following actuarial assumptions:

Actuarial Assumptions	
Discount Rate	5.75%*
Inflation	2.75%*
Salary Increases	No Active Employees
Mortality	CalPERS 1997-2015 Experience Study, Modified MP-2017
Geometric Real Rate of Return	Based on the CalPERS 2013 10-year Expected Geometric Rate of Return
	US Equity Large & Small Cap 9.54%
	Foreign Equity Developed Market 4.60%
	Fixed Income Core & Short Term 2.73%
	Bank Loans 3.10%
	TIPs 1.29%
	Core Real Estate 3.04%
	Liquid Alternatives 2.79%

*Discount Rate reflects assumed investment

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	212
Inactive Employees entitled to but not Yet Receiving Benefits	-
Active Employees	-
Total	<u>212</u>

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 18: Pension Plans (Continued)

Discount Rate

The discount rate of 5.75% used to measure the June 30, 2018 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 2.75% 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 5.75% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

Asset Class	Target Asset Allocation
Global Equity	20.00%
Domestic Equity	20.00%
Fixed Income and Bank Loans	40.00%
TIPs	5.00%
Real Estate	10.00%
Liquid Alternatives	5.00%
Total	100.00%

Changes in Pension Liability

	Increase (Decrease)		
	A	B	C = B-A
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset/(Liability)
Balance at 6/30/17	\$ 142,270,000	\$ 125,363,000	\$ (16,907,000)
Changes Recognized for the Measurement Period:			
Service Cost	-	-	-
Interest	8,832,000	-	(8,832,000)
Changes of assumptions	2,189,000	-	(2,189,000)
Differences between Expected and Actual Experience	1,261,000	-	(1,261,000)
Contribution from Employers	-	-	-
Contribution from Employees	-	-	-
Net Investment Income	-	6,656,000	6,656,000
Benefit Payments	(12,815,000)	(12,815,000)	-
Administrative Expense	-	(272,000)	(272,000)
Net Change during 2017-2018	(533,000)	(6,431,000)	(5,898,000)
Balance at 6/30/2018	\$ 141,737,000	\$ 118,932,000	\$ (22,805,000)

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 18: Pension Plans (Continued)

Pension Expense

	Pension Expense/(Income)
Service Cost	\$ -
Interest on Total Pension Liability	8,832,000
Projected Earnings on Pension Plan Investments	(7,733,000)
Recognized Difference between Projected and Actual Earnings on Plan Investments	1,551,000
Recognized Difference between Expected and Actual Experiences Changes of Assumptions	1,261,000
Administrative Expenses	272,000
Total	<u>\$ 6,372,000</u>

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 5.75% to 4.75%, revealed an increase in the NPL by \$12,640,000 to a total NPL of \$35,445,000. Conversely, increasing the discount rate by 1%, from 5.75% to 6.75% revealed a corresponding decrease in the NPL of \$10,888,000 to total NPL of \$11,917,000 as of June 30, 2018.

	FPRS		
	Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
Total Pension Liability	\$ 154,377,000	\$ 141,737,000	\$ 130,849,000
Fiduciary Net Position	118,932,000	118,932,000	118,932,000
Net Pension Liability	35,445,000	22,805,000	11,917,000
NPL Funded Percentage	77.0%	83.9%	90.9%

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 18: Pension Plans (Continued)

Deferred Outflows and Deferred Inflows of Resources Related to Pension

	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	2,028,000	-	2,028,000
Total	\$ 2,028,000	\$ -	\$ 2,028,000

Measurement Period ended June 30:	FPRS	
	Deferred Outflows / (Inflows) of Resources	
2019	\$	1,551,000
2020		992,000
2021		(732,000)
2022		217,000
2023		-
Thereafter		-

b. 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 provides 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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 18: Pension Plans (Continued)

The Plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

Miscellaneous		Safety	
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	7.914%	Required employee contribution rates	9.060%
Required Employer Contribution Rates	22.870%	Required Employer Contribution Rates	35.086%

Employees Covered

At June 30, 2017, the following employees were covered by the benefit terms of the plan:

	Miscellaneous	Safety
Inactive Employees or Beneficiaries		
Currently Receiving Benefits	1,660	345
Inactive Employees entitled to but not Yet Receiving Benefits	994	122
Active Employees	1,411	378
Total	4,065	845

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 18: Pension Plans (Continued)

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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the next page.

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

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	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% 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, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 7.15 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 7.15 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 FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 18: Pension Plans (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.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00	0.80	2.27
Inflation Sensitive	6.00	0.60	1.39
Private Equity	12.00	6.60	6.63
Real Estate	11.00	2.80	5.21
Infrastructure and Forestland	3.00	3.90	5.36
Liquidity	2.00	(0.40)	(0.90)

(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 FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 18: Pension Plans (Continued)

Changes in the Net Pension Liability

Miscellaneous

	Increase (Decrease)		
	A	B	C=B-A
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset/(Liability)
Balance at June 30, 2016	\$ 1,005,656,250	\$ 721,107,807	\$ (284,548,443)
Changes Recognized for the Measurement Period:			
Service Cost	18,792,979	-	(18,792,979)
Interest on the Total Pension Liability	74,168,164	-	(74,168,164)
Differences between Expected and Actual Experience	(11,333,020)	-	11,333,020
Changes of Assumption	59,447,425	-	(59,447,425)
Plan to Plan Resource Movement	-	(482)	(482)
Contribution of Employers	-	24,681,004	24,681,004
Contribution from Employees	-	8,903,856	8,903,856
Net Investment Income	-	80,076,002	80,076,002
Benefit Payments, including Refunds of Employee Contribution	(51,700,328)	(51,700,328)	-
Administrative Expense	-	(1,064,667)	(1,064,667)
Net Change during 2016-2017	89,375,220	60,895,385	(28,479,835)
Balance at June 30, 2017	\$ 1,095,031,470	\$ 782,003,192	\$ (313,028,278)

Safety

	Increase (Decrease)		
	A	B	C=B-A
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset/(Liability)
Balance at June 30, 2016	\$ 549,160,884	\$ 399,219,222	\$ (149,941,662)
Changes Recognized for the Measurement Period:			
Service Cost	12,323,779	-	(12,323,779)
Interest on the Total Pension Liability	41,004,210	-	(41,004,210)
Differences between Expected and Actual Experience	(7,057,346)	-	7,057,346
Changes of Assumption	36,546,793	-	(36,546,793)
Contribution of Employers	-	15,279,240	15,279,240
Contribution from Employees	-	4,056,265	4,056,265
Net Investment Income	-	44,322,546	44,322,546
Benefit Payments, including Refunds of Employee Contribution	(22,653,545)	(22,653,545)	-
Administrative Expense	-	(589,420)	(589,420)
Net Change during 2016-2017	60,163,891	40,415,086	(19,748,805)
Balance at June 30, 2017	\$ 609,324,775	\$ 439,634,308	\$ (169,690,467)

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 18: Pension 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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Miscellaneous		
	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate+1% (8.15%)
Plan's Net Pension Liability/(Assets)	\$ 455,502,791	\$ 313,028,278	\$ 194,868,143

	Safety		
	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate+1% (8.15%)
Plan's Net Pension Liability/(Assets)	\$ 259,778,499	\$ 169,690,467	\$ 96,398,936

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.

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

Difference Between Projected and Actual Earnings	5 Year Straight-Line Amortization
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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 18: Pension Plans (Continued)

The EARSL for the Plan for the 2016-17 measurement period is 3.3 years for Miscellaneous and 5.3 years for Safety, which was obtained by dividing the total service years of 13,177 (Miscellaneous) and 4,330 (Safety) (the sum of remaining service lifetimes of the active employees) by 3,993 (Miscellaneous) and 813 (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.

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

	Pension Expense/ Income	
	Miscellaneous	Safety
Service Cost	\$ 18,792,979	\$ 12,323,779
Interest on Total Pension Liability	74,168,164	41,004,210
Recognized Changes of Assumptions	13,107,945	5,129,953
Recognized Differences between Expected and Actual Experience	(11,805,672)	(2,958,820)
Plan to Plan Resource Movement	482	-
Employee Contributions	(8,903,856)	(4,056,265)
Projected Earnings on Pension Plan Investments	(50,739,510)	(28,381,631)
Recognized Differences between Projects and Actual Earnings on Plan Investments	(448,461)	12,779
Administrative Expenses	1,064,667	589,420
Total	\$ 35,236,738	\$ 23,663,425

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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 18: Pension Plans (Continued)

As of June 30, 2017, 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 Differences between Expected and Actual Experience	\$ 41,433,054	\$ (1,962,571)	\$ 29,651,172	\$ (4,590,738)	\$ 71,084,226	\$ (6,553,309)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(15,357,680)	-	(10,050,570)	-	(25,408,250)
Contributions Subsequent to the Measurement Date	10,420,315	-	6,079,516	-	16,499,831	-
Total	<u>\$ 29,907,460</u>	<u>-</u>	<u>\$ 15,973,552</u>	<u>-</u>	<u>\$ 45,881,012</u>	<u>-</u>
	<u>\$ 81,760,829</u>	<u>\$ (17,320,251)</u>	<u>\$ 51,704,240</u>	<u>\$ (14,641,308)</u>	<u>\$ 133,465,069</u>	<u>\$ (31,961,559)</u>

The amounts above are net of outflows and inflows recognized in the 2016-17 measurement period expense.

The \$29,907,460 and \$15,973,552 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, 2019. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Miscellaneous	Measurement Period ended June 30:	Safety
	Deferred Outflows / (Inflows) of Resources		Deferred Outflows / (Inflows) of Resources
2018	\$ 6,354,320	2018	\$ 2,183,913
2019	25,211,752	2019	8,929,736
2020	8,834,346	2020	5,977,633
2021	(5,867,300)	2021	2,328,881
2022	-	2022	1,669,217
Thereafter	-	Thereafter	-

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 18: Pension Plans (Continued)

c. 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, 2018, was \$4,183,860. The covered employees made the total required 7.5% contributions of \$313,789.

Note 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 \$133.00 or \$79.80 per month depending on the bargaining unit or the unrepresented group the employee was a member. At the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	668
Inactive plan members entitled to but not yet receiving benefits	222
Active plan members	1839
	<hr/>
	2729

Plan Description

Eligibility: The plan is an agent multiple-employer plan, which 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.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 19: Post-Employment Benefits Other Than Pensions (Continued)

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.

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 members reach 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 PEMHCA. For the calendar year 2018, this monthly amount is \$133.00 for certain classes of employees and \$79.80 for remaining

Contributions

The City contribution requirements have been established at the individual retiree levels of \$133.00 or \$79.80 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. For the measurement date ended June 30, 2018, the City set aside \$2 million in a Section 115 trust account, which was recognized as a reduction to the OPEB liability.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 19: Post-Employment Benefits Other Than Pensions (Continued)

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal - level percentage of pay- as-you-go basis
Actuarial Assumptions	
Discount Rate	3.5% per annum
Inflation	2.75% per annum
Payroll Increases	3.0% per annum, in aggregate
Salary Increases	For cost method purposes the merit increases from the CalPERS pension plan valuation will be used.
Healthcare Trend Rate	Based on recent premium experience assuming 1%-2% increase due to market trends then reduced to a rate reflecting medical price inflation.
Investment Rate of Return	5.0% per annum
Pre-Retirement Turnover	According to the termination rates under the most recent CalPERS pension plan valuation
Post-Retirement Mortality	According to the post-retirement mortality rates under the most recent CalPERS pension plan
Retirement Age	According to the retirement rates under the most recent CalPERS pension plan valuation
Participation rates	60% of eligible active employees are assumed to elect medical coverage at retirement. Future retirees are assumed to elect similar coverage as current retirees. Actual plan coverage is used for current
Spouse Coverage	50% of future retirees are assumed to elect coverage for their spouse. Male spouses are assumed to be 3 years older than female spouses. Actual spouse coverage and spouse ages are used for current retirees.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 19: Post-Employment Benefits Other Than Pensions (Continued)

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Fixed Income	60.00%	1.75%
Equity	35.00%	5.00%
Cash	5.00%	0.00%
Total	<u>100.00%</u>	

Changes in the OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>A</u>	<u>B</u>	<u>C = B - A</u>
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Asset/(Liability)</u>
Balance at 6/30/17	\$ 70,015,403	\$ -	\$ (70,015,403)
Changes Recognized for the Measurement Period:			
Service Cost	3,178,096	-	(3,178,096)
Interest	2,447,926	-	(2,447,926)
Changes of Assumption	(988,115)	-	988,115
Contributions - employer	-	4,391,366	4,391,366
Net investment income	-	2,193	2,193
Benefit payments	(2,391,366)	(2,391,366)	-
Net Changes	<u>2,246,541</u>	<u>2,002,193</u>	<u>(244,348)</u>
Balance at 6/30/18	<u>\$ 72,261,944</u>	<u>\$ 2,002,193</u>	<u>\$ (70,259,751)</u>

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 19: Post-Employment Benefits Other Than Pensions (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 3.5%, as well as what the net OPEB would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability	\$ 81,169,272	\$ 70,259,751	\$ 61,429,388

Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease (5.00%HMO/5.50% PPO decreasing to 4.00%HMO/ 4.00%PPO)	Current Healthcare Cost Trend Rates decreasing to 5.00%HMO/5.00%PPO)	1% Increase (7.00%HMO/7.50% PPO decreasing to 6.00%HMO/ 6.00%PPO)
Net OPEB Liability	\$ 59,821,931	\$ 70,259,751	\$ 83,430,906

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$5,460,897. As of fiscal year ended June 30, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumption	\$ -	\$ (790,492)
Differences between Expected and Actual Experience	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-
Contributions Subsequent to the Measurement Date	-	(1,754)
Total	\$ -	\$ (792,246)

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 19: Post-Employment Benefits Other Than Pensions (Continued)

The \$792,246 reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2019	\$ (198,062)
2020	(198,062)
2021	(198,062)
2022	(198,060)
2023	-
Thereafter	-
	\$ (792,246)

Note 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, 2018 is \$204 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, California, 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 \$97.6 million in 2018. The City has implemented the approved Stranded Investment Utilization Plan by direct defeasance of the debt service of IPP outstanding bonds and mitigation of variable energy costs.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 20: Commitments and Contingencies (Continued)

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, California 91101.

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.

In 2017, the City was served with a punitive class action lawsuit entitled *Komesar v. City of Pasadena*, which generally asserts that the City's electric utility rates are more than reasonable necessary to operate the utility to the extent that they finance the City's annual Charter-authorized transfers from the Light & Power Fund to the General fund, which was \$16.8 million for the fiscal year 2018. This lawsuit seeks a refund of the transferred funds and a court order preventing the City from continuing to impose electric rates based on its current rate structure, until and unless the City obtains voter approval. The City is vigorously defending the allegations, and no trial date is set in the case.

Commitments

The City has various contracts with significant commitments that are in force at June 30, 2018. 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.

Note 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-type Activities of the Primary Government.

- (a) In fiscal year 2018, the City implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which required the restatement of its beginning governmental, business-type, and component unit activities' net position.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

Note 21: Restatement of Beginning Net Position (Continued)

- (b) In fiscal year 2018, the California Energy Commission ("CEC") provided validation of certain attributes associated with biomethane gas that had been produced for the City's consumption in previous years. The CEC's validation of the attributes allowed for reconciliation of the premium associated with the biomethane gas that had been accrued in prior years. This reconciliation resulted in a restatement of the beginning net position of business-type activities of the Primary Government by \$1,038,172.
- (c) In fiscal year 2018, Governmental Activities made some corrections to the Work in Progress account balance which reduced it by \$2,537,040. In addition, The City identified some prior year asset additions that resulted in prior un-recorded depreciation of \$375,816. These corrections resulted in a total restatement of the beginning net position of the Governmental Activities by \$2,912,856.

The City undertook an extensive process in fiscal year 2018 to review all of the capital projects that were still reported as open and in progress. In conducting this review, the City changed the practice of when assets are put into service and closed projects completed in prior years. This resulted in a restatement of the beginning net position of business-type activities of the Primary Government by \$4,918,240 for unrecorded depreciation associated with the capital projects closed.

The following schedule summarizes the effect of the prior period adjustment to the beginning net positions as of July 1, 2017:

Primary Government

	Governmental Activities	Business-type Activities
Net Position at July 1, 2017	\$ 163,255,075	\$ 763,768,030
GASB 75 Adjustment (a)	(29,502,621)	(13,786,946)
Adjustment of Energy Accrued (b)		1,038,172
Prior year unrecorded depreciation (c)	(375,816)	(4,918,240)
Reclass of WIP (c)	(2,537,040)	-
Net Position, as restated	<u>\$ 130,839,598</u>	<u>\$ 746,101,016</u>

Discretely Presented Component Units

There are no restatements of beginning net position for the discretely presented component units in FY 2018.

CITY OF PASADENA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 22: Subsequent Events

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

Sales Tax Measure on November 6, 2018 Ballot

On November 6, 2018 Pasadena voters approved measure I which increases sales tax by .75 of a percent to 10.25 for local purchases. Proceeds will be used to fund local services. A related measure J was also approved, which is a recommendation only item. It recommends that City Council transfer one third of the increased sales tax to the Pasadena public schools.

2018 Series A & B Rose Bowl Refunding Bonds

On October 22, 2018 City Council approved the refunding plan for the Rose Bowl Series 2013A (Tax Exempt) and Series 2013B (Taxable) bonds which have a mandatory tender date on January 2, 2019. On December 6, 2018, the City issued the 2018A Series (Tax-Exempt) Lease Revenue Bonds in the amount of \$30.585 million to refund the outstanding 2013A bonds, and issued \$12.515 million 2018B Series (Taxable) Lease Revenue Bonds to refund the outstanding 2013B bonds. City staff in partnership with the underwriters and financial advisor successfully closed the transaction on December 6, 2018.

Federal Closure

As of January 24, 2019 there have been 34 days of a partial shutdown of the Federal government. Approximately 420,000 federal workers are working without pay and another 320,000 have been furloughed. While the direct impact on the City of Pasadena is not known, it is clear that federal workers are feeling the impact. It is not known how many federal employees reside in Pasadena.

The partial shutdown could affect the U.S Department of Housing and Urban Development (HUD)'s Housing Choice Voucher Program, also known as Section 8, which Pasadena's Housing Department administers on behalf of Pasadena's approximately 1,400 very low-income households. The program provides these households rental assistance amounting to a total of nearly \$1 million a month.

The United States Courts for the Ninth Circuit, located in Pasadena, remain open.

CITY OF

PASADENA

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF PASADENA

**BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, 2017	\$ 89,728,315	\$ 89,728,315	\$ 89,728,315	\$ -
Resources (Inflows):				
Taxes	154,852,709	154,852,709	153,679,528	(1,173,181)
Licenses and permits	3,958,207	3,958,207	5,046,056	1,087,849
Intergovernmental	17,802,841	19,256,349	18,775,702	(480,647)
Charges for services	36,620,222	36,757,222	40,718,793	3,961,571
Use of money and property	1,617,695	2,365,355	1,590,064	(775,291)
Fines and forfeitures	7,011,994	7,011,994	7,261,762	249,768
Miscellaneous	2,684,296	2,692,239	5,956,679	3,264,440
Transfers in	19,261,216	22,416,216	22,306,731	(109,485)
Amounts Available for Appropriations	333,537,495	339,038,606	345,063,630	6,025,024
Charges to Appropriation (Outflow):				
General government				
City Council	2,396,696	2,471,699	2,431,521	40,178
City Manager	5,003,483	4,659,202	4,359,531	299,671
City Attorney/City Prosecutor	6,801,855	7,801,857	7,883,539	(81,682)
City Clerk	2,450,240	2,672,439	2,506,276	166,163
Finance	10,246,414	10,246,421	10,151,051	95,370
Human Resources	4,311,816	4,311,817	3,743,043	568,774
Non-departmental	4,259,309	5,183,310	7,209,042	(2,025,732)
Public safety				
Fire	45,575,802	46,701,538	47,791,872	(1,090,334)
Police	76,001,273	77,150,697	77,201,541	(50,844)
Community development				
Planning and Permitting	8,651,060	8,651,060	8,128,086	522,974
Culture and leisure:				
Human Services and Recreation	10,951,589	10,817,746	10,455,894	361,852
Non-departmental - PCOC	10,189,000	10,189,000	10,390,825	(201,825)
Transportation				
Public works and Transportation	28,365,152	28,487,666	28,082,073	405,593
Capital outlay	-	3,155,000	3,223,552	(68,552)
Transfers out	29,032,023	36,795,335	34,639,072	2,156,263
Total Charges to Appropriations	244,235,712	259,294,787	258,196,918	1,097,869
Budgetary Fund Balance, June 30, 2018	\$ 89,301,783	\$ 79,743,819	\$ 86,866,712	\$ 7,122,893

CITY OF PASADENA

**BUDGETARY COMPARISON SCHEDULE
HOUSING SUCCESSOR
YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2017	\$ 5,362,379	\$ 5,362,379	\$ 5,362,379	\$ -
Resources (Inflows):				
Charges for services	-	-	-	-
Use of money and property	63,301	63,301	92,411	29,110
Miscellaneous	118,453	118,453	282,133	163,680
Transfers in	-	-	919,766	919,766
Amounts Available for Appropriations	<u>5,544,133</u>	<u>5,544,133</u>	<u>6,656,689</u>	<u>1,112,556</u>
Charges to Appropriation (Outflow):				
Community development	129,056	1,124,877	521,772	603,105
Total Charges to Appropriations	<u>129,056</u>	<u>1,124,877</u>	<u>521,772</u>	<u>603,105</u>
Budgetary Fund Balance, June 30, 2018	<u>\$ 5,415,077</u>	<u>\$ 4,419,256</u>	<u>\$ 6,134,917</u>	<u>\$ 1,715,661</u>

CITY OF PASADENA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018**

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; other 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

Expenditures for the year ended June 30, 2018, exceeded appropriations of the General and Major Special Revenue Funds as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Positive/(Negative)</u>
General Fund:			
General Government			
City Attorney	\$ 7,883,539	\$ 7,801,857	\$ (81,682)
Non-departmental	7,209,042	5,183,310	(2,025,732)
Public Safety			
Fire	47,791,872	46,701,538	(1,090,334)
Police	77,201,541	77,150,697	(50,844)
Culture and Leisure			
Non-departmental - PCOC	10,390,825	10,189,000	(201,825)
Capital Outlay	3,223,552	3,155,000	(68,552)

CITY OF PASADENA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018**

Expenditures in Excess of Appropriations (Continued)

General Fund

City Attorney/City Prosecutor - the variances were primarily due to outside legal services which exceeded budget.

The general government, non-departmental expenditures exceeded appropriations because expenditures for billable projects do not typically have budgets and expenses are recovered through billing for services rendered.

Fire – in this fiscal year, the department deployed more strike team resources than budgeted. Also, the department had vacancies and used position coverage, which was paid at an overtime rate. The salary savings from the vacancies did not cover the additional overtime costs.

Police – the variances were primary due to the fact that the Police Department worked on some billable projects outside of the budget.

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.

Capital outlay – the variances were primary due to land and building acquisitions which occur as opportunities arise during the year.

CITY OF PASADENA

**CALPERS MISCELLANEOUS PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2015	2016	2017	2018
TOTAL PENSION LIABILITY				
Service Cost	\$ 17,348,789	\$ 16,518,922	\$ 16,452,420	\$ 18,792,979
Interest	68,656,376	70,707,742	72,631,606	74,168,164
Difference Between expected and Actual Experience	-	(14,487,681)	(13,975,158)	(11,333,020)
Changes in Assumptions	-	(16,681,849)	-	59,447,425
Benefit Payments, Including Refunds of employee Contributions	(44,238,909)	(46,870,745)	(49,268,669)	(51,700,328)
Net Change in Total Pension Liability	41,766,256	9,186,389	25,840,199	89,375,220
Total Pension Liability - Beginning	928,863,405	970,629,661	979,816,050	1,005,656,249
Total Pension Liability - Ending (a)	970,629,661	979,816,050	1,005,656,249	1,095,031,469
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	18,552,041	19,682,618	22,252,101	24,681,004
Contribution - Employee	10,977,440	8,503,246	8,658,628	8,903,856
Plan to Plan Resource Movement	-	704	(207)	(482)
Net Investment Income	111,123,445	16,554,269	3,806,528	80,076,002
Benefit Payments, Including Refunds of Employee Contributions	(44,238,909)	(46,870,745)	(49,268,669)	(51,700,328)
Other Changes in Fiduciary Net Position	-	(494,020)	-	-
Administrative Expense	-	(828,526)	(448,619)	(1,064,667)
Net Change in Fiduciary Net Position	96,414,017	(3,452,454)	(15,000,238)	60,895,385
Plan Fiduciary Net Position - Beginning	643,146,481	739,560,498	736,108,044	721,107,806
Plan Fiduciary Net Position - Ending (b)	739,560,498	736,108,044	721,107,806	782,003,191
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 231,069,163	\$ 243,708,006	\$ 284,548,443	\$ 313,028,278
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.19%	75.13%	71.71%	71.41%
Covered Payroll	\$ 102,406,150	\$ 102,406,150	\$ 105,291,971	\$ 107,454,903
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	225.64%	237.98%	270.25%	291.31%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only four years are shown.

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 to voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts 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 2014, amount reported were based on the 7.5 percent discount rate.

CITY OF PASADENA

**CALPERS MISCELLANEOUS PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 18,552,040	\$ 22,909,508	\$ 25,201,205	\$ 29,907,460
Contribution in Relation to the Actuarially Determined Contribution	(18,552,040)	(22,909,508)	(25,201,205)	(29,907,460)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 102,406,150	\$ 105,291,971	\$ 107,454,903	\$ 111,573,287
Contributions as a Percentage of Covered Payroll	18.12%	21.76%	23.45%	26.81%

(1) Historical information is required only for measurement for which GASB 68 is applicable. FY 2014/15 was the first year of implementation, therefore only four years are shown.

Note to Schedule:

Valuation Date:	June 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal cost method
Amortization method/period	Level percentage of payroll, closed
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF PASADENA

**CALPERS SAFETY PLAN
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2015	2016	2017	2018
TOTAL PENSION LIABILITY				
Service Cost	\$ 11,182,155	\$ 10,701,701	\$ 10,508,643	\$ 12,323,779
Interest	35,798,456	37,307,299	39,393,555	41,004,210
Difference Between expected and Actual Experience	-	(8,454,840)	(634,242)	(7,057,346)
Changes in Assumptions	-	(9,887,742)	-	36,546,793
Benefit Payments, Including Refunds of employee Contributions	(16,923,959)	(19,142,925)	(20,870,861)	(22,653,545)
Net Change in Total Pension Liability	30,056,652	10,523,493	28,397,095	60,163,891
Total Pension Liability - Beginning	480,183,644	510,240,296	520,763,789	549,160,884
Total Pension Liability - Ending (a)	510,240,296	520,763,789	549,160,884	609,324,775
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	10,533,400	12,026,962	13,026,190	15,279,240
Contribution - Employee	4,225,771	3,764,101	3,803,804	4,056,265
Plan to Plan Resource Movement	-	-	207	-
Net Investment Income	59,051,934	8,834,410	2,093,377	44,322,546
Benefit Payments, Including Refunds of Employee Contributions	(16,923,959)	(19,142,925)	(20,870,861)	(22,653,545)
Other Changes in Fiduciary Net Position	-	684,181	-	-
Administrative Expense	-	(451,748)	(244,639)	(589,420)
Net Change in Fiduciary Net Position	56,887,146	5,714,981	(2,191,922)	40,415,086
Plan Fiduciary Net Position - Beginning	338,809,017	395,696,163	401,411,144	399,219,222
Plan Fiduciary Net Position - Ending (b)	395,696,163	401,411,144	399,219,222	439,634,308
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 114,544,133	\$ 119,352,645	\$ 149,941,662	\$ 169,690,467
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.55%	77.08%	72.70%	72.15%
Covered Payroll	\$ 34,243,101	\$ 41,013,280	\$ 41,141,713	\$ 41,527,930
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	334.50%	291.01%	364.45%	408.62%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only four years are shown.

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 to voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts 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 2014, amount reported were based on the 7.5 percent discount rate.

CITY OF PASADENA

**CALPERS SAFETY PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 10,533,400	\$ 12,421,469	\$ 14,087,144	\$ 15,973,522
Contribution in Relation to the Actuarially Determined Contribution	(10,533,400)	(12,421,469)	(14,087,144)	(15,973,522)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 41,013,280	\$ 41,141,713	\$ 41,527,930	\$ 44,887,069
Contributions as a Percentage of Covered-Employee Payroll	25.68%	30.19%	33.92%	35.59%

(1) Historical information is required only for measurement for which GASB 68 is applicable. FY 2014/15 was the first year of implementation, therefore only four years are shown.

Note to Schedule:

Valuation Date:	June 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal cost method
Amortization method/period	For details, see June 30, 2014 Funding Valuation Report
Assets valuation method	Market Value of Assets. For details, see June 30, 2014 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses, includes inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

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 (1)**

	2015	2016	2017	2018
TOTAL PENSION LIABILITY				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest	9,162,000	9,644,000	9,272,000	8,832,000
Difference Between expected and Actual Experience	(3,075,000)	(2,098,000)	(3,081,000)	1,261,000
Changes in Assumptions	3,141,000	-	-	2,189,000
Benefit Payments, Including Refunds of employee Contributions	(13,645,000)	(13,448,000)	(13,118,000)	(12,815,000)
Net Change in Total Pension Liability	(4,417,000)	(5,902,000)	(6,927,000)	(533,000)
Total Pension Liability - Beginning	159,516,000	155,099,000	149,197,000	142,270,000
Total Pension Liability - Ending (a)	155,099,000	149,197,000	142,270,000	141,737,000
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	-	-	-	-
Contribution - Employee	-	-	-	-
Net Investment Income	5,683,000	50,000	12,512,000	6,656,000
Benefit Payments, Including Refunds of Employee Contributions	(13,645,000)	(13,448,000)	(13,118,000)	(12,815,000)
Administrative Expense	(273,000)	(302,000)	(300,000)	(272,000)
Net Change in Fiduciary Net Position	(8,235,000)	(13,700,000)	(906,000)	(6,431,000)
Plan Fiduciary Net Position - Beginning	148,204,000	139,969,000	126,269,000	125,363,000
Plan Fiduciary Net Position - Ending (b)	139,969,000	126,269,000	125,363,000	118,932,000
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 15,130,000	\$ 22,928,000	\$ 16,907,000	\$ 22,805,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.24%	84.63%	88.12%	83.91%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only four years are shown.

Notes to Schedule:

Changes of Assumptions: June 30, 2018 assumption changes of \$2,189,000 for change in the discount rate, from 6.50% in 2017 to 5.75% in 2018, and inflation rate, from 3.00% in 2017 to 2.75% in 2018. June 30, 2015 assumption changes of \$1,895,000 for change in base mortality rates, \$8,301,000 for change in mortality improvements scale, and (\$7,055,000) for change in the discount rate.

CITY OF PASADENA

**FIRE AND POLICE RETIREMENT SYSTEM
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

Fiscal Year Ending	Actuarially Determind Contribution	Actual Fiscal Year Contribution	Deficiency (Excess)	Covered Payroll	Contribution as % of Payroll
6/30/2015	\$ -	-	-	n/a	n/a
6/30/2016	-	-	-	n/a	n/a
6/30/2017	-	-	-	n/a	n/a
6/30/2018	-	-	-	n/a	n/a

CITY OF PASADENA

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 3,178,096
Interest on the total OPEB liability	2,447,926
Actual and expected experience difference	-
Changes in assumptions	(988,115)
Changes in benefit terms	-
Benefit payments	(2,391,366)
Net change in total OPEB liability	<u>2,246,541</u>
Total OPEB liability - beginning	<u>70,015,403</u>
Total OPEB liability - ending (a)	<u>72,261,944</u>
 Plan Fiduciary Net Position	
Contribution - employer	4,391,366
Net investment income	2,193
Benefit payments	(2,391,366)
Administrative expense	-
Net change in plan fiduciary net position	<u>2,002,193</u>
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (b)	<u>2,002,193</u>
 Net OPEB Liability/(Assets) - ending (a) - (b)	<u><u>\$ 70,259,751</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	2.77%
 Covered-employee payroll	\$ 130,809,315
 Net OPEB liability as a percentage of covered-employee payroll	53.71%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: None

Changes in Assumptions: The discount rate was changed from 3.4% (net of administrative expense) to 3.5% for the measurement period ended June 30, 2018.

CITY OF PASADENA

**SCHEDULE OF OPEB PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2018
Actuarially Determined Contribution	\$ 4,391,366
Contribution in Relation to the Actuarially Determined Contributions	(4,391,366)
Contribution Deficiency (Excess)	\$ -
Covered-employee payroll	\$ 130,809,315
Contributions as a percentage of covered-employee payroll	3.36%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: None

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2018 were from the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Valuation Method/Period	Level percent of payroll
Asset Valuation Method	Market value
Inflation	2.75%
Payroll Growth	3.00% per annum, in aggregate
Investment Rate of Return	5.00% per annum
Healthcare cost-trend rates	Based on recent premium experience assuming 1%-2% increase due to market trends then reduced to a rate reflecting medical price inflation
Retirement Age	According to the retirement rates under the most recent CalPERS pension plan valuation
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997 to 2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007 to 2011 covering participants in CalPERS

SUPPLEMENTARY INFORMATION

CITY OF PASADENA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Governmental Funds
Assets:					
Pooled cash and investments	\$ 118,721,668	\$ 29	\$ 24,597,279	\$ 1,974,248	\$ 145,293,224
Receivables:					
Accounts	9,727,249	-	-	-	9,727,249
Notes and loans	49,808,543	-	-	-	49,808,543
Accrued interest	464,898	-	121,744	9,395	596,037
Prepaid costs	66,847	-	-	-	66,847
Land held for resale	72,744	-	-	-	72,744
Restricted assets:					
Cash and investments	2,116,122	-	-	-	2,116,122
Cash and investments with fiscal agents	-	8,302,365	-	-	8,302,365
Allowance for uncollectible long-term receivables	(49,808,543)	-	-	-	(49,808,543)
Total Assets	\$ 131,169,528	\$ 8,302,394	\$ 24,719,023	\$ 1,983,643	\$ 166,174,588
Liabilities, Deferred inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 3,460,248	-	-	\$ -	\$ 3,460,248
Accrued liabilities	527,848	-	-	-	527,848
Unearned revenues	1,342,375	-	-	-	1,342,375
Deposits payable	134,726	-	-	-	134,726
Due to other governments	429,715	-	-	-	429,715
Due to other funds	2,345,459	-	-	-	2,345,459
Total Liabilities	8,240,371	-	-	-	8,240,371
Deferred inflows of resources:					
Unavailable revenues	3,017,980	-	-	-	3,017,980
Total Deferred inflows of Resources	3,017,980	-	-	-	3,017,980
Fund Balances:					
Nonspendable:					
Prepaid costs	66,847	-	-	-	66,847
Land held for resale	72,744	-	-	-	72,744
Permanent fund principal	-	-	-	1,434,131	1,434,131
Restricted for:					
Community development projects	13,933,941	-	-	-	13,933,941
Public safety	2,422,719	-	-	-	2,422,719
Capital Projects	-	-	1,939,749	-	1,939,749
Debt service	-	8,302,394	-	-	8,302,394
Transportation	18,593,463	-	-	-	18,593,463
Other purposes	-	-	-	504,410	504,410
Air quality improvement	151,675	-	-	-	151,675
Donated funds	1,921,326	-	-	-	1,921,326
Committed to:					
Building services	15,397,277	-	-	-	15,397,277
Capital Projects	-	-	22,779,274	-	22,779,274
Pasadena center capital improvements	-	-	-	45,102	45,102
Library	5,450,887	-	-	-	5,450,887
Parking	3,239,443	-	-	-	3,239,443
Sewer construction and maintenance	9,752,134	-	-	-	9,752,134
Underground utilities	50,708,955	-	-	-	50,708,955
Unassigned	(1,800,234)	-	-	-	(1,800,234)
Total Fund Balances	119,911,177	8,302,394	24,719,023	1,983,643	154,916,237
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 131,169,528	\$ 8,302,394	\$ 24,719,023	\$ 1,983,643	\$ 166,174,588

CITY OF PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 9,218,580	\$ -	\$ -	\$ -	\$ 9,218,580
Licenses and permits	9,976,284	-	-	-	9,976,284
Intergovernmental	44,121,244	-	-	-	44,121,244
Charges for services	11,290,916	-	833,210	-	12,124,126
Use of money and property	4,149,952	13,373	145,744	9,128	4,318,197
Contributions	408,174	-	3,122,598	-	3,530,772
Miscellaneous	7,995,471	-	5,250	-	8,000,721
Total Revenues	87,160,621	13,373	4,106,802	9,128	91,289,924
Expenditures:					
Current:					
General government	-	22,217	105,891	-	128,108
Public safety	1,648,509	-	-	-	1,648,509
Community development	29,696,159	-	-	-	29,696,159
Culture and leisure	12,984,078	-	-	-	12,984,078
Transportation	14,642,313	-	-	-	14,642,313
Sanitation	4,351,597	-	-	-	4,351,597
Health	10,935,618	-	-	-	10,935,618
Capital outlay	-	-	46,129	-	46,129
Debt service:	-	-	-	-	-
Principal retirement	300,000	9,319,475	-	-	9,619,475
Interest and fiscal charges	95,292	2,973,448	-	-	3,068,740
Total Expenditures	74,653,566	12,315,140	152,020	-	87,120,726
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,507,055	(12,301,767)	3,954,782	9,128	4,169,198
Other Financing Sources (Uses):					
Transfers in	13,452,709	14,385,988	-	-	27,838,697
Transfers out	(17,535,497)	(2,086,589)	(7,603,722)	-	(27,225,808)
Total Other Financing Sources (Uses)	(4,082,788)	12,299,399	(7,603,722)	-	612,889
Net Change in Fund Balances	8,424,267	(2,368)	(3,648,940)	9,128	4,782,087
Fund Balances, Beginning of Year	111,486,910	8,304,762	28,367,963	1,974,515	150,134,150
Fund Balances, End of Year	\$ 119,911,177	\$ 8,302,394	\$ 24,719,023	\$ 1,983,643	\$ 154,916,237

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CITY OF

PASADENA

SPECIAL REVENUE FUNDS

THE TRUE
LEARNING THAT
MAKES FOR
RIGHTEOUSNESS



BE MADE WHOLE
BY BOOKS AS BY
GREAT SPACES
AND THE STARS



THE ASSEMBLED
SOULS OF ALL
THAT MEN
HOLD WISE



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.

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

Parking Fund - to account for revenue derived from on-off street parking, zoning credits, parking and business improvement tax, parking space rental and leases, and on-street parking meters. These funds are restricted for use in the various enterprise zones of the City.

Air Quality Improvement Fund - to account for the use of revenue derived from a fee added to the motor vehicle registration fee for reducing air pollution in accordance with the California Government Code (AB2766).

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

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

CITY OF PASADENA

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds				
	Public Safety	Health	Building Services	Parking Fund	Sewer Construction and Maintenance Fund
Assets:					
Pooled cash and investments	\$ 2,198,752	\$ -	\$ 16,024,641	\$ 3,260,736	\$ 8,894,763
Receivables:					
Accounts	713,775	2,114,620	981,119	18,549	854,591
Notes and loans	-	-	-	-	-
Accrued interest	6,543	-	57,012	10,211	42,752
Prepaid costs	19,479	-	-	-	-
Land held for resale	-	-	-	-	-
Restricted assets:					
Cash and investments	-	-	-	-	-
Allowance for uncollectible long-term receivables	-	-	-	-	-
Total Assets	\$ 2,938,549	\$ 2,114,620	\$ 17,062,772	\$ 3,289,496	\$ 9,792,106
Liabilities, Deferred inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 51,880	\$ 149,440	\$ 375,774	\$ 44,778	\$ 17,184
Accrued liabilities	20,288	153,280	68,159	5,275	22,788
Unearned revenues	-	465,122	781,716	-	-
Deposits payable	-	2,214	9,500	-	-
Due to other governments	-	-	-	-	-
Due to other funds	387,726	1,838,654	-	-	-
Total Liabilities	459,894	2,608,710	1,235,149	50,053	39,972
Deferred Inflows of resources:					
Unavailable revenues	36,457	1,306,144	430,346	-	-
Total Deferred Inflows of Resources	36,457	1,306,144	430,346	-	-
Fund Balances:					
Nonspendable:					
Prepaid costs	19,479	-	-	-	-
Land held for resale	-	-	-	-	-
Restricted for:					
Community development projects	-	-	-	-	-
Public safety	2,422,719	-	-	-	-
Transportation	-	-	-	-	-
Air Quality Improvement	-	-	-	-	-
Donated funds	-	-	-	-	-
Committed to:					
Building services	-	-	15,397,277	-	-
Library	-	-	-	-	-
Parking	-	-	-	3,239,443	-
Sewer Construction and maintenance	-	-	-	-	9,752,134
Underground utilities	-	-	-	-	-
Unassigned	-	(1,800,234)	-	-	-
Total Fund Balances	2,442,198	(1,800,234)	15,397,277	3,239,443	9,752,134
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,938,549	\$ 2,114,620	\$ 17,062,772	\$ 3,289,496	\$ 9,792,106

Special Revenue Funds

Underground Utilities Fund	Donated Funds	Transportation	Library Services Fund	Air Quality Improvements Fund	Housing and Community Development Fund	Total Governmental Funds
\$ 49,832,882	\$ 2,095,003	\$ 18,334,444	\$ 5,661,535	\$ 104,130	\$ 12,314,782	\$ 118,721,668
660,491	-	1,834,527	108,909	47,189	2,393,479	9,727,249
-	-	-	-	-	49,808,543	49,808,543
215,582	7,778	80,803	21,170	356	22,691	464,898
-	-	-	-	-	47,368	66,847
-	-	-	-	-	72,744	72,744
-	-	-	-	-	2,116,122	2,116,122
-	-	-	-	-	(49,808,543)	(49,808,543)
\$ 50,708,955	\$ 2,102,781	\$ 20,249,774	\$ 5,791,614	\$ 151,675	\$ 16,967,186	\$ 131,169,528
\$ -	\$ 62,355	\$ 1,217,090	\$ 168,036	\$ -	\$ 1,373,711	\$ 3,460,248
-	-	38,774	169,779	-	49,505	527,848
-	-	-	-	-	95,537	1,342,375
-	119,100	-	2,912	-	1,000	134,726
-	-	-	-	-	429,715	429,715
-	-	119,079	-	-	-	2,345,459
-	181,455	1,374,943	340,727	-	1,949,468	8,240,371
-	-	281,368	-	-	963,665	3,017,980
-	-	281,368	-	-	963,665	3,017,980
-	-	-	-	-	47,368	66,847
-	-	-	-	-	72,744	72,744
-	-	-	-	-	13,933,941	13,933,941
-	-	-	-	-	-	2,422,719
-	-	18,593,463	-	-	-	18,593,463
-	-	-	-	151,675	-	151,675
-	1,921,326	-	-	-	-	1,921,326
-	-	-	-	-	-	15,397,277
-	-	-	5,450,887	-	-	5,450,887
-	-	-	-	-	-	3,239,443
-	-	-	-	-	-	9,752,134
50,708,955	-	-	-	-	-	50,708,955
-	-	-	-	-	-	(1,800,234)
50,708,955	1,921,326	18,593,463	5,450,887	151,675	14,054,053	119,911,177
\$ 50,708,955	\$ 2,102,781	\$ 20,249,774	\$ 5,791,614	\$ 151,675	\$ 16,967,186	\$ 131,169,528

CITY OF PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	Public Safety	Health	Building Services	Parking Fund	Sewer Construction and Maintenance Fund
Revenues:					
Taxes	\$ -	\$ 794,175	\$ -	\$ 14,605	\$ -
Licenses and permits	-	1,587,129	8,389,155	-	-
Intergovernmental	2,478,299	7,059,552	50,950	-	-
Charges for services	-	597,924	1,710,788	369,748	7,665,250
Use of money and property	5,920	222,292	77,783	3,077,740	44,190
Contributions	-	-	-	-	-
Miscellaneous	1,759	37,053	52,173	8,735	-
Total Revenues	2,485,978	10,298,125	10,280,849	3,470,828	7,709,440
Expenditures:					
Current:					
Public safety	1,648,509	-	-	-	-
Community development	-	-	8,923,864	-	-
Culture and leisure	-	-	-	-	-
Transportation	-	-	-	2,432,543	-
Sanitation	-	-	-	-	4,351,597
Health	-	10,935,618	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	1,648,509	10,935,618	8,923,864	2,432,543	4,351,597
Excess (Deficiency) of Revenues Over (Under) Expenditures	837,469	(637,493)	1,356,985	1,038,285	3,357,843
Other Financing Sources (Uses):					
Transfers in	-	80,331	-	-	-
Transfers out	(77,057)	(55,923)	(1,192,839)	(569,418)	(2,186,232)
Total Other Financing Sources (Uses)	(77,057)	24,408	(1,192,839)	(569,418)	(2,186,232)
Net Change in Fund Balances	760,412	(613,085)	164,146	468,867	1,171,611
Fund Balances, Beginning of Year	1,681,786	(1,187,149)	15,233,131	2,770,576	8,580,523
Fund Balances, End of Year	\$ 2,442,198	\$ (1,800,234)	\$ 15,397,277	\$ 3,239,443	\$ 9,752,134

Special Revenue Funds

Underground Utilities Fund	Donated Funds	Transportation	Library Services Fund	Air Quality Improvements Fund	Housing and Community Development Fund	Total Governmental Funds
\$ 5,776,915	\$ -	\$ -	\$ 2,632,885	\$ -	\$ -	\$ 9,218,580
-	-	-	-	-	-	9,976,284
-	-	14,333,851	-	184,165	20,014,427	44,121,244
-	-	935,312	10,938	-	956	11,290,916
231,736	8,197	79,631	40,830	1,775	359,858	4,149,952
-	408,174	-	-	-	-	408,174
500,000	-	1,528,302	257,880	-	5,609,569	7,995,471
6,508,651	416,371	16,877,096	2,942,533	185,940	25,984,810	87,160,621
-	-	-	-	-	-	1,648,509
-	-	-	-	-	20,772,295	29,696,159
-	404,911	-	12,579,167	-	-	12,984,078
46,407	-	11,999,600	-	163,763	-	14,642,313
-	-	-	-	-	-	4,351,597
-	-	-	-	-	-	10,935,618
-	-	-	-	-	300,000	300,000
-	-	-	-	-	95,292	95,292
46,407	404,911	11,999,600	12,579,167	163,763	21,167,587	74,653,566
6,462,244	11,460	4,877,496	(9,636,634)	22,177	4,817,223	12,507,055
-	-	942,562	11,128,918	-	1,300,898	13,452,709
(3,297,657)	-	(3,769,456)	(201,418)	-	(6,185,497)	(17,535,497)
(3,297,657)	-	(2,826,894)	10,927,500	-	(4,884,599)	(4,082,788)
3,164,587	11,460	2,050,602	1,290,866	22,177	(67,376)	8,424,267
47,544,368	1,909,866	16,542,861	4,160,021	129,498	14,121,429	111,486,910
\$ 50,708,955	\$ 1,921,326	\$ 18,593,463	\$ 5,450,887	\$ 151,675	\$ 14,054,053	\$ 119,911,177

CITY OF PASADENA

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY
YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2017	\$ 1,681,786	\$ 1,681,786	\$ 1,681,786	\$ -
Resources (Inflows):				
Intergovernmental	2,388,619	2,923,606	2,478,299	(445,307)
Use of money and property	12,700	12,699	5,920	(6,779)
Miscellaneous	-	-	1,759	1,759
Amounts Available for Appropriations	<u>4,083,105</u>	<u>4,618,091</u>	<u>4,167,764</u>	<u>(450,327)</u>
Charges to Appropriation (Outflow):				
Public safety	2,486,699	3,021,683	1,648,509	1,373,174
Transfers out	-	707,500	77,057	630,443
Total Charges to Appropriations	<u>2,486,699</u>	<u>3,729,183</u>	<u>1,725,566</u>	<u>2,003,617</u>
Budgetary Fund Balance, June 30, 2018	<u>\$ 1,596,406</u>	<u>\$ 888,908</u>	<u>\$ 2,442,198</u>	<u>\$ 1,553,290</u>

CITY OF PASADENA

**BUDGETARY COMPARISON SCHEDULE
HEALTH
YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2017	\$ (1,187,149)	\$ (1,187,149)	\$ (1,187,149)	\$ -
Resources (Inflows):				
Taxes	863,395	863,395	794,175	(69,220)
Licenses and permits	2,061,219	2,061,219	1,587,129	(474,090)
Intergovernmental	8,086,511	9,646,079	7,059,552	(2,586,527)
Charges for services	697,160	697,160	597,924	(99,236)
Use of money and property	208,060	208,060	222,292	14,232
Miscellaneous	27,238	169,625	37,053	(132,572)
Transfers in	50,000	85,000	80,331	(4,669)
Amounts Available for Appropriations	10,806,434	12,543,389	9,191,307	(3,352,082)
Charges to Appropriation (Outflow):				
Health	11,896,367	13,633,318	10,935,618	2,697,700
Transfers out	55,923	55,923	55,923	-
Total Charges to Appropriations	11,952,290	13,689,241	10,991,541	2,697,700
Budgetary Fund Balance, June 30, 2018	\$ (1,145,856)	\$ (1,145,852)	\$ (1,800,234)	\$ (654,382)

CITY OF PASADENA

**BUDGETARY COMPARISON SCHEDULE
BUILDING SERVICES
YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2017	\$ 15,233,131	\$ 15,233,131	\$ 15,233,131	\$ -
Resources (Inflows):				
Licenses and permits	5,845,418	5,845,418	8,389,155	2,543,737
Intergovernmental	1,178,982	1,178,982	50,950	(1,128,032)
Charges for services	1,105,610	1,105,610	1,710,788	605,178
Use of money and property	-	-	77,783	77,783
Miscellaneous	10,447	10,447	52,173	41,726
Amounts Available for Appropriations	23,373,588	23,373,588	25,513,980	2,140,392
Charges to Appropriation (Outflow):				
Community development	10,074,938	10,074,936	8,923,864	1,151,072
Transfers out	-	566,905	1,192,839	(625,934)
Total Charges to Appropriations	10,074,938	10,641,841	10,116,703	525,138
Budgetary Fund Balance, June 30, 2018	\$ 13,298,650	\$ 12,731,747	\$ 15,397,277	\$ 2,665,530

CITY OF PASADENA

**BUDGETARY COMPARISON SCHEDULE
SEWER CONSTRUCTION AND MAINTENANCE FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2017	\$ 8,580,523	\$ 8,580,523	\$ 8,580,523	\$ -
Resources (Inflows):				
Charges for services	6,793,710	6,793,709	7,665,250	871,541
Use of money and property	-	-	44,190	44,190
Amounts Available for Appropriations	<u>15,374,233</u>	<u>15,374,232</u>	<u>16,289,963</u>	<u>915,731</u>
Charges to Appropriation (Outflow):				
Sanitation	4,492,505	4,492,506	4,351,597	140,909
Transfers out	2,455,100	3,711,905	2,186,232	1,525,673
Total Charges to Appropriations	<u>6,947,605</u>	<u>8,204,411</u>	<u>6,537,829</u>	<u>1,666,582</u>
Budgetary Fund Balance, June 30, 2018	<u>\$ 8,426,628</u>	<u>\$ 7,169,822</u>	<u>\$ 9,752,134</u>	<u>\$ 2,582,312</u>

CITY OF PASADENA

**BUDGETARY COMPARISON SCHEDULE
UNDERGROUND UTILITIES FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2017	\$ 47,544,368	\$ 47,544,368	\$ 47,544,368	\$ -
Resources (Inflows):				
Taxes	5,644,216	5,644,216	5,776,915	132,699
Use of money and property	-	-	231,736	231,736
Miscellaneous	-	-	500,000	500,000
Amounts Available for Appropriations	<u>53,188,584</u>	<u>53,188,584</u>	<u>54,053,019</u>	<u>864,435</u>
Charges to Appropriation (Outflow):				
Transportation	46,407	46,407	46,407	-
Transfers out	5,223,060	6,047,001	3,297,657	2,749,344
Total Charges to Appropriations	<u>5,269,467</u>	<u>6,093,408</u>	<u>3,344,064</u>	<u>2,749,344</u>
Budgetary Fund Balance, June 30, 2018	<u>\$ 47,919,117</u>	<u>\$ 47,095,176</u>	<u>\$ 50,708,955</u>	<u>\$ 3,613,779</u>

CITY OF PASADENA

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION
YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2017	\$ 16,542,861	\$ 16,542,861	\$ 16,542,861	\$ -
Resources (Inflows):				
Intergovernmental	10,617,880	14,171,449	14,333,851	162,402
Charges for services	923,060	923,060	935,312	12,252
Use of money and property	-	-	79,631	79,631
Miscellaneous	1,370,000	1,370,000	1,528,302	158,302
Transfers in	1,878,994	378,994	942,562	563,568
Amounts Available for Appropriations	31,332,795	33,386,364	34,362,519	976,155
Charges to Appropriation (Outflow):				
Transportation	12,311,490	13,290,530	11,999,600	1,290,930
Transfers out	1,613,712	5,099,506	3,769,456	1,330,050
Total Charges to Appropriations	13,925,202	18,390,036	15,769,056	2,620,980
Budgetary Fund Balance, June 30, 2018	\$ 17,407,593	\$ 14,996,328	\$ 18,593,463	\$ 3,597,135

CITY OF PASADENA

**BUDGETARY COMPARISON SCHEDULE
LIBRARY SERVICES FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2017	\$ 4,160,021	\$ 4,160,021	\$ 4,160,021	\$ -
Resources (Inflows):				
Taxes	2,630,843	2,630,843	2,632,885	2,042
Charges for services	9,500	9,500	10,938	1,438
Use of money and property	1,500	1,500	40,830	39,330
Miscellaneous	78,500	293,092	257,880	(35,212)
Transfers in	11,128,918	11,128,918	11,128,918	0
Amounts Available for Appropriations	18,009,282	18,223,874	18,231,472	7,598
Charges to Appropriation (Outflow):				
Culture and leisure	14,364,456	14,516,344	12,579,167	1,937,177
Transfers out	-	-	201,418	(201,418)
Total Charges to Appropriations	14,364,456	14,516,344	12,780,585	1,735,759
Budgetary Fund Balance, June 30, 2018	\$ 3,644,826	\$ 3,707,530	\$ 5,450,887	\$ 1,743,357

CITY OF PASADENA

BUDGETARY COMPARISON SCHEDULE
 PARKING FUND
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, 2017	\$ 2,770,576	\$ 2,770,576	\$ 2,770,576	\$ -
Resources (Inflows):				
Taxes	14,000	14,000	14,605	605
Charges for services	291,600	291,600	369,748	78,148
Use of money and property	2,906,790	2,906,790	3,077,740	170,950
Miscellaneous	2,000	2,000	8,735	6,735
Transfers in	-	-	-	-
Amounts Available for Appropriations	5,984,966	5,984,966	6,241,404	256,438
Charges to Appropriation (Outflow):				
Transportation	2,475,572	2,475,571	2,432,543	43,028
Transfers out	525,738	895,738	569,418	326,320
Total Charges to Appropriations	3,001,310	3,371,309	3,001,961	369,348
Budgetary Fund Balance, June 30, 2018	\$ 2,983,656	\$ 2,613,657	\$ 3,239,443	\$ 625,786

CITY OF PASADENA

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENTS FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2017	\$ 129,498	\$ 129,498	\$ 129,498	\$ -
Resources (Inflows):				
Intergovernmental	170,000	170,000	184,165	14,165
Use of money and property	-	-	1,775	1,775
Amounts Available for Appropriations	299,498	299,498	315,438	15,940
Charges to Appropriation (Outflow):				
Transportation	170,000	170,000	163,763	6,237
Total Charges to Appropriations	170,000	170,000	163,763	6,237
Budgetary Fund Balance, June 30, 2018	\$ 129,498	\$ 129,498	\$ 151,675	\$ 22,177

CITY OF PASADENA

**BUDGETARY COMPARISON SCHEDULE
HOUSING AND COMMUNITY DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2017	\$ 14,121,429	\$ 14,121,429	\$ 14,121,429	\$ -
Resources (Inflows):				
Intergovernmental	18,505,308	18,505,308	20,014,427	1,509,119
Charges for services	-	-	956	956
Use of money and property	179,040	179,040	359,858	180,818
Miscellaneous	389,313	485,563	5,609,569	5,124,006
Transfers in	1,300,898	1,300,898	1,300,898	-
Amounts Available for Appropriations	34,495,988	34,592,238	41,407,137	6,814,899
Charges to Appropriation (Outflow):				
Community development	20,415,633	24,684,087	20,772,295	3,911,792
Debt service:				
Principal retirement	300,000	300,000	300,000	-
Interest and fiscal charges	452	452	95,292	(94,840)
Transfers out	-	711,820	6,185,497	(5,473,677)
Total Charges to Appropriations	20,716,085	25,696,359	27,353,084	(1,656,725)
Budgetary Fund Balance, June 30, 2018	\$ 13,779,903	\$ 8,895,879	\$ 14,054,053	\$ 5,158,174

CITY OF PASADENA

**BUDGETARY COMPARISON SCHEDULE
DONATED FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2017	\$ 1,909,866	\$ 1,909,866	\$ 1,909,866	\$ -
Resources (Inflows):				
Use of money and property	-	-	8,197	8,197
Contributions	275,000	275,000	408,174	133,174
Amounts Available for Appropriations	2,184,866	2,184,866	2,326,237	141,371
Charges to Appropriation (Outflow):				
Culture and leisure	333,626	512,626	404,911	107,715
Total Charges to Appropriations	333,626	512,626	404,911	107,715
Budgetary Fund Balance, June 30, 2018	\$ 1,851,240	\$ 1,672,240	\$ 1,921,326	\$ 249,086

CITY OF

PASADENA

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

COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	1993 Certificates of Participation COP	2006 Lease Revenue Bond Debt Service	2008 Series B Refunding COP Debt Service
Assets:			
Pooled cash and investments	\$ -	\$ -	\$ -
Restricted assets:			
Cash and investments with fiscal agents	-	-	1,234,641
Total Assets	\$ -	\$ -	\$ 1,234,641
Fund Balances:			
Restricted for:			
Debt service	-	-	1,234,641
Total Fund Balances	-	-	1,234,641
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ -	\$ 1,234,641

2008 Series C Refunding Debt Service	2015 Series A Refunding COP Debt Service	Total Debt Service Funds
\$ -	\$ 29	\$ 29
<u>4,981,135</u>	<u>2,086,589</u>	<u>8,302,365</u>
<u>\$ 4,981,135</u>	<u>\$ 2,086,618</u>	<u>\$ 8,302,394</u>
<u>4,981,135</u>	<u>2,086,618</u>	<u>8,302,394</u>
<u>4,981,135</u>	<u>2,086,618</u>	<u>8,302,394</u>
<u>\$ 4,981,135</u>	<u>\$ 2,086,618</u>	<u>\$ 8,302,394</u>

CITY OF PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	<u>1993 Certificates of Participation COP</u>	<u>2006 Lease Revenue Bond Debt Service</u>	<u>2008 Series B Refunding COP Debt Service</u>
Revenues:			
Use of money and property	\$ (19,938)	\$ 182	\$ (406)
Total Revenues	(19,938)	182	(406)
Expenditures:			
Current:			
General government	-	9,355	4,581
Debt service:			
Principal retirement	-	4,520,000	3,019,475
Interest and fiscal charges	-	126,409	285,689
Total Expenditures	-	4,655,764	3,309,745
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,938)	(4,655,582)	(3,310,151)
Other Financing Sources (Uses):			
Transfers in	-	4,640,111	3,309,745
Transfers out	(2,086,589)	-	-
Total Other Financing Sources (Uses)	(2,086,589)	4,640,111	3,309,745
Net Change in Fund Balances	(2,106,527)	(15,471)	(406)
Fund Balances, Beginning of Year	2,106,527	15,471	1,235,047
Fund Balances, End of Year	\$ -	\$ -	\$ 1,234,641

2008 Series C Refunding Debt Service	2015 Series A Refunding COP Debt Service	Total Debt Service Funds
\$ 33,506	\$ 29	\$ 13,373
33,506	29	13,373
4,681	3,600	22,217
1,780,000	-	9,319,475
71,200	2,490,150	2,973,448
1,855,881	2,493,750	12,315,140
(1,822,375)	(2,493,721)	(12,301,767)
1,855,793	4,580,339	14,385,988
-	-	(2,086,589)
1,855,793	4,580,339	12,299,399
33,418	2,086,618	(2,368)
4,947,717	-	8,304,762
\$ 4,981,135	\$ 2,086,618	\$ 8,302,394

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CITY OF

PASADENA

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

COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	Charter Capital Projects Fund	New Development Impact Fund	Residential Development Impact Fund	10% Green Fee Capital Project Fund
Assets:				
Pooled cash and investments	\$ 1,934,807	\$ 252,699	\$ 18,713,284	\$ 79,169
Receivables:				
Accrued interest	4,942	2,455	97,075	585
Total Assets	\$ 1,939,749	\$ 255,154	\$ 18,810,359	\$ 79,754
Fund Balances:				
Restricted for:				
Capital Projects	1,939,749	-	-	-
Committed to:				
Capital Projects	-	255,154	18,810,359	79,754
Total Fund Balances	1,939,749	255,154	18,810,359	79,754
Total Liabilities and Fund Balances	\$ 1,939,749	\$ 255,154	\$ 18,810,359	\$ 79,754

Capital Public Art Fund	Traffic Reduction Trans Improvement Fund	Total Governmental Funds
\$ 960,145	\$ 2,657,175	\$ 24,597,279
<u>3,726</u>	<u>12,961</u>	<u>121,744</u>
<u>\$ 963,871</u>	<u>\$ 2,670,136</u>	<u>\$ 24,719,023</u>
-	-	1,939,749
<u>963,871</u>	<u>2,670,136</u>	<u>22,779,274</u>
<u>963,871</u>	<u>2,670,136</u>	<u>24,719,023</u>
<u>\$ 963,871</u>	<u>\$ 2,670,136</u>	<u>\$ 24,719,023</u>

CITY OF PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Charter Capital Projects Fund	New Development Impact Fund	Residential Development Impact Fund	10% Green Fee Capital Project Fund
Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Use of money and property	26,061	1,168	97,737	366
Contributions	-	-	3,122,598	-
Miscellaneous	-	-	-	-
Total Revenues	26,061	1,168	3,220,335	366
Expenditures:				
Current:				
General government	5,891	-	100,000	-
Capital outlay	-	-	-	-
Total Expenditures	5,891	-	100,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,170	1,168	3,120,335	366
Other Financing Sources (Uses):				
Transfers out	-	-	(7,124,043)	-
Total Other Financing Sources (Uses)	-	-	(7,124,043)	-
Net Change in Fund Balances	20,170	1,168	(4,003,708)	366
Fund Balances, Beginning of Year	1,919,579	253,986	22,814,067	79,388
Fund Balances, End of Year	\$ 1,939,749	\$ 255,154	\$ 18,810,359	\$ 79,754

Capital Public Art Fund	Traffic Reduction Trans Improvement Fund	Total Governmental Funds
\$ -	\$ 833,210	\$ 833,210
4,583	15,829	145,744
-	-	3,122,598
5,250	-	5,250
9,833	849,039	4,106,802
-	-	105,891
46,129	-	46,129
46,129	-	152,020
(36,296)	849,039	3,954,782
-	(479,679)	(7,603,722)
-	(479,679)	(7,603,722)
(36,296)	369,360	(3,648,940)
1,000,167	2,300,776	28,367,963
\$ 963,871	\$ 2,670,136	\$ 24,719,023

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CITY OF

PASADENA

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

COMBINING BALANCE SHEET
 PERMANENT FUNDS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	<u>Vromen Art Bequest</u>	<u>Singer Bequest</u>	<u>Arthur Noble Award</u>	<u>Harry Sheldon Award</u>	<u>Pasadena Center Capital Improvement</u>
Assets:					
Pooled cash and investments	\$ 5,676	\$ 45,068	\$ 6,003	\$ 313	\$ 442,994
Receivables:					
Accrued interest	27	214	29	2	2,108
Total Assets	<u>\$ 5,703</u>	<u>\$ 45,282</u>	<u>\$ 6,032</u>	<u>\$ 315</u>	<u>\$ 445,102</u>
Fund Balances:					
Nonspendable:					
Permanent funds principal	5,000	23,426	1,100	298	400,000
Restricted for:					
Other Purposes	703	21,856	4,932	17	-
Committed to:					
Pasadena Center Capital Improvement	-	-	-	-	45,102
Total Fund Balances	<u>5,703</u>	<u>45,282</u>	<u>6,032</u>	<u>315</u>	<u>445,102</u>
Total Liabilities and Fund Balances	<u>\$ 5,703</u>	<u>\$ 45,282</u>	<u>\$ 6,032</u>	<u>\$ 315</u>	<u>\$ 445,102</u>

<u>Ruth B. Cox Trust</u>	<u>Jankos Trust</u>	<u>Hudson Family Trust</u>	<u>M.A. Berger Trust</u>	<u>Total Governmental Funds</u>
\$ 4,529	\$ 27,056	\$ 107,434	\$ 1,335,175	\$ 1,974,248
22	129	511	6,353	9,395
<u>\$ 4,551</u>	<u>\$ 27,185</u>	<u>\$ 107,945</u>	<u>\$ 1,341,528</u>	<u>\$ 1,983,643</u>
4,307	25,000	100,000	875,000	1,434,131
244	2,185	7,945	466,528	504,410
-	-	-	-	45,102
<u>4,551</u>	<u>27,185</u>	<u>107,945</u>	<u>1,341,528</u>	<u>1,983,643</u>
<u>\$ 4,551</u>	<u>\$ 27,185</u>	<u>\$ 107,945</u>	<u>\$ 1,341,528</u>	<u>\$ 1,983,643</u>

CITY OF PASADENA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Vromen Art Bequest</u>	<u>Singer Bequest</u>	<u>Arthur Noble Award</u>	<u>Harry Sheldon Award</u>	<u>Pasadena Center Capital Improvement</u>
Revenues:					
Use of money and property	\$ 26	\$ 208	\$ 29	\$ 2	\$ 2,048
Total Revenues	<u>26</u>	<u>208</u>	<u>29</u>	<u>2</u>	<u>2,048</u>
Net Change in Fund Balances	<u>26</u>	<u>208</u>	<u>29</u>	<u>2</u>	<u>2,048</u>
Fund Balances, Beginning of Year	<u>5,677</u>	<u>45,074</u>	<u>6,003</u>	<u>313</u>	<u>443,054</u>
Fund Balances, End of Year	<u><u>\$ 5,703</u></u>	<u><u>\$ 45,282</u></u>	<u><u>\$ 6,032</u></u>	<u><u>\$ 315</u></u>	<u><u>\$ 445,102</u></u>

Ruth B. Cox Trust	Jankos Trust	Hudson Family Trust	M.A. Berger Trust	Total Governmental Funds
\$ 21	\$ 125	\$ 496	\$ 6,173	\$ 9,128
21	125	496	6,173	9,128
21	125	496	6,173	9,128
4,530	27,060	107,449	1,335,355	1,974,515
\$ 4,551	\$ 27,185	\$ 107,945	\$ 1,341,528	\$ 1,983,643

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CITY OF

PASADENA

NON-MAJOR ENTERPRISE FUNDS



CITY OF

PASADENA

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

COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		
	Refuse Collection	Telecommunications	Totals
Assets:			
Current:			
Cash and investments	\$ 21,821,110	\$ 634,226	\$ 22,455,336
Receivables:			
Accounts	2,460,595	164,102	2,624,697
Accrued interest	66,324	2,603	68,927
Total Current Assets	24,348,029	800,931	25,148,960
Noncurrent:			
Capital assets - net of accumulated depreciation	3,256,606	1,020,531	4,277,137
Total Noncurrent Assets	3,256,606	1,020,531	4,277,137
Total Assets	27,604,635	1,821,462	29,426,097
Deferred Outflows of Resources:			
Deferred outflows related to net pension liability	2,180,715	-	2,180,715
Total Deferred Outflows of Resources	2,180,715	-	2,180,715
Liabilities, Deferred Inflows of Resources, and Net Position:			
Liabilities:			
Current:			
Accounts payable	657,106	7,623	664,729
Accrued liabilities	204,733	-	204,733
Deposits payable	7,119,911	-	7,119,911
Total Current Liabilities	7,981,750	7,623	7,989,373
Noncurrent:			
Net pension Liability	7,680,092	-	7,680,092
Net OPEB Liability	1,807,431	-	1,807,431
Total Noncurrent Liabilities	9,487,523	-	9,487,523
Total Liabilities	17,469,273	7,623	17,476,896
Deferred Inflows of Resources:			
Deferred inflows related to net pension liability	498,186	-	498,186
Deferred inflows related to OPEB	20,380	-	20,380
Total Deferred Inflows of Resources	518,566	-	518,566
Net Position:			
Net investment in capital assets	3,256,606	1,020,531	4,277,137
Unrestricted	8,540,905	793,308	9,334,213
Total Net Position	11,797,511	1,813,839	13,611,350
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 29,785,350	\$ 1,821,462	\$ 31,606,812

CITY OF PASADENA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Refuse Collection</u>	<u>Telecommunications</u>	<u>Totals</u>
Operating Revenues:			
Refuse Collection	\$ 11,412,924	\$ -	\$ 11,412,924
Telecommunications	-	470,630	470,630
Total Operating Revenues	11,412,924	470,630	11,883,554
Operating Expenses:			
Refuse collection	14,642,492	-	14,642,492
Telecommunications	-	47,158	47,158
Depreciation expense	1,052,510	96,903	1,149,413
Total Operating Expenses	15,695,002	144,061	15,839,063
Operating Income (Loss)	(4,282,078)	326,569	(3,955,509)
Nonoperating Revenues (Expenses):			
Taxes	5,358,942	-	5,358,942
Intergovernmental	109,353	-	109,353
Interest revenue	96,594	3,061	99,655
Miscellaneous revenues	609,770	-	609,770
Gain (loss) on disposal of capital assets	23,576	-	23,576
Total Nonoperating Revenues (Expenses)	6,198,235	3,061	6,201,296
Income (Loss) Before Transfers	1,916,157	329,630	2,245,787
Transfers in	-	63,531	63,531
Transfers out	(273,395)	(494,169)	(767,564)
Changes in Net Position	1,642,762	(101,008)	1,541,754
Net Position:			
Beginning of Year, as originally reported	11,955,894	1,914,847	13,870,741
Restatements	(1,801,145)	-	(1,801,145)
Beginning of Fiscal Year, as restated	10,154,749	1,914,847	12,069,596
End of Fiscal Year	\$ 11,797,511	\$ 1,813,839	\$ 13,611,350

CITY OF PASADENA

**COMBINING STATEMENT OF CASH FLOWS
 NON-MAJOR ENTERPRISE FUNDS
 YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds		
	Refuse Collection	Telecommunications	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 11,300,868	\$ 555,618	\$ 11,856,486
Cash paid to suppliers for goods and services	(15,188,440)	(41,132)	(15,229,572)
Cash paid to employees for services	236,484	-	236,484
Net Cash Provided (Used) by Operating Activities	(3,651,088)	514,486	(3,136,602)
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(273,395)	(494,169)	(767,564)
Cash transfers in	-	63,531	63,531
Cash received (paid) on loans to other funds	-	(74,283)	(74,283)
Taxes received	5,358,942	-	5,358,942
Intergovernmental revenues	109,353	-	109,353
Non-operating miscellaneous revenues	609,770	-	609,770
Net Cash Provided (Used) by Non-Capital Financing Activities	5,804,670	(504,921)	5,299,749
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(271,982)	(135,284)	(407,266)
Proceeds from sales of capital assets	23,576	-	23,576
Net Cash Provided (Used) by Capital and Related Financing Activities	(248,406)	(135,284)	(383,690)
Cash Flows from Investing Activities:			
Interest received	85,403	2,766	88,169
Net Cash Provided (Used) by Investing Activities	85,403	2,766	88,169
Net Increase (Decrease) in Cash and Cash Equivalents	1,990,579	(122,953)	1,867,626
Cash and Cash Equivalents at Beginning of Year	19,830,531	757,179	20,587,710
Cash and Cash Equivalents at End of Year	\$ 21,821,110	\$ 634,226	\$ 22,455,336
Reconciliation of cash and cash equivalents to amounts reported on the statement of Net Position:			
Cash and investments	\$ 21,821,110	\$ 634,226	\$ 22,455,336
Cash and cash equivalents at end of year	\$ 21,821,110	\$ 634,226	\$ 22,455,336
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (4,282,078)	\$ 326,569	\$ (3,955,509)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	1,052,510	96,903	1,149,413
(Increase) decrease in accounts receivable	(112,056)	84,988	(27,068)
(Increase) decrease in deferred outflows	(629,640)	-	(629,640)
Increase (decrease) in accounts payable and accrued liabilities	(1,144,087)	6,026	(1,138,061)
Increase (decrease) in unearned revenue	598,139	-	598,139
Increase (decrease) in net pension obligations	6,286	-	6,286
Increase (decrease) in deferred inflows	891,222	-	891,222
Increase (decrease) in claims and judgments	(31,384)	-	(31,384)
Total Adjustments	630,990	187,917	818,907
Net Cash Provided (Used) by Operating Activities	\$ (3,651,088)	\$ 514,486	\$ (3,136,602)

CITY OF

PASADENA

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 repair and maintenance of City vehicles.

Fleet Replacement Fund - to account for the procurement of City vehicles.

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.

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

CITY OF PASADENA

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	Governmental Activities - Internal Service Funds				
	Computing and Communication	Building Maintenance	Fleet Replacement	Benefits and Insurance	Workers Compensation
Assets:					
Current:					
Cash and investments	\$ 2,427,696	\$ 8,058,733	\$ 9,417,704	\$ 4,465,425	\$ 3,937,147
Receivables:					
Accounts	45,000	86,545	-	1,351	22,813
Accrued interest	11,443	16,762	25,456	15,138	12,944
Prepaid costs	211,735	2,400	-	44,167	-
Inventories	-	-	-	-	-
Total Current Assets	2,695,874	8,164,440	9,443,160	4,526,081	3,972,904
Noncurrent:					
Capital assets - net of accumulated depreciation	4,145,608	3,461	8,531,335	-	-
Total Noncurrent Assets	4,145,608	3,461	8,531,335	-	-
Total Assets	6,841,482	8,167,901	17,974,495	4,526,081	3,972,904
Deferred Outflows of Resources:					
Deferred charge on refunding	6,051	-	-	-	-
Deferred outflows related to net pension liability	4,101,270	1,732,898	443,587	16,701,750	2,651,014
Total Deferred Outflows of Resources	4,107,321	1,732,898	443,587	16,701,750	2,651,014
Liabilities, Deferred Inflows of Resources, and Net Position:					
Liabilities:					
Current:					
Accounts payable	319,661	373,244	114,128	7,782,232	67,294
Accrued liabilities	342,434	158,665	7,627	206,765	29,982
Accrued interest	645	-	-	-	-
Due to other funds	-	-	-	-	-
Accrued compensated absences	-	-	-	10,978,104	-
Accrued claims and judgments	-	-	-	-	13,517,361
Bonds, notes, and capital leases	319,928	-	-	-	-
Total Current Liabilities	982,668	531,909	121,755	18,967,101	13,614,637
Noncurrent:					
Accrued claims and judgments	-	-	-	-	22,280,915
Net pension Liability	13,951,088	6,561,906	3,052,834	65,042,958	7,985,370
Net OPEB Liability	2,136,054	1,380,220	131,449	197,175	230,037
Total Noncurrent Liabilities	16,087,142	7,942,126	3,184,283	65,240,133	30,496,322
Total Liabilities	17,069,810	8,474,035	3,306,038	84,207,234	44,110,959
Deferred Inflows of Resources:					
Deferred inflows related to net pension liability	899,210	442,239	251,016	4,319,558	468,185
Deferred inflows related to OPEB	24,086	15,563	1,482	2,223	2,594
Total Deferred Inflows of Resources	923,296	457,802	252,498	4,321,781	470,779
Net Position:					
Net investment in capital assets	3,825,680	3,461	8,531,335	-	-
Unrestricted	(10,869,983)	965,501	6,328,211	(67,301,184)	(37,957,820)
Total Net Position	(7,044,303)	968,962	14,859,546	(67,301,184)	(37,957,820)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 10,948,803	\$ 9,900,799	\$ 18,418,082	\$ 21,227,831	\$ 6,623,918

Governmental Activities - Internal Service Funds

General Liability	Printing Services	311 Call Center	Fleet Repair and Maintenance	Totals
\$ 2,553,000	\$ -	\$ 194,789	\$ 785,396	\$ 31,839,890
26,924	792	-	44,556	227,981
15,441	(11,405)	801	(392)	86,188
-	-	-	-	258,302
-	-	-	476,519	476,519
2,595,365	(10,613)	195,590	1,306,079	32,888,880
3,714,391	-	-	-	16,394,795
3,714,391	-	-	-	16,394,795
6,309,756	(10,613)	195,590	1,306,079	49,283,675
-	-	-	-	6,051
35,535	244,869	257,035	455,829	26,623,787
35,535	244,869	257,035	455,829	26,629,838
32,481	35,183	-	452,627	9,176,850
4,166	21,357	23,178	61,777	855,951
-	-	-	-	645
-	3,294,935	-	-	3,294,935
-	-	-	-	10,978,104
4,837,684	-	-	-	18,355,045
-	-	-	-	319,928
4,874,331	3,351,475	23,178	514,404	42,981,458
8,054,688	-	-	-	30,335,603
383,829	901,995	568,975	553,118	99,002,073
32,862	197,175	197,175	525,798	5,027,945
8,471,379	1,099,170	766,150	1,078,916	134,365,621
13,345,710	4,450,645	789,328	1,593,320	177,347,079
23,097	65,549	46,684	(19,252)	6,496,286
371	2,223	2,223	5,929	56,694
23,468	67,772	48,907	(13,323)	6,552,980
3,714,391	-	-	-	16,074,867
(10,738,278)	(4,284,161)	(385,610)	181,911	(124,061,413)
(7,023,887)	(4,284,161)	(385,610)	181,911	(107,986,546)
\$ 6,345,291	\$ 234,256	\$ 452,625	\$ 1,761,908	\$ 75,913,513

CITY OF PASADENA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Funds				
	Computing and Communication	Building Maintenance	Fleet Replacement	Benefits and Insurance	Workers Compensation
Operating Revenues:					
Charges for Services					
Computing and communication services	\$ 14,106,303	\$ -	\$ -	\$ -	\$ -
Building Maintenance	-	12,629,063	-	-	-
Fleet Maintenance	-	-	2,777,079	-	-
Employee benefits	-	-	-	31,400,993	-
Insurance	-	-	-	-	14,341,218
Printing	-	-	-	-	-
311 Call Center	-	-	-	-	-
Total Operating Revenues	14,106,303	12,629,063	2,777,079	31,400,993	14,341,218
Operating Expenses:					
Utility production	-	-	-	-	-
Utility transmission and distribution	-	-	-	-	-
Utility commercial and general	-	-	-	-	-
Offstreet Parking	-	-	-	-	-
Refuse collection	-	-	-	-	-
Telecommunications	-	-	-	-	-
Computing and communication services	14,070,614	-	-	-	-
Building maintenance	-	10,093,148	-	-	-
Fleet maintenance	-	-	308,155	-	-
Benefits	-	-	-	36,678,981	-
Insurance	-	-	-	-	14,291,389
Printing	-	-	-	-	-
311 Call Center	-	-	-	-	-
Depreciation expense	1,194,198	1,411	1,320,090	-	-
Total Operating Expenses	15,264,812	10,094,559	1,628,245	36,678,981	14,291,389
Operating Income (Loss)	(1,158,509)	2,534,504	1,148,834	(5,277,988)	49,829
Nonoperating Revenues (Expenses):					
Interest revenue	13,989	33,691	41,425	20,290	15,994
Interest expense	(31,286)	-	-	-	-
Miscellaneous	-	-	1,116	149,020	-
Gain (loss) on disposal of capital assets	-	-	65,878	-	-
Total Nonoperating Revenues (Expenses)	(17,297)	33,691	108,419	169,310	15,994
Income (Loss) Before Transfers	(1,175,806)	2,568,195	1,257,253	(5,108,678)	65,823
Transfers in	1,259,332	87,809	-	-	-
Transfers out	(14,703)	(978,047)	-	-	-
Changes in Net Position	68,823	1,677,957	1,257,253	(5,108,678)	65,823
Net Position:					
Beginning of Year, as originally reported	(4,984,501)	666,425	13,733,285	(88,721,857)	(37,794,406)
Restatements	(2,128,625)	(1,375,420)	(130,992)	26,529,351	(229,237)
Beginning of Fiscal Year, as restated	(7,113,126)	(708,995)	13,602,293	(62,192,506)	(38,023,643)
End of Fiscal Year	\$ (7,044,303)	\$ 968,962	\$ 14,859,546	\$ (67,301,184)	\$ (37,957,820)

Governmental Activities - Internal Service Funds

<u>General Liability</u>	<u>Printing Services</u>	<u>311 Call Center</u>	<u>Fleet Repair and Maintenance</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,106,303
-	-	-	-	12,629,063
-	-	-	7,945,045	10,722,124
-	-	-	-	31,400,993
2,937,105	-	-	-	17,278,323
-	1,116,566	-	-	1,116,566
-	-	689,396	-	689,396
2,937,105	1,116,566	689,396	7,945,045	87,942,768
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	14,070,614
-	-	-	-	10,093,148
-	-	-	7,247,552	7,555,707
-	-	-	-	36,678,981
4,046,801	-	-	-	18,338,190
-	1,487,975	-	-	1,487,975
-	-	695,682	-	695,682
-	6,879	-	-	2,522,578
4,046,801	1,494,854	695,682	7,247,552	91,442,875
(1,109,696)	(378,288)	(6,286)	697,493	(3,500,107)
17,677	(7,283)	897	(3,923)	132,757
-	-	-	-	(31,286)
-	-	-	12,310	162,446
-	-	-	-	65,878
17,677	(7,283)	897	8,387	329,795
(1,092,019)	(385,571)	(5,389)	705,880	(3,170,312)
-	-	-	-	1,347,141
-	-	-	-	(992,750)
(1,092,019)	(385,571)	(5,389)	705,880	(2,815,921)
(5,899,120)	(3,702,101)	(183,732)	-	(126,886,007)
(32,748)	(196,489)	(196,489)	(523,969)	21,715,382
(5,931,868)	(3,898,590)	(380,221)	(523,969)	(105,170,625)
\$ (7,023,887)	\$ (4,284,161)	\$ (385,610)	\$ 181,911	\$ (107,986,546)

CITY OF PASADENA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	Governmental Activities - Internal Service Funds				
	Computing and Communication	Building Maintenance	Fleet Replacement	Benefits and Insurance	Workers Compensation
Cash Flows from Operating Activities:					
Cash received from other funds for services	\$ 14,070,303	\$ 12,669,773	\$ 2,855,405	\$ 31,414,904	\$ 14,328,572
Cash paid to suppliers for goods and services	(5,497,145)	(5,465,239)	(93,696)	-	(7,307,944)
Cash paid to employees for services	(9,098,162)	(4,341,277)	(163,297)	(32,868,180)	(7,161,143)
Net Cash Provided (Used) by Operating Activities	(525,004)	2,863,257	2,598,412	(1,453,276)	(140,515)
Cash Flows from Non-Capital Financing Activities:					
Cash transfers out	(14,703)	(978,047)	-	-	-
Cash transfers in	1,259,332	87,809	-	-	-
Non-operating miscellaneous revenues	-	-	1,116	149,020	-
Net Cash Provided (Used) by Non-Capital Financing Activities	1,244,629	(890,238)	1,116	149,020	-
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(790,122)	-	(1,669,710)	-	-
Principal paid on capital debt	(613,100)	-	-	-	-
Interest paid on capital debt	(32,558)	-	-	-	-
Proceeds from sales of capital assets	-	-	65,878	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,435,780)	-	(1,603,832)	-	-
Cash Flows from Investing Activities:					
Interest received	11,404	28,912	36,911	17,895	12,280
Net Cash Provided (Used) by Investing Activities	11,404	28,912	36,911	17,895	12,280
Net Increase (Decrease) in Cash and Cash Equivalents	(704,751)	2,001,931	1,032,607	(1,286,361)	(128,235)
Cash and Cash Equivalents at Beginning of Year	3,132,447	6,056,802	8,385,097	5,751,786	4,065,382
Cash and Cash Equivalents at End of Year	\$ 2,427,696	\$ 8,058,733	\$ 9,417,704	\$ 4,465,425	\$ 3,937,147
Reconciliation of cash and cash equivalents to amounts reported on the statement of Net Position:					
Cash and investments	\$ 2,427,696	\$ 8,058,733	\$ 9,417,704	\$ 4,465,425	\$ 3,937,147
Cash and cash equivalents at end of year	\$ 2,427,696	\$ 8,058,733	\$ 9,417,704	\$ 4,465,425	\$ 3,937,147
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (1,158,509)	\$ 2,534,504	\$ 1,148,834	\$ (5,277,988)	\$ 49,829
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	1,194,198	1,411	1,320,090	-	-
(Increase) decrease in accounts receivable	(36,000)	40,710	78,326	13,911	(12,646)
(Increase) decrease in inventories	-	-	390,998	-	-
(Increase) decrease in deferred outflows	(1,053,131)	(518,717)	243,849	(4,167,048)	(760,654)
(Increase) decrease in prepaid expense	(195,330)	(2,400)	-	21,691	-
Increase (decrease) in accounts payable and accrued liabilities	(740,836)	104,702	(347,946)	2,018,968	(22,107)
Increase (decrease) in due to other governments	-	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	-	-
Increase (decrease) in Net OPEB Liability	7,429	4,800	457	686	800
Increase (decrease) in net pension obligations	1,526,830	723,136	(236,155)	6,130,734	1,103,709
Increase (decrease) in deferred inflows	(69,655)	(24,889)	(41)	(386,368)	(65,293)
Increase (decrease) in claims and judgments	-	-	-	-	(434,153)
Increase (decrease) in compensated absences	-	-	-	192,138	-
Total Adjustments	633,505	328,753	1,449,578	3,824,712	(190,344)
Net Cash Provided (Used) by Operating Activities	\$ (525,004)	\$ 2,863,257	\$ 2,598,412	\$ (1,453,276)	\$ (140,515)

Governmental Activities - Internal Service Funds

General Liability	Printing Services	311 Call Center	Fleet Repair and Maintenance	Totals
\$ (945,259)	\$ 1,471,810	\$ 689,396	\$ 7,900,489	\$84,455,393
(604,979)	(944,189)	(105,086)	(7,123,872)	(27,142,150)
(154,987)	(521,983)	(564,544)	-	(54,873,573)
(1,705,225)	5,638	19,766	776,617	2,439,670
-	-	-	-	(992,750)
-	-	-	-	1,347,141
-	-	-	12,310	162,446
-	-	-	12,310	516,837
-	-	-	-	(2,459,832)
-	-	-	-	(613,100)
-	-	-	-	(32,558)
-	-	-	-	65,878
-	-	-	-	(3,039,612)
16,945	(5,638)	765	(3,531)	115,943
16,945	(5,638)	765	(3,531)	115,943
(1,688,280)	-	20,531	785,396	32,838
4,241,280	-	174,258	-	31,807,052
\$ 2,553,000	\$ -	\$ 194,789	\$ 785,396	\$31,839,890
\$ 2,553,000	\$ -	\$ 194,789	\$ 785,396	\$31,839,890
\$ 2,553,000	\$ -	\$ 194,789	\$ 785,396	\$31,839,890
\$ (1,109,696)	\$ (378,288)	\$ (6,286)	\$ 697,493	\$ (3,500,107)
-	6,879	-	-	2,522,578
3,313	11,632	-	(44,556)	54,690
-	-	-	(476,519)	(85,521)
(5,436)	(44,238)	(69,396)	(455,829)	(6,830,600)
-	-	-	-	(176,039)
(12,466)	(895)	1,498	-	1,000,918
-	-	-	514,404	514,404
-	343,612	-	-	343,612
114	686	686	1,829	17,487
12,483	68,910	96,382	553,118	9,979,147
(1,024)	(2,660)	(3,118)	(13,323)	(566,371)
(592,513)	-	-	-	(1,026,666)
-	-	-	-	192,138
(595,529)	383,926	26,052	79,124	5,939,777
\$ (1,705,225)	\$ 5,638	\$ 19,766	\$ 776,617	\$ 2,439,670

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CITY OF

PASADENA

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.

Section 115 Trust OPEB Fund - to account for resources held in a trust capacity by the City in accordance with the provisions of Internal Revenue Code Section 115 for the Post-employment Benefits Other than Pensions.

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

COMBINING STATEMENT OF NET POSITION
 PENSION TRUST FUNDS
 JUNE 30, 2018

	<u>Deferred Compensation</u>	<u>Fire and Police Retirement System</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Assets:				
Cash and Cash Equivalents	\$ 290,919,655	\$ 4,218,042	\$ 2,001,792	\$ 297,139,489
Receivables:				
Accrued interest	-	132,169	401	132,570
Investments at fair value				
Government and agencies	-	15,223,407	-	15,223,407
Fixed Income mutual funds	-	16,354,631	-	16,354,631
Domestic corporate obligations	-	27,507,533	-	27,507,533
International corporate obligations	-	169,806	-	169,806
Real Estate	-	13,408,597	-	13,408,597
Equity - Domestic	-	23,261,000	-	23,261,000
Equity - International	-	22,190,575	-	22,190,575
Total investments	-	118,115,549	-	118,115,549
Total Assets	\$ 290,919,655	\$ 122,465,760	\$ 2,002,193	\$ 415,387,608
Liabilities:				
Accounts payable	\$ -	\$ 45,185	\$ -	\$ 45,185
Accrued liabilities	-	1,675	-	1,675
Pending Purchases	-	3,486,823	-	3,486,823
Total Liabilities	\$ -	\$ 3,533,683	\$ -	\$ 3,533,683
Net Position reserved in trust for				
Held in trust for other post retirement benefits	\$ -	\$ -	\$ 2,002,193	\$ 2,002,193
Held in trust for employees pension benefits	290,919,655	118,932,077	-	409,851,732
Total Net Position reserved in trust for employees pension benefits	\$ 290,919,655	\$ 118,932,077	\$ 2,002,193	\$ 411,853,925

CITY OF PASADENA

COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Deferred Compensation</u>	<u>Fire and Police Retirement System</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Additions:				
Contributions:				
Plan members	\$ 15,313,459	\$ -	\$ 2,000,000	\$ 17,313,459
Net investment income:				
Net increase in fair value of investments	22,734,719	4,477,405	402	27,212,526
Interest	-	816,186	(114)	816,072
Dividends	-	1,839,180	1,905	1,841,085
Gross Investment Income	<u>22,734,719</u>	<u>7,132,771</u>	<u>2,193</u>	<u>29,869,683</u>
Less: Investment expenses	-	(476,303)	-	(476,303)
Net investment income:	<u>22,734,719</u>	<u>6,656,468</u>	<u>2,193</u>	<u>29,393,380</u>
Total Additions	<u>38,048,178</u>	<u>6,656,468</u>	<u>2,002,193</u>	<u>46,706,839</u>
Deductions:				
Benefits paid to participants	14,036,143	12,815,159	-	26,851,302
Administrative expenses	<u>266,879</u>	<u>273,989</u>	<u>-</u>	<u>540,868</u>
Total Deductions	<u>14,303,022</u>	<u>13,089,148</u>	<u>-</u>	<u>27,392,170</u>
Changes in Net Position	23,745,156	(6,432,680)	2,002,193	19,314,669
Net Position - Beginning of the Year	<u>267,174,499</u>	<u>125,364,757</u>	<u>-</u>	<u>392,539,256</u>
Net Position - End of the Year	<u>\$ 290,919,655</u>	<u>\$ 118,932,077</u>	<u>\$ 2,002,193</u>	<u>\$ 411,853,925</u>

CITY OF PASADENA

COMBINING BALANCE SHEET
 AGENCY FUNDS
 JUNE 30, 2018

	<u>Lake/Washington Spec. Assessments</u>	<u>Library Equipment Replacement</u>	<u>Workforce Innovation and Opportunity Act</u>	<u>Open Space Assessment District</u>	<u>Totals</u>
Assets:					
Pooled cash and investments	\$ -	\$ 478,852	\$ -	\$ 151,308	\$ 630,160
Receivables:					
Accounts	981	5,557	649,608	2,868	659,014
Other assets	-	111,530	2,014	886,809	1,000,353
Total Assets	<u>\$ 981</u>	<u>\$ 595,939</u>	<u>\$ 651,622</u>	<u>\$ 1,040,985</u>	<u>\$ 2,289,527</u>
Liabilities:					
Accounts payable	\$ -	\$ 265	\$ 651,622	\$ 750	\$ 652,637
Due to other governments	981	595,674	-	-	596,655
Due to bondholders	-	-	-	1,040,235	1,040,235
Total Liabilities	<u>\$ 981</u>	<u>\$ 595,939</u>	<u>\$ 651,622</u>	<u>\$ 1,040,985</u>	<u>\$ 2,289,527</u>

CITY OF PASADENA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<u>Lake/Washington Spec. Assessments</u>				
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	1,005	24	981
Total Assets	<u>\$ -</u>	<u>\$ 1,005</u>	<u>\$ 24</u>	<u>\$ 981</u>
Liabilities:				
Accounts payable	\$ 2,774	\$ -	\$ 2,774	\$ -
Due to other governments	(2,774)	3,755	-	981
Total Liabilities	<u>\$ -</u>	<u>\$ 3,755</u>	<u>\$ 2,774</u>	<u>\$ 981</u>
<u>Library Equipment Replacement</u>				
Assets:				
Pooled cash and investments	\$ 968,265	\$ 454,550	\$ 943,963	\$ 478,852
Receivables:				
Accounts	5,232	13,118	12,793	5,557
Other assets	106,219	111,530	106,219	111,530
Total Assets	<u>\$ 1,079,716</u>	<u>\$ 579,198</u>	<u>\$ 1,062,975</u>	<u>\$ 595,939</u>
Liabilities:				
Accounts payable	\$ 29,781	\$ 242,073	\$ 271,589	\$ 265
Due to other governments	1,049,935	2,143,567	2,597,828	595,674
Total Liabilities	<u>\$ 1,079,716</u>	<u>\$ 2,385,640</u>	<u>\$ 2,869,417</u>	<u>\$ 595,939</u>

CITY OF PASADENA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Workforce Innovation and Opportunity Act</u>				
Assets:				
Pooled cash and investments	\$ -	\$ 5,398,711	\$ 5,398,711	\$ -
Receivables:				
Accounts	747,311	2,911,681	3,009,384	649,608
Other assets	-	2,014	-	2,014
Total Assets	\$ 747,311	\$ 8,312,406	\$ 8,408,095	\$ 651,622
Liabilities:				
Accounts payable	\$ 747,311	\$ 4,220,129	\$ 4,315,818	\$ 651,622
Total Liabilities	\$ 747,311	\$ 4,220,129	\$ 4,315,818	\$ 651,622
<u>Open Space Assessment District</u>				
Assets:				
Pooled cash and investments	\$ 149,865	\$ 91,608	\$ 90,165	\$ 151,308
Receivables:				
Accounts	4,019	2,187	3,338	2,868
Other assets	907,701	67,427	88,319	886,809
Total Assets	\$ 1,061,585	\$ 161,222	\$ 181,822	\$ 1,040,985
Liabilities:				
Accounts payable	\$ 750	\$ -	\$ -	\$ 750
Due to external parties/other agencies	1,060,835	-	20,600	1,040,235
Total Liabilities	\$ 1,061,585	\$ -	\$ 20,600	\$ 1,040,985
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 1,118,130	\$ 5,944,869	\$ 6,432,839	\$ 630,160
Receivables:				
Accounts	756,562	2,927,991	3,025,539	659,014
Other assets	1,013,920	180,971	194,538	1,000,353
Total Assets	\$ 2,888,612	\$ 9,053,831	\$ 9,652,916	\$ 2,289,527
Liabilities:				
Accounts payable	\$ 780,616	\$ 4,462,202	\$ 4,590,181	\$ 652,637
Due to other governments	1,047,161	2,147,322	2,597,828	596,655
Due to external parties/other agencies	1,060,835	-	20,600	1,040,235
Total Liabilities	\$ 2,888,612	\$ 6,609,524	\$ 7,208,609	\$ 2,289,527

CITY OF

PASADENA

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

COMBINING STATEMENT OF NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2018

	<u>Successor Agency Debt Service</u>				
	<u>Successor Agency Admin</u>	<u>Redevelopment Obligation Retirement Fund</u>	<u>Old Pasadena</u>	<u>Lincoln</u>	<u>Downtown</u>
Assets:					
Pooled cash and investments	\$ -	\$ 3,396,681	\$ 52,272	\$ -	\$ -
Receivables:					
Notes and loans	-	-	-	-	-
Allowance for uncollectible long-term	-	-	-	-	-
Due from other funds	-	511	-	-	-
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	-
Capital assets:					
Capital assets, not being depreciated	-	1,129,261	-	-	-
Total Assets	\$ -	\$ 4,526,453	\$ 52,272	\$ -	\$ -
Liabilities:					
Accounts payable	\$ 2,047	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	4,254	-	-	-	-
Accrued interest	-	-	-	-	-
Due to other trust funds	511	-	-	-	-
Due to City	-	-	-	958,566	-
Long-term liabilities:					
Due in one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
Total Liabilities	\$ 6,812	\$ -	\$ -	\$ 958,566	\$ -
Net Position:					
Held in trust	\$ (6,812)	\$ 4,526,453	\$ 52,272	\$ (958,566)	\$ -
Total Net Position	\$ (6,812)	\$ 4,526,453	\$ 52,272	\$ (958,566)	\$ -

Successor Agency Debt Service						
Fair Oaks	Orange Grove	Villa Parke	Lake Washington	Housing Successor - Debt Service	Total	
\$ 49,359	\$ 68,792	\$ -	\$ -	\$ -	\$ 3,567,104	
1,858,000	-	-	-	-	1,858,000	
(1,858,000)	-	-	-	-	(1,858,000)	
-	-	-	-	-	511	
249,359	-	8,945	83,339	78	341,721	
-	-	-	-	-	1,129,261	
\$ 298,718	\$ 68,792	\$ 8,945	\$ 83,339	\$ 78	\$ 5,038,597	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,047	
-	-	-	-	-	4,254	
20,036	-	-	-	-	20,036	
-	-	-	-	-	511	
1,712,526	-	-	-	-	2,671,092	
195,000	-	-	-	-	195,000	
635,000	-	-	-	-	635,000	
\$ 2,562,562	\$ -	\$ -	\$ -	\$ -	\$ 3,527,940	
\$ (2,263,844)	\$ 68,792	\$ 8,945	\$ 83,339	\$ 78	\$ 1,510,657	
\$ (2,263,844)	\$ 68,792	\$ 8,945	\$ 83,339	\$ 78	\$ 1,510,657	

CITY OF PASADENA

COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Successor Agency Debt Service</u>				
	<u>Successor Agency Admin</u>	<u>Redevelopment Obligation Retirement Fund</u>	<u>Old Pasadena</u>	<u>Lincoln</u>	<u>Downtown</u>
Additions:					
Taxes	\$ -	\$ 10,369,442	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Gain on sale of property	-	295,537	-	-	-
Total Additions	-	10,664,979	-	-	-
Deductions:					
Fiscal agency expenses	-	-	-	-	-
Lease expense	18,979	-	-	-	-
Administrative expenses					
County administrative expenses	-	-	230,162	6,573	586,299
Successor agency administrative cost	230,932	295,536	-	-	-
Interest expense	-	-	130,208	-	-
Statutory pass-through expenses	-	-	3,897,743	28,454	-
Total Deductions	249,911	295,536	4,258,113	35,027	586,299
Transfers					
Transfers in	257,813	-	6,343,113	35,027	586,299
Transfers Out	-	(13,179,721)	-	(428,132)	-
Total Transfers	257,813	(13,179,721)	6,343,113	(393,105)	586,299
Changes in Net Position	7,902	(2,810,278)	2,085,000	(428,132)	-
Net Position - Beginning of the Year	(14,714)	7,336,731	(2,032,728)	(530,434)	-
Net Position - End of the Year	\$ (6,812)	\$ 4,526,453	\$ 52,272	\$ (958,566)	\$ -

Successor Agency Debt Service

Fair Oaks	Orange Grove	Villa Parke	Lake Washington	Housing Successor - Debt Service	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,369,442
2,792	-	100	933	-	3,825
-	24,442	-	-	-	24,442
-	-	-	-	-	295,537
2,792	24,442	100	933	-	10,693,246
1,363	-	-	1,255	-	2,618
-	-	-	-	-	18,979
28,488	15,819	37,309	9,172	-	913,822
-	-	-	-	-	526,468
16,452	-	-	-	-	146,660
269,998	66,123	350,236	257,342	-	4,869,896
316,301	81,942	387,545	267,769	-	6,478,443
5,128,099	510,074	387,545	359,883	-	13,607,853
-	-	-	-	-	(13,607,853)
5,128,099	510,074	387,545	359,883	-	-
4,814,590	452,574	100	93,047	-	4,214,803
(7,078,434)	(383,782)	8,845	(9,708)	78	(2,704,146)
\$ (2,263,844)	\$ 68,792	\$ 8,945	\$ 83,339	\$ 78	\$ 1,510,657

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CITY OF

PASADENA

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, 2018

	Rose Bowl	Golf Course	Total
Assets			
Current assets:			
Cash and investments	\$ 37,894,825	\$ 9,293,842	\$ 47,188,667
Cash and investments restricted	14,809,840	-	14,809,840
Accounts receivable, net	5,816,374	311,414	6,127,788
Prepays and other assets	198,711	-	198,711
Total current assets	<u>58,719,750</u>	<u>9,605,256</u>	<u>68,325,006</u>
Noncurrent assets:			
Other receivable	445,357	-	445,357
Derivative instrument asset	319,506	-	319,506
Capital assets:			
Construction in progress	1,329,106	1,025,623	2,354,729
Other capital assets, net	185,488,338	7,322,479	192,810,817
Total noncurrent assets	<u>187,582,307</u>	<u>8,348,102</u>	<u>195,930,409</u>
Total assets	<u>246,302,057</u>	<u>17,953,358</u>	<u>264,255,415</u>
Deferred outflow of resources:			
Deferred refunding charge	3,299,646	-	3,299,646
Outflows related to net pension liability	1,259,243	63,186	1,322,429
Total deferred outflow of resources	<u>4,558,889</u>	<u>63,186</u>	<u>4,622,075</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	5,322,745	46,208	5,368,953
Deposits	15,888,342	-	15,888,342
Interest payable	3,094,326	-	3,094,326
Due to primary government	1,908,198	7,046	1,915,244
Current portion of compensated absences	141,190	11,023	152,213
Current portion of long-term debt	2,380,000	51,769	2,431,769
Total current liabilities	<u>28,734,801</u>	<u>116,046</u>	<u>28,850,847</u>
Noncurrent liabilities:			
Compensated absences	144,421	10,588	155,009
Long-term advance	900,000	-	900,000
Net pension liability	2,420,740	267,936	2,688,676
Long-term debt	210,172,009	724,761	210,896,770
Total noncurrent liabilities	<u>213,637,170</u>	<u>1,003,285</u>	<u>214,640,455</u>
Total liabilities	<u>242,371,971</u>	<u>1,119,331</u>	<u>243,491,302</u>
Deferred inflow of resources:			
Accumulated increase in fair value of hedging derivatives	319,506	-	319,506
Deferred refunding charge	1,039,984	-	1,039,984
Sales of future revenue	4,523,288	-	4,523,288
Inflows related to net pension liability	87,332	43,088	130,420
Total deferred inflow of resources	<u>5,970,110</u>	<u>43,088</u>	<u>6,013,198</u>
Net Position			
Net Investment in Capital Assets	(1,140,591)	8,348,102	7,207,511
Unrestricted	3,659,456	8,506,023	12,165,479
Total net position	<u>\$ 2,518,865</u>	<u>\$ 16,854,125</u>	<u>\$ 19,372,990</u>

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, 2018

	Rose Bowl	Golf Course	Total
Operating revenues:			
Charges for services:			
Rose Bowl	\$ 35,539,432	\$ -	\$ 35,539,432
Golf course	-	1,862,845	1,862,845
Total operating revenues	<u>35,539,432</u>	<u>1,862,845</u>	<u>37,402,277</u>
Operating expenses:			
Rose Bowl	25,172,336	-	25,172,336
Golf course	-	651,378	651,378
Depreciation	12,114,782	1,455,928	13,570,710
Total operating expenses	<u>37,287,118</u>	<u>2,107,306</u>	<u>39,394,424</u>
Operating income	<u>(1,747,686)</u>	<u>(244,461)</u>	<u>(1,992,147)</u>
Nonoperating revenues (expenses):			
Investment gain (loss)	(13,661)	4,370	(9,291)
Interest expense	(11,616,515)	-	(11,616,515)
Other nonoperating revenues	16,039,351	449,229	16,488,580
Total nonoperating revenues (expenses)	<u>4,409,175</u>	<u>453,599</u>	<u>4,862,774</u>
Change in net position	2,661,489	209,138	2,870,627
Net position at beginning of year	<u>(142,624)</u>	<u>16,644,987</u>	<u>16,502,363</u>
Net position at end of year	<u>\$ 2,518,865</u>	<u>\$ 16,854,125</u>	<u>\$ 19,372,990</u>

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CITY OF

PASADENA

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.	206
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	217
<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.	226
<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.	239
<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.	244

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			
	2009	2010	2011	2012
Governmental activities				
Net Investment in Capital Assets	325,410	364,990	375,202	382,296
Restricted	94,360	87,602	97,996	37,259
Unrestricted	(28,083)	(61,972)	(198,788)	36,017
Total governmental activities net position	<u>391,687</u>	<u>390,620</u>	<u>274,410</u>	<u>455,572</u>
Business-type activities				
Net Investment in Capital Assets	257,831	291,079	311,054	332,781
Restricted	158,337	155,458	151,872	149,763
Unrestricted	146,345	160,885	176,307	188,164
Total business-type activities net position	<u>562,513</u>	<u>607,422</u>	<u>639,233</u>	<u>670,708</u>
Primary government				
Net Investment in Capital Assets	573,185	583,241	656,069	715,077
Restricted	227,763	252,697	243,060	187,022
Unrestricted	104,085	118,261	98,913	224,181
Total primary government net position	<u>905,033</u>	<u>954,199</u>	<u>998,042</u>	<u>1,126,280</u>

Table 1

Fiscal Year					
2013	2014	2015	2016	2017	2018
430,453	419,328	408,195	405,858	418,266	439,355
63,633	60,592	44,327	56,050	55,477	69,730
(41,046)	(29,751)	(339,336)	(325,826)	(310,488)	(362,358)
<u>453,040</u>	<u>450,169</u>	<u>113,185</u>	<u>136,081</u>	<u>163,255</u>	<u>146,727</u>
364,493	422,610	371,526	449,141	408,944	420,692
144,017	133,791	176,248	153,241	171,545	152,811
185,593	159,948	114,512	131,037	183,279	199,209
<u>694,103</u>	<u>716,349</u>	<u>662,286</u>	<u>733,419</u>	<u>763,768</u>	<u>772,712</u>
794,946	841,938	779,721	854,999	827,210	860,047
207,650	194,382	220,575	209,291	227,022	222,541
144,547	130,197	(224,824)	(194,789)	(127,209)	(163,149)
<u>1,147,143</u>	<u>1,166,517</u>	<u>775,472</u>	<u>869,501</u>	<u>927,023</u>	<u>919,439</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	43,926	38,973	43,955	35,085
Public safety	103,180	104,870	103,392	103,389
Transportation	49,979	43,905	51,134	63,839
Sanitation	4,061	3,697	3,782	3,516
Health	13,373	11,458	12,108	11,422
Culture and leisure	26,048	25,996	26,196	27,825
Community development	42,791	53,845	45,937	42,169
Interest and other fiscal charges	18,755	13,249	12,121	41,481
Total governmental activities expenses	<u>302,113</u>	<u>295,993</u>	<u>298,625</u>	<u>328,726</u>
Business-type activities:				
Electric	170,428	158,770	167,442	173,410
Water	36,877	35,920	40,101	43,771
Refuse	11,833	13,131	13,158	16,783
Parking	12,775	11,159	11,384	11,711
Telecommunication	457	452	380	267
Total business-type activities expenses	<u>232,370</u>	<u>219,432</u>	<u>232,465</u>	<u>245,942</u>
Total primary government expenses	<u><u>534,483</u></u>	<u><u>515,425</u></u>	<u><u>531,090</u></u>	<u><u>574,668</u></u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	17,899	17,552	16,975	17,465
Public safety	15,504	12,097	13,315	11,085
Transportation	13,852	13,248	13,215	12,863
Sanitation	6,685	6,504	6,541	7,220
Health	737	902	696	666
Culture and leisure	1,957	2,270	2,476	2,856
Community development	9,244	7,450	7,724	9,594
Operating grants and contributions	28,808	33,659	36,910	86,051
Capital grants and contributions	18,112	15,289	11,090	15,665
Total governmental activities program revenues	<u>112,798</u>	<u>108,971</u>	<u>108,942</u>	<u>163,465</u>
Business-type activities:				
Charges for services:				
Electric	193,158	183,712	186,993	185,951
Water	43,096	43,480	47,137	54,301
Refuse	10,285	11,050	10,918	11,291
Parking	13,124	12,558	11,753	11,991
Telecommunication	595	629	681	670
Operating grants and contributions	4,216	-	-	-
Capital grants and contributions	-	3,962	2,481	2,317
Total business-type activities program revenues	<u>264,474</u>	<u>255,391</u>	<u>259,963</u>	<u>266,521</u>
Total primary government program revenues	<u><u>377,272</u></u>	<u><u>364,362</u></u>	<u><u>368,905</u></u>	<u><u>429,986</u></u>
Net Revenues (Expenses)				
Governmental activities	(189,315)	(187,022)	(189,683)	(165,261)
Business-type activities	32,104	35,959	27,498	20,579
Total net revenues (expenses)	<u><u>(157,211)</u></u>	<u><u>(151,063)</u></u>	<u><u>(162,185)</u></u>	<u><u>(144,682)</u></u>

Table 2

Fiscal Year						
2013	2014	2015	2016	2017	2018	
54,650	53,260	38,902	59,425	42,895	45,755	
105,541	104,708	106,327	96,484	127,760	142,495	
45,045	59,581	49,526	35,739	41,738	46,452	
3,744	4,106	4,232	4,267	4,290	4,376	
14,228	14,239	13,764	10,914	10,558	11,347	
29,402	31,321	30,127	32,286	34,249	38,365	
35,156	31,669	35,248	72,725	39,787	45,114	
3,142	11,047	10,310	9,187	8,611	8,411	
<u>290,908</u>	<u>309,931</u>	<u>288,436</u>	<u>321,027</u>	<u>309,888</u>	<u>342,315</u>	
183,202	177,590	171,282	174,858	183,522	187,872	
46,484	51,054	48,462	45,240	48,009	54,757	
13,185	13,022	12,843	14,421	14,330	15,695	
12,229	14,556	13,532	14,488	13,062	14,140	
827	849	89	141	110	144	
<u>255,927</u>	<u>257,071</u>	<u>246,208</u>	<u>249,148</u>	<u>259,033</u>	<u>272,608</u>	
<u>546,835</u>	<u>567,002</u>	<u>534,644</u>	<u>570,175</u>	<u>568,921</u>	<u>614,923</u>	
17,563	17,872	18,750	18,053	14,651	10,861	
13,370	13,050	14,674	14,841	19,244	15,708	
13,784	14,253	16,059	16,384	16,663	28,165	
7,083	8,010	7,875	7,008	7,127	7,665	
741	797	1,022	644	870	2,346	
2,975	3,382	3,566	4,504	5,870	3,181	
9,085	12,935	12,630	14,193	15,803	13,286	
38,350	35,948	41,943	40,422	41,050	47,058	
7,116	16,504	16,197	15,383	9,083	14,190	
<u>110,067</u>	<u>122,751</u>	<u>132,716</u>	<u>131,432</u>	<u>130,361</u>	<u>142,460</u>	
190,071	188,174	203,748	199,197	202,480	212,116	
58,536	61,233	57,440	50,835	58,287	62,592	
12,057	11,925	11,959	11,880	11,775	11,413	
12,783	13,334	13,603	14,621	14,595	14,560	
580	816	655	609	669	471	
-	-	-	-	-	2,355	
1,933	2,828	2,905	2,790	4,811	4,112	
<u>275,960</u>	<u>278,310</u>	<u>290,310</u>	<u>279,932</u>	<u>292,617</u>	<u>307,619</u>	
<u>386,027</u>	<u>401,061</u>	<u>423,026</u>	<u>411,364</u>	<u>422,978</u>	<u>450,079</u>	
(180,841)	(187,180)	(155,720)	(189,595)	(179,527)	(199,855)	
20,033	21,239	44,102	30,784	33,584	35,011	
<u>(160,808)</u>	<u>(165,941)</u>	<u>(111,618)</u>	<u>(158,811)</u>	<u>(145,943)</u>	<u>(164,844)</u>	

(continued)

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

	Fiscal Year			
	2009	2010	2011	2012
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property tax, levied for general purpose	69,062	68,354	70,803	54,051
Sales tax	32,913	28,949	30,301	32,239
Utility users' tax	31,162	29,520	29,355	29,318
Transient occupancy tax	7,382	6,942	7,668	9,553
Construction tax	2,367	1,397	1,480	2,819
Business license tax	5,861	5,664	5,600	5,479
Franchise tax	2,402	1,933	2,216	2,015
Other taxes	6,078	6,035	6,108	6,262
Other intergovernmental	15,094	14,901	15,427	14,919
Investment earnings	9,887	6,030	3,690	3,178
Gain (loss) on sale of assets	665	250	737	5,396
Miscellaneous revenues	6,121	4,465	7,033	11,509
Reinstatement of PCDC Loan (Note 23)	-	-	-	-
Transfers	15,040	12,122	16,216	19,285
Extraordinary Gain	-	-	-	150,399
Total governmental activities	204,034	186,562	196,634	346,422
Business-type activities:				
Taxes:				
Transient occupancy tax	1,605	1,464	1,421	541
Franchise tax	2,128	3,098	2,901	2,760
Investment earnings	10,868	9,333	6,910	9,401
Gain (loss) on sale of assets	(188)	-	-	-
Miscellaneous revenues	2,970	10,946	9,296	6,670
Transfers	(15,040)	(17,408)	(16,215)	(19,300)
Extraordinary Gain	-	-	-	10,825
Total business-type activities	2,343	7,433	4,313	10,897
Total primary government	206,377	193,995	200,947	357,319
Changes in Net Position				
Governmental activities	14,719	(460)	6,951	181,161
Business-type activities	34,447	43,392	31,811	31,476
Total primary government	49,166	42,932	38,762	212,637

Table 2

Fiscal Year						
2013	2014	2015	2016	2017	2018	
42,957	44,066	56,446	59,141	68,752	63,483	
30,871	33,198	33,706	36,855	35,708	35,076	
29,531	28,893	29,316	28,100	28,251	27,881	
11,109	12,043	13,165	14,864	15,229	15,814	
2,066	3,682	4,770	4,375	3,491	3,265	
5,230	5,633	5,836	6,483	6,347	7,196	
2,063	2,361	2,903	2,542	2,797	2,733	
6,532	7,088	7,181	7,335	7,298	7,449	
15,187	15,924	16,648	18,005	18,259	19,996	
2,681	4,833	4,461	4,955	1,857	3,008	
424	1,153	370	(60)	-	(299)	
4,023	4,655	4,863	14,621	8,224	11,372	
-	-	-	11,128	-	-	
22,083	16,305	14,657	15,033	18,652	18,766	
(2,197)	-	-	-	-	-	
<u>172,560</u>	<u>179,833</u>	<u>194,322</u>	<u>223,377</u>	<u>214,865</u>	<u>215,740</u>	
-	-	-	-	-	-	
3,825	3,907	4,319	4,575	4,893	5,359	
4,743	7,136	5,529	6,593	2,372	2,506	
(92)	(1,161)	-	(311)	-	(49)	
20,614	8,977	15,631	42,427	8,154	2,552	
(20,974)	(16,305)	(14,657)	(15,033)	(18,652)	(18,766)	
-	-	-	-	-	-	
<u>8,116</u>	<u>2,555</u>	<u>10,821</u>	<u>38,251</u>	<u>(3,233)</u>	<u>(8,398)</u>	
<u>180,676</u>	<u>182,387</u>	<u>205,143</u>	<u>261,628</u>	<u>211,632</u>	<u>207,342</u>	
(8,281)	(7,347)	38,602	33,782	35,338	15,885	
<u>28,149</u>	<u>23,794</u>	<u>54,924</u>	<u>69,035</u>	<u>30,351</u>	<u>26,613</u>	
<u>19,868</u>	<u>16,446</u>	<u>93,525</u>	<u>102,817</u>	<u>65,689</u>	<u>42,498</u>	

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

	Fiscal Year			
	2009	2010	2011	2012
General Fund:				
Reserved	11,982	-	-	-
Unreserved	48,401	-	-	-
Nonspendable	-	404	52	8,352
Restricted	-	-	-	-
Committed	-	39,201	39,321	80,043
Assigned	-	4,794	8,583	5,510
Unassigned	-	8,778	(1,391)	(40,129)
Total general fund	<u>60,383</u>	<u>53,177</u>	<u>46,565</u>	<u>53,776</u>
All Other Governmental Funds:				
Reserved	112,237	-	-	-
Unreserved, reported in:				
Special revenue funds	48,859	-	-	-
Capital project funds	21,961	-	-	-
Debt service funds	(17,547)	-	-	-
Permanent funds	1,205	-	-	-
Nonspendable	-	41,456	44,386	36,311
Restricted	-	86,805	85,216	85,250
Committed	-	53,267	54,266	59,078
Assigned	-	-	-	-
Unassigned	-	(42,460)	(45,102)	(6,874)
Total all other governmental funds	<u>54,478</u>	<u>139,068</u>	<u>138,766</u>	<u>173,765</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						
2013	2014	2015	2016	2017	2018	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,351	8,352	8,620	12,236	11,108	4,545	
-	-	400	400	400	10,995	
37,380	34,868	30,951	33,451	47,563	46,949	
4,249	5,043	11,087	17,227	26,825	13,215	
11,965	15,015	12,140	15,139	3,832	11,163	
<u>61,945</u>	<u>63,278</u>	<u>63,197</u>	<u>78,453</u>	<u>89,728</u>	<u>86,867</u>	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
33,356	31,674	30,997	7,799	2,482	1,574	
69,676	57,300	52,516	55,650	55,077	58,596	
62,629	72,479	87,144	101,338	106,631	108,569	
-	-	-	-	-	-	-
(4,265)	(7,981)	(7,482)	(8,126)	(10,950)	(5,873)	
<u>161,396</u>	<u>153,472</u>	<u>163,175</u>	<u>156,661</u>	<u>153,240</u>	<u>162,866</u>	

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues:				
Taxes	157,227	148,794	153,532	141,736
Licenses and permits	7,136	6,737	7,063	9,525
Intergovernmental revenues	61,410	63,398	61,459	64,715
Charges for services	42,783	41,489	40,820	38,939
Fines and forfeits	8,844	5,135	6,362	6,796
Investment earnings	28,423	28,089	25,332	11,745
Rental income	5,277	4,687	4,601	4,462
Miscellaneous revenues	6,570	6,651	8,431	13,618
Contributions	8,012	842	2,928	5,280
Total revenues	325,682	305,822	310,528	296,816
Expenditures:				
Current:				
General government	35,826	36,976	39,418	77,897
Public safety	102,518	101,078	100,535	100,265
Transportation	36,904	33,038	33,895	35,275
Sanitation	4,061	3,697	3,782	3,517
Health	11,471	11,049	11,027	10,899
Culture and leisure	26,936	25,154	25,214	27,192
Community development	42,652	52,600	42,043	37,848
Capital outlay	29,991	34,374	21,612	20,645
Debt service:				
Principal retirement	86,074	21,553	21,174	20,303
Interest	33,432	37,067	40,296	16,486
Bond issuance costs	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total expenditures	409,865	356,586	338,996	350,327
Excess (deficiency) of revenues over (under) expenditures	(84,183)	(50,764)	(28,468)	(53,511)
Other financing sources (uses):				
Premium (discount) on debt issued	-	-	-	(459)
Issuance of long-term debt	80,032	-	-	51,097
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	158,735	112,078	95,951	81,635
Transfers out	(142,668)	(96,168)	(77,238)	(63,131)
Reinstatement of PCDC Loan (Note 23)	-	-	-	-
Total other financing sources (uses)	96,099	15,910	18,713	69,142
Extraordinary gain (loss):				
Net change in fund balances	11,916	(34,854)	(9,755)	152,582
Debt service as a percentage of noncapital expenditures	31.5%	18.2%	19.4%	11.2%

Table 4

Fiscal Year					
2013	2014	2015	2016	2017	2018
130,356	136,965	153,323	159,694	167,874	162,898
9,196	13,675	11,235	14,946	14,882	15,022
58,988	61,505	63,785	65,299	62,121	74,093
42,006	43,416	49,413	46,984	49,324	53,417
7,453	6,768	7,329	7,378	7,802	7,262
11,041	5,255	4,294	4,780	1,752	1,597
4,355	4,064	3,822	4,212	4,765	4,418
6,172	6,081	7,133	16,341	12,072	14,240
1,534	7,807	11,759	6,496	5,397	5,512
<u>271,101</u>	<u>285,536</u>	<u>312,095</u>	<u>326,130</u>	<u>325,989</u>	<u>338,459</u>
30,977	34,613	44,283	47,488	42,054	38,611
99,680	99,871	106,469	111,012	116,577	126,827
34,419	36,912	37,018	35,282	40,196	45,078
3,744	4,106	4,274	4,356	4,324	4,352
13,480	13,551	13,553	11,294	10,309	10,977
28,240	30,039	30,505	32,241	32,663	37,111
32,447	29,579	31,933	60,841	34,370	39,365
24,907	23,571	16,855	29,032	32,254	28,707
20,415	20,808	129,469	6,611	6,345	10,520
10,783	9,797	8,730	8,139	8,744	8,558
-	-	-	-	-	-
-	-	-	-	-	-
<u>299,092</u>	<u>302,847</u>	<u>423,088</u>	<u>346,296</u>	<u>327,836</u>	<u>350,106</u>
(27,991)	(17,311)	(110,993)	(20,166)	(1,847)	(11,647)
-	-	(2,283)	5,790	-	-
841	351	119,460	60,460	-	-
-	-	-	(60,762)	-	-
84,444	61,085	51,606	121,920	67,251	80,737
(65,045)	(50,718)	(38,028)	(109,631)	(50,916)	(62,326)
-	-	-	11,128	-	-
<u>20,240</u>	<u>10,718</u>	<u>130,755</u>	<u>28,905</u>	<u>16,335</u>	<u>18,411</u>
<u>(2,197)</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(9,948)</u>	<u>(6,593)</u>	<u>19,762</u>	<u>8,739</u>	<u>14,488</u>	<u>6,764</u>
11.4%	11.0%	34.0%	4.6%	5.1%	5.9%

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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
2009	20,237,173	(136,262)	20,100,911	651,376	20,752,287	0.33%
2010	20,204,880	(138,631)	20,066,249	644,888	20,711,137	0.33%
2011	20,481,388	(138,275)	20,343,113	605,404	20,948,517	0.34%
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%
2018	28,631,957	(126,543)	28,505,414	638,858	29,144,272	0.25%

NOTES:

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

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

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

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

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

	Fiscal Year			
	2009	2010	2011	2012
City Direct Rates:				
City basic rate	0.1932	0.1920	0.1891	0.1921
Pasadena Community Development Commission (PCDC)	0.1396	0.1380	0.1489	0.0605
PCDC Successor Agency	-	-	-	0.0657
Total City Direct Rate	0.3328	0.3300	0.3380	0.3183
Overlapping Rates:				
Los Angeles County General	0.3635	0.2280	0.3307	0.3346
Pasadena School District	0.2765	0.3908	0.4392	0.3589
Pasadena Community	-	-	-	-
College District	0.1018	0.1273	0.1231	0.1121
Flood Control District	-	-	-	-
Metropolitan Water District	0.0043	0.0043	0.0037	0.0037
Total Direct Rate	1.0789	1.0804	1.2347	1.1276

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					
2013	2014	2015	2016	2017	2018
0.1970	0.1918	0.2329	0.2290	0.2537	0.2178
-	-	-	-	-	-
0.0437	0.0282	0.0219	0.0331	0.0479	0.0356
0.2407	0.2200	0.2548	0.2621	0.3016	0.2534
0.4266	0.4483	0.4118	0.4060	0.3647	0.4169
0.4389	0.4379	0.4389	0.4375	0.4386	0.4359
-	-	-	-	-	-
0.1248	0.1247	0.1254	0.1254	0.1260	0.1248
-	-	-	-	-	-
0.0035	0.0035	0.0035	0.0035	0.0035	0.0035
1.2345	1.2345	1.2344	1.2345	1.2345	1.2345

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

<u>Property Owner</u>	<u>2018</u>		<u>2009</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	\$ 346,215,461	1.19%	\$ -	0.00%
Kaiser Foundation Health Plan	268,110,130	0.92%	233,655,782	1.13%
Cpus Pasadena Lp	261,120,000	0.90%	-	0.00%
Bpp East Union LLC	205,020,000	0.70%	-	0.00%
Capref Paseo LLC Lessor	194,495,048	0.67%	-	0.00%
Pacific Huntington Hotel	160,712,010	0.55%	-	0.00%
Trio Pasadena LLC	154,000,000	0.53%	-	0.00%
Western Asset Plaza LLC	153,320,379	0.53%	-	0.00%
Cwi Pasadena Hotel Lp	147,851,604	0.51%	-	0.00%
Tishman Speyer Archstone Smith	147,408,320	0.51%	143,198,226	0.69%
Spf 888 Walnut Pasadena LLC	-	0.00%	129,358,440	0.62%
Ssr Paseo Colorado LLC	-	0.00%	108,315,203	0.52%
Marangi Leonard M Lessor	-	0.00%	375,220,108	1.81%
Wells Reit Ii Pasadena Corp	-	0.00%	116,000,000	0.56%
Equity Office Properties Trust	-	0.00%	182,580,000	0.88%
Paseo Colorado Holdings LLC	-	0.00%	129,939,533	0.63%
Maguire Partners Wap LLC	-	0.00%	126,621,997	0.61%
Pasadena Towers LLC	-	0.00%	106,247,937	0.51%
Total principal property taxpayers gross assessed value	<u>\$ 2,038,252,952</u>	7.01%	<u>\$ 1,651,137,226</u>	7.96%

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)
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	99.92%	567,546	38,214,429	98.61%
2013	39,044,561	38,331,579	99.63%	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%
2018	52,906,597	58,934,277	111.39%	608,224	58,934,277	111.39%

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

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

* Collection in subsequent year information not available.

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			
	2009	2010	2011	2012
Type of Customer:				
Residential	337,531	328,320	319,678	316,084
Commercial and Industrial	887,698	883,413	813,566	783,296
Street Lights and Traffic Signals	16,267	16,272	15,640	15,598
Wholesales to Other Utilities	118,231	164,215	169,402	199,045
Other	3,513	(6,340)	10,697	(867)
Total	<u>1,363,241</u>	<u>1,385,880</u>	<u>1,328,983</u>	<u>1,313,156</u>
 Total direct rate per megawatt hour ¹	 141.69	 132.55	 140.79	 141.61

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					
2013	2014	2015	2016	2017	2018
334,179	316,631	324,656	326,023	320,280	320,878
776,816	783,878	768,735	755,510	720,677	709,598
15,683	13,678	13,423	13,384	13,368	13,372
185,361	36,811	30,969	310	67	13,096
574	(4,299)	22,803	(167)	1,721	(3,208)
<u>1,312,613</u>	<u>1,146,699</u>	<u>1,160,586</u>	<u>1,095,060</u>	<u>1,056,113</u>	<u>1,053,736</u>
144.80	163.49	179.07	179.07	188.93	172.22

Table 10

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
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
2018*	0.1927	0.1684	0.1495	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	2018	
	Electricity Charges	Percent of Operating Electric Revenues
Huntington Memorial Hospital	\$ 4,972,280	2.34%
Pasadena City College	2,482,938	1.17%
Water Dept.	2,297,277	1.08%
Kaiser Permanente	1,757,009	0.83%
Street Lights	1,790,541	0.84%
PUSD	2,611,535	1.23%
Caltech	2,144,925	1.01%
Public Works	1,666,254	0.79%
MTA	1,369,324	0.65%
Art Center College	1,309,355	0.62%
	\$ 22,401,438	10.56%

Source: Pasadena Water and Power

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 ^{**}
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	-
2018	-	-	117,412,025	62,967,375	-

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

¹ Restated COP prior year data 2007 to 2011

^{**} 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

^{***} Beginning with fiscal year 2015, the City implemented GASB 68, so the pension liability amount was removed from the long term debt section
Beginning with fiscal year 2018, the City implemented GASB 75, so the other post employment benefits 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
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
1,844,179	5,902,803	59,668,752	247,795,134 (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	
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
2018	348,915,418	105,841	-	296,462	-	349,317,721

* 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 *
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
597,112,855	3,501,092	8.86%	4,135

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

Outstanding General Bonded Debt						
Fiscal Year Ended June 30	General Obligation Bonds	Revenue Bonds	Pension Bonds	Certificates of Participation	Tax Allocation Bonds **	Total
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
2018	-	-	117,412,025	62,967,375	-	180,379,400

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
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
11,528,304	168,851,096	0.62%	1,169

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**CITY OF PASADENA
Direct and Overlapping Debt
June 30, 2018**

City Assessed Valuation	\$ 24,686,833,348
Redevelopment Agency Incremental Valuation	<u>4,457,438,652</u>
Total Assessed Valuation	<u>29,144,272,000</u>

	<u>Percentage Applicable¹</u>	<u>Outstanding Debt 6/30/18</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	1.068%	\$ 60,600,000	\$ 647,208
Pasadena Area Community College District	34.778%	77,115,000	26,819,055
La Canada Unified School District	0.217%	50,558,341	109,712
Pasadena Unified School District	73.592%	352,160,000	259,161,587
Los Angeles County Improvement District No. 2658-M	0.987%	1,125,000	11,104
Los Angeles County Regional Park and Open Space Assessment District	2.054%	26,575,000	545,851
Total overlapping tax and assessment debt		<u>568,133,341</u>	<u>287,294,517</u>
Overlapping Other Debt:			
Los Angeles County General Fund Obligations	2.054%	\$1,921,992,404	39,477,724
Los Angeles County Superintendent of Schools Certificates of Participation	2.054%	6,500,306	133,516
Los Angeles County Sanitation District Nos. 15, 16 & 17 Certificates of Participation	0.460-58.8750%	20,053,033	4,387,021
Pasadena Unified School District Certificates of Participation	73.592%	999,997	735,918
Total gross overlapping other debt		<u>1,949,545,740</u>	<u>44,734,179</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>\$ 2,517,679,081</u>	332,028,696
City direct debt			<u>188,126,382</u>
Total direct and overlapping debt			<u>\$ 520,155,078</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.

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

	Fiscal Year			
	2009	2010	2011	2012
Assessed valuation	651,376	644,888	605,404	567,527
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	162,844	161,222	151,351	141,882
Debt limit percentage	15%	15%	15%	15%
Debt limit	24,427	24,183	22,703	21,282
Total net debt applicable to limit:	-	-	-	-
Legal debt margin	24,427	24,183	22,703	21,282
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					
2013	2014	2015	2016	2017	2018
571,614	575,006	24,233,251	25,826,921	27,095,911	29,144,272
25%	25%	25%	25%	25%	25%
142,904	143,752	6,058,313	6,456,730	6,773,978	7,286,068
15%	15%	15%	15%	15%	15%
21,436	21,563	908,747	968,510	1,016,097	1,092,910
-	-	-	-	-	-
21,436	21,563	908,747	968,510	1,016,097	1,092,910
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
		Principal	Interest	
2009	40,087	-	-	-
2010	39,771	-	-	-
2011	39,608	-	-	-
2012	41,106	-	-	-
2013	44,066	-	-	-
2014	44,066	-	-	-
2015	56,446	-	-	-
2016	59,141	-	-	-
2017	68,752	-	-	-
2018	63,484	-	-	-

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**			
Tax Increment	Debt Service		Coverage	Tax Increment **	Debt Service		Coverage
	Principal	Interest			Principal	Interest	
28,975	1,162	442	18.06	-	-	-	-
28,583	1,234	380	17.71	-	-	-	-
31,195	1,273	315	19.64	-	-	-	-
12,945	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
-	-	-	-	4,586	2,360	177	1.81

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
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	149,076	43,466	7,945	6,181	307.70%
2013*	193,400	159,027	34,373	9,060	5,885	230.00%
2014*	193,701	197,634	(3,933)	8,695	7,190	-24.76%
2015*	207,745	147,653	60,092	8,950	8,715	340.18%
2016	204,224	146,351	57,873	9,340	8,347	327.21%
2017*	204,287	158,446	45,841	11,290	9,825	217.10%
2018	213,873	148,636	65,237	12,000	11,250	280.59%

Water Revenue Bonds						
Fiscal Year Ended June 30	Water Revenue ¹	Less Operating Expenses ²	Net Available Revenue	Principal	Debt Service ³ Interest	Coverage
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	62,529	(757)	3,070	4,045	-10.64%
2015	58,039	38,810	19,229	3,185	3,915	270.83%
2016	51,538	35,500	16,038	3,305	3,781	226.33%
2017*	58,551	42,113	16,438	4,430	3,625	204.07%
2018	62,819	43,801	19,018	3,525	3,456	272.43%

¹ Total operating revenues including investment earnings

² Total operating expenses exclusive of depreciation and interest expense

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.

* 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⁾
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%
2018	144,388	6,736,226	46,654	3.5%

Source:

Avenu Insights & Analytics

(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

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Table 19

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

Employer	2018		2009	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
California Institute of Technology - Jet Propulsion Laboratory	6,197	8.55%	5,065	5.07%
California Institute of Technology - Campus	3,900	5.38%	2,550	2.55%
Huntington Memorial Hospital	3,737	5.15%	3,000	3.00%
Kaiser Permanente	3,152	4.35%	3,500	3.50%
Pasadena City College	2,619	3.61%	1,789	1.79%
Pasadena Unified School District	2,420	3.34%	2,600	2.60%
The City of Pasadena	2,139	2.95%	1,789	1.79%
Bank of America	1,410	1.94%	1,500	1.50%
Art Center College of Design	1,177	1.62%	810	0
Hathaway-Sycamores	673	0.93%	615	0
Western Asset	573	0.79%	*	*
One West Bank	554	0.76%	*	*
East West Bank	552	0.76%	*	*
The Langham Huntington Hotel (The Ritz-Carlton)	541	0.75%	584	0.58%
Parsons Corporation	504	0.70%	773	0.77%
ATT (SBC in 2007)	491	0.68%	2,500	2.50%
Rusnak Pasadena	355	0.49%	450	0
Pacific Clinics Administration	254	0.35%	550	0
Avon Products	78	0.11%	320	0.32%

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

For City of Pasadena, the number includes seasonal employees.

For California Institute of Technology, Pasadena Unified School District, Pasadena City College, ATT and One West Bank, the information was obtained from Pasadena Chamber of Commerce.

Total Employment, as used above, represents the total employment of all employers located within City limits. The information was provided by City of Pasadena Business License Division.

* Data not available

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

Function	Fiscal Year			
	2009	2010	2011	2012
General government	489.6	453.9	448.4	338.0
Public safety	594.6	593.6	568.8	560.0
Public works	373.3	357.9	340.4	292.0
Transportation	48.0	48.0	45.0	43.0
Health	103.1	96.8	92.0	96.0
Culture and leisure	148.2	142.6	139.4	210.0
Water & power	428.0	430.5	434.0	371.0
Information services	121.8	116.0	105.4	150.0
Seasonal	-	-	-	119.0
Total	2,306.6	2,239.3	2,173.4	2,179.0

Source:
City of Pasadena, Adopted Budget 2018
For seasonal employees, City of Pasadena Human Resource Department

Table 20

Fiscal Year					
2013	2014	2015	2016	2017	2018
348.5	338.0	365.0	382.0	405.0	394.0
562.9	540.0	548.0	550.0	563.0	561.0
306.6	293.0	315.0	317.0	320.0	320.0
45.0	51.0	50.0	51.0	51.0	50.0
103.9	124.0	125.0	85.0	80.0	84.0
192.2	281.0	94.0	97.0	103.0	107.0
422.0	355.0	426.0	433.0	443.0	406.0
104.9	140.0	107.0	108.0	108.0	105.0
288.0	267.0	192.0	265.0	262.0	260.0
2,374.0	2,389.0	2,222.0	2,288.0	2,335.0	2,287.0

CITY OF PASADENA
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2009	2010	2011	2012
Police:				
Arrests	9,055	8,535	6,481	6,031
Transportation:				
Parking citations issued**	189,932	132,042	142,615	160,384
Fire:				
Number of emergency calls***	15,921	15,592	15,647	16,431
Inspections	5,720	6,737	*	7,168
Water:				
New connections	99	85	66	42
Average daily consumption (thousands of gallons)	29,872	25,623	24,528	25,174

* 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					
2013	2014	2015	2016	2017	2018
4,906	3,852	3,966	4,210	4,078	5,701
172,154	168,896	185,832	166,481	175,430	150,945
16,570	17,368	18,237	19,488	19,458	19,483
7,123	7,445	7,500	8,296	9,251	9,096
55	57	31	35	98	100
26,982	28,368	25,436	21,144	22,535	24,757

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

	Fiscal Year			
	2009	2010	2011	2012
Police:				
Stations	1	1	1	1
Substations	4	4	5	5
Fire:				
Fire stations	8	8	7	7
Transportation:				
Streets (miles)	322	322	322	322
Streetlights	17,047	17,047	17,069	17,100
Traffic signals	325	327	327	329
Parking facilities	11	11	12	12
Culture and leisure:				
Park sites	24	24	24	24
Community centers	6	6	5	4
Libraries	10	10	10	10
Electric Utility:				
Power plants	1	1	1	1
Customers	63,576	63,838	63,957	64,163
Miles of service	525	525	525	525
Maximum capacity (megawatts)	197	197	175	175
Water:				
Water mains (miles)	508	508	508	508
Customers	37,602	37,586	38,036	38,069
Average daily consumption (mgd)	29.87	25.62	26.70	25.17

Source: City of Pasadena

Table 22

Fiscal Year						
2013	2014	2015	2016	2017	2018	
1	1	1	1	1	1	1
5	5	3	3	3	3	2
8	8	8	8	8	8	8
322	357	357	357	338	338	
17,207	17,452	17,584	17,597	17,597	17,708	
329	329	330	330	330	330	
9	9	9	9	9	9	
20	20	20	20	20	20	23
4	4	4	4	4	4	4
10	10	10	10	10	10	10
1	1	1	1	1	1	1
64,931	65,039	65,564	65,318	65,979	66,505	
673	680	680	687	687	662	
174	175	174	174	174	174	
516	520	520	520	520	520	
37,911	37,974	37,972	37,959	38,067	38,046	
26.98	28.37	25.43	21.14	22.54	24.76	

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