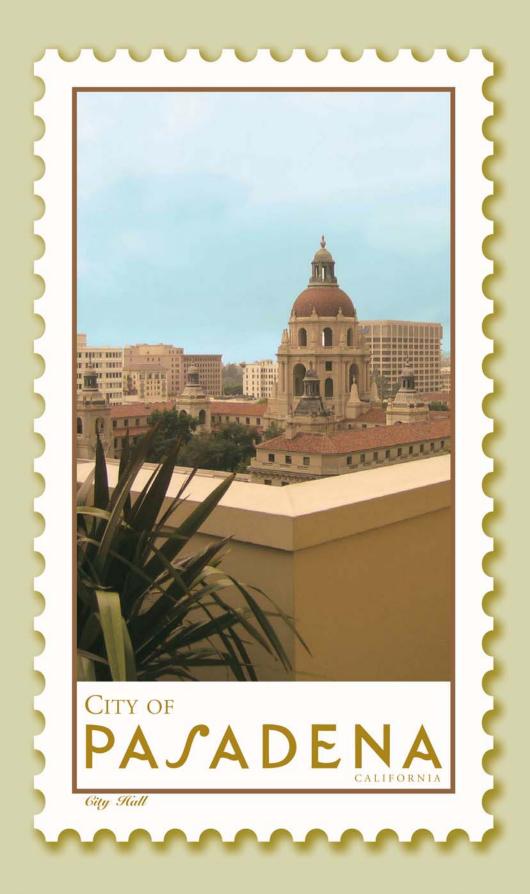
INTRODUCTORY SECTION





DEPARTMENT OF FINANCE

December 29, 2011

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

In accordance with Section 907.5 of the City Charter, the Department of Finance hereby submits the Comprehensive Annual Financial Report (CAFR) of the City of Pasadena, California (City) for the fiscal year ended June 30, 2011. This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). GASB has the primary responsibility for determining accounting and financial reporting standards for state and local government entities.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. It is believed that the data, as presented, is accurate in all material respects, and is presented in a manner designed to fairly set forth the financial position and results of operations of the City and its component units as measured by the financial activity of the various funds and that it contains all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs and evaluate its financial condition.

The City Charter requires an independent audit of the financial statements of all accounts of the City by an independent certified public accountant. Accordingly, this year's audit was undertaken by Brown Armstrong Accountancy Corporation, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Pasadena for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Pasadena's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

GOVERNMENTAL STRUCTURE

The City was incorporated in 1886 and became a charter City in 1901. The City operates under the powers granted by a City Charter which dictates the responsibilities of the City Council and City Manager. There are seven City Council members who are nominated and elected by district for overlapping four-year terms. In addition, there is a citywide elected Mayor who also serves for four years.

The City Council is responsible, among other things, for setting policies, passing ordinances, adopting the budget, appointing committees and hiring the City's Manager, City Attorney/City Prosecutor, and City Clerk. The City Manager is responsible for carrying out policies and ordinances of the City Council, appointing the heads of the City's departments and overseeing the day-to-day operations of the City.

The City covers an area of 23 square miles in the northwestern portion of the San Gabriel Valley and has a population of 138,915, according to the State Department of Finance. The City is bounded on the west by the cities of Los Angeles, Glendale and La Canada, on the south by South Pasadena and San Marino, on the east by Arcadia and Sierra Madre, and on the north by the unincorporated community of Altadena.

REPORTING ENTITY AND ITS SERVICES

This report includes all funds of the City, as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are included in this CAFR as part of the City. Accordingly, the Pasadena Public Financing Authority, Pasadena Parking Authority, the Pasadena Civic Improvement Corporation (PCIC), the Pasadena Fire and Police Retirement System (FPRS), and the Pasadena Community Development Commission (PCDC) are reported as part of the City. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City and to differentiate their financial position, results of operations and cash flows from those of the City. The Rose Bowl Operating Company (RBOC) and the Pasadena Center Operating Company (PCOC) are the discretely presented component units. The Pasadena Community Access Corporation (PCAC) is also a component unit of the City and is currently undergoing an annual audit, in transition to be included in future year CAFRs.

The City provides a full range of municipal services including: public safety (police and fire), street construction and maintenance, refuse collection, water and power utilities, sewer utilities, library, culture and recreation, public improvements, planning and zoning, health services, housing and community development, and general administrative and support services.

BUDGETARY CONTROLS

The City adopts a comprehensive budget detailed by department and fund prior to the beginning of each fiscal year, July 1. From the effective date of the budget, funds become appropriated to the departments for the objects and purposes identified. At any public meeting after the adoption of the budget, the City Council may amend or supplement the budget by a motion adopted by the affirmative vote of at least five members of the City Council. The accounts of the City are maintained by line item detail or object of expenditure. The legal level of budgetary control (the level at which management may not reassign resources or over spend appropriations) is at the departmental level within each fund. Revenues are estimated annually and monitored on an ongoing basis to ensure there are adequate resources to cover expenditures.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Pasadena operates.

Local Economy

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

State Budget Impacts

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

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

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

Federal Budget Impacts

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

Assistance to Pasadena Unified School District (PUSD)

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

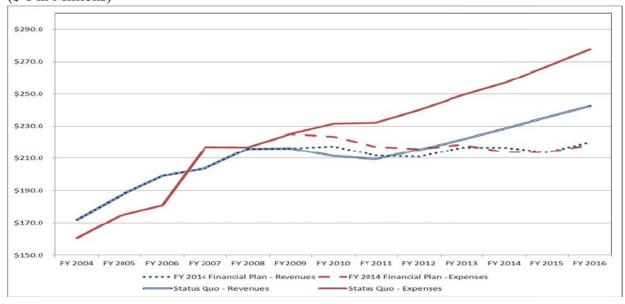
Long-term Financial Planning

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

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

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

(\$'s in Millions)



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

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

As of June 27, 2011

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Projected	Projected	Projected	Projected	Projected
8,313	3,444	1,655	4,473	4,506
128,447	130,872	136,347	141,109	145,290
82,527	85,923	80,336	72,709	74,788
210,974	216,795	216,683	213,818	220,078
126,541	130,696	135,268	139,587	143,684
32,683	32,683	23,175	18,557	18,576
13,756	11,771	11,775	11,780	11,785
42,863	43,434	43,647	43,861	44,376
215,843	218,584	213,865	213,785	218,421
(4,869)	(1,789)	2,818	33	1,657
3,444	1,655	4,473	4,506	6,163
	8,313 128,447 82,527 210,974 126,541 32,683 13,756 42,863 215,843 (4,869)	8,313 3,444 128,447 130,872 82,527 85,923 210,974 216,795 126,541 130,696 32,683 32,683 13,756 11,771 42,863 43,434 215,843 218,584 (4,869) (1,789)	8,313 3,444 1,655 128,447 130,872 136,347 82,527 85,923 80,336 210,974 216,795 216,683 126,541 130,696 135,268 32,683 32,683 23,175 13,756 11,771 11,775 42,863 43,434 43,647 215,843 218,584 213,865 (4,869) (1,789) 2,818	8,313 3,444 1,655 4,473 128,447 130,872 136,347 141,109 82,527 85,923 80,336 72,709 210,974 216,795 216,683 213,818 126,541 130,696 135,268 139,587 32,683 32,683 23,175 18,557 13,756 11,771 11,775 11,780 42,863 43,434 43,647 43,861 215,843 218,584 213,865 213,785 (4,869) (1,789) 2,818 33

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As the City continues to make adjustments to new economic circumstances, what some have called the "new normal"; the City Council's Strategic Plan Goals provide guidance as to where to focus limited resources. In FY 2012 the City will continue to strive to meet the City Council's Strategic Plan Goals by maintaining quality services and implementing selected new initiatives that will move the City forward while maintaining fiscal responsibility.

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

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

Conservative Revenue Estimates

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

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

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

Expenditure Reductions

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

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

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

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

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

Operational Reorganization

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

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

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

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

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

Capital Projects

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

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

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

Conclusion

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

ACCOMPLISHMENTS

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pasadena for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the 12th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,

Michael J. Beck

City Manager

Andrew Green

Director of Finance

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CITY OF PASADENA

Principal City Officials

CITY COUNCIL

Mayor Bill Bogaard

Vice-MayorMargaret McAustin (District 2)Council MemberJacque Robinson (District 1)Council MemberChris Holden (District 3)Council MemberGene Masuda (District 4)Council MemberVictor Gordo (District 5)Council MemberSteve Madison (District 6)Council MemberTerry Tornek (District 7)

APPOINTED OFFICIALS

City Manager Michael Beck

City Attorney Michele Beal Bagneris

City Clerk Mark Jomsky

EXECUTIVE STAFF

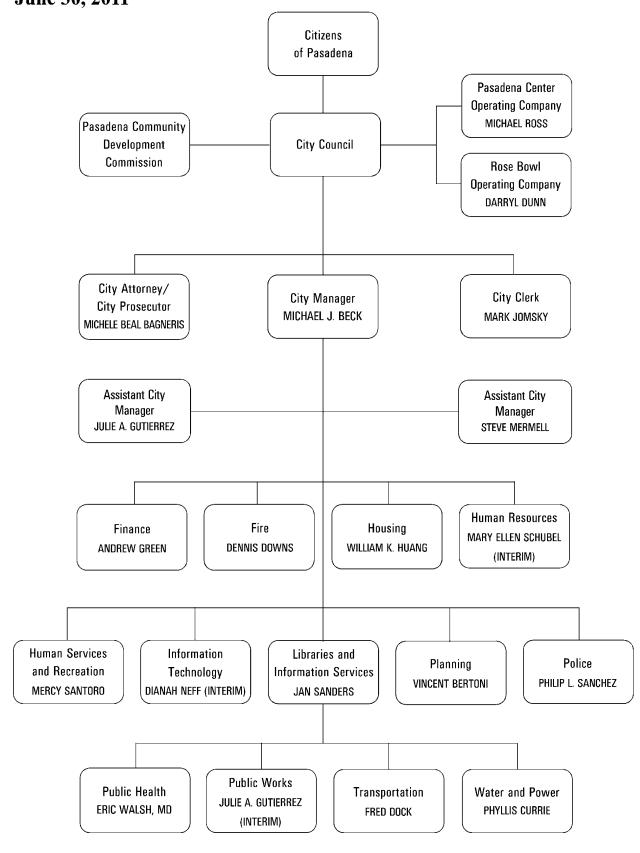
Assistant City Manager Julie Gutierrez Steve Mermell **Assistant City Manager** Director of Finance Andrew Green Fire Chief **Dennis Downs** Director of Housing William Huang Acting Director of Human Resources Richard Kunz Director of Human Services and Recreation Mercy Santoro **Director of Information Services** Jan Sanders Chief Information Officer Dianah Neff Director of Planning Vincent Bertoni Police Chief Phillip Sanchez Director of Public Health/Health Officer Eric Walsh Director of Public Works Julie Gutierrez Fred Dock Director of Transportation General Manager of Water and Power Phyllis Currie

Chief Executive Officer of Pasadena

Center Operating Company Michael Ross General Manager, Rose Bowl Operating Company Darryl Dunn

CITY OF PASADENA

Organization Chart June 30, 2011



CITY OF PASADENA

Comprehensive Annual Financial Report

Year Ended June 30, 2011

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pasadena California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

UNITED STATES

AND
CANADA
CORPORATION

SEAL

Chicago

Executive Director

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