



## AGENDA REPORT

RBOC\_121720\_06

December 17, 2020

To: Rose Bowl Operating Company (through Finance Committee)

From: Darryl Dunn, General Manager

Subject: CliftonLarsenAllen LLP formerly WNDE LLP Audit Manager and Principal presentation of the Fiscal 2020 Financial Audit results.

### **RECOMMENDATION:**

It is recommended that the Rose Bowl Operating Company Board review, approve and forward the Fiscal 2020 Financial Audit results to the City of Pasadena Finance Committee.

### **BACKGROUND:**

This is the presentation of the Fiscal 2020 Annual Financial Audit (year ending June 30, 2020). The process began with an interim audit in June 2020, testing of financials took place during October and November 2020 and management produced the Management Discussion and Analysis in November-December 2020.

The key audit conclusion of CliftonLarsenAllen LLP - there were no material findings impacting Fiscal 2020 Financial Reporting; and an unmodified opinion is to be rendered.

12/9/2020 Review/Approved by the Audit Committee

12/16/2020 Review/Approved by Finance Committee to go to RBOC Board

### **Fiscal Impact:**

The fiscal impact for each of the aforementioned is shown in the above reports.

Respectfully submitted by

DocuSigned by:  
  
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Darryl Dunn  
General Manager

**ROSE BOWL OPERATING COMPANY  
(A COMPONENT UNIT OF THE  
CITY OF PASADENA, CALIFORNIA)**

**BASIC FINANCIAL STATEMENTS**

**WITH INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED JUNE 30, 2020**



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**WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING**

ROSE BOWL OPERATING COMPANY  
(A COMPONENT UNIT OF THE CITY OF PASADENA, CALIFORNIA)

BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Rose Bowl Operating Company  
Pasadena, California

We have audited the accompanying financial statements of each enterprise fund of the Rose Bowl Operating Company (the Company), a component unit of the City of Pasadena, California as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Company'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.

### **Auditors' 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.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each enterprise fund of the Rose Bowl Operating Company as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As more fully described in Note 14 to the financial statements, the Company has been materially impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. 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 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the Company's internal control over financial reporting and 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 Company's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Irvine, California  
December 16, 2020

**ROSE BOWL OPERATING COMPANY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

The objective of management's discussion and analysis is to help readers of the Rose Bowl Operating Company's ("RBOC") financial statements better understand the financial position and operating activities for the fiscal year ended June 30, 2020, with selected comparative information with the year ended June 30, 2019. This discussion should be read in conjunction with the financial statements. Unless otherwise indicated, years (2019, 2020) in this discussion refer to the fiscal year ended June 30.

## **I. OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis intends to serve as an introduction to the RBOC's basic financial statements. The RBOC's financial statements consist of two components: 1) fund financial statements and 2) notes to the financial statements.

### **BASIC FINANCIAL STATEMENTS**

The **statement of net position** presents information on all the RBOC's assets and deferred outflows of resources, liabilities and deferred inflows, 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 RBOC is improving or deteriorating.

The **statement of revenues, expenses, and changes in net position** presents information showing how the RBOC's net position changed during the most recent fiscal year. 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*.

The **statement of cash flows** presents information on the cash inflows and outflows of cash during the fiscal year, directly attributing cash flows to types of sources and uses and reconciling those cash flows to the changes in net position for the fiscal year.

The basic financial statements can be found on pages 19-21 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 financial statements. The notes to the financial statements can be found on pages 22-42 of this report.

## **II. EXECUTIVE SUMMARY (STADIUM AND GOLF COURSE)**

**In Fiscal 2020, Stadium and Golf Course had some significant changes to events and operations impacting net income.**

There are several significant changes from 2019, most notably:

- The impact of COVID-19 on the cancellation of all events Major, Enterprise, and Golf Complex 55-day closure between March and June 2020.
- Five (5) less Major/Displacement<sup>(i)</sup> events,
- The movement of the Music Festival event from 2019 to 2020,
- Lower attendance associated with Football and other Major events.
- Increased Overhead expenses due to increased Payroll/Benefits (5 Severances, CalPERS, partial pay period) and General Administrative (2019 postponed operating demands).
- Increased Enterprise events from July 2019 to March 2020.
- Decreased Investment gain due to lower deposits investments earnings.
- Decreased Non-Operating revenues due contributions and operating cost sharing.

## Stadium:

The Statement of Revenues, Expenses and Change in Net Position reflects a loss of \$12.3M (page 12) mainly due to the net of:

In Fiscal 2020, Operating Revenues were \$26.8M (mainly due to the below Events Statistics), Other nonoperating revenues were \$5.8M, and Investments gains were \$863K. Operating and Events Expenses were \$33.5M (includes Depreciation of 12.3M), and Interest Expenses \$12.3M (Gross bond debt).

Stadium loss increased from 2019 by \$3.6M mainly due to lower Operating Revenues of \$6.4M, lower Non-Operating Revenues/Expenses of \$2.7M and reduced Operating and Depreciation Expenses of \$5.5M.

## Events Statistics and Net Event Income Comparison (2020-2019):

Major Event	2020		Scanned Attendance	2019		Scanned Attendance	
	Count	Event		Count	Event		
1	<u>UCLA</u>	6	Football games	137,860	7	Football games	251,486
2	<u>Rose Bowl Game</u>	1	Oregon vs Wisconsin	69,840	1	Ohio State vs Washington	80,409
3	<u>Arroyo Seco Weekend (ASW)</u>	1	Pasadena Daydream Music Festivals	25,092	0	Music Festivals (Event moved to 8/31/19)	-
4	<u>Concerts</u>	1	Rolling Stones	55,534	1	Ed Sheeran	59,525
	(i)	0	Justin Bieber Cancelled due to COVID		2	Beyonce-JZ (2 days)	101,441
		0	BTS 2 days did not occur due to COVID		2	BTS - World Tour (2 days)	103,376
5	<u>Soccer Matches</u>	1	US Womens National vs Ireland	34,019	0	AC Milan vs Manchester United (Event Cancelled)	-
					1	FC Barcelona vs Tottenham Hotspur	54,529
6	<u>Americafest 4th of July Celebration</u>	1	Thursday - July 4th, 2019	17,924	1	Gold Cup - Double Header	56,723
					1	Wednesday - July 4th, 2018	17,744
	Total Major/Displacement	11		340,269	16		725,233
	<b>Number of Enterprise Event days</b>	<b>385</b>			<b>303</b>		

(i) Due to COVID - 3 Major events and most minor events were cancelled between March 15, 2020 and Jun 30, 2020.

Major/Displacement event attendance is greater than 20,000 (Americafest has been an exception).

## Net Event Income Comparison:

Major/Displacement Events Net Income:		2020	2019	Variance
1.	UCLA	\$ 4,346,696	\$ 4,429,625	\$ (82,929)
2.	Rose Bowl Game (ii)	4,439,981	4,950,473	(510,492)
3.	Arroyo Seco Weekend	2,845,446	-	2,845,446
4.	Concerts	856,401	3,497,195	(2,640,794)
5.	Soccer	297,691	837,639	(539,948)
6.	Americafest July 4th Celebration	(168,665)	(170,869)	2,203
Total Major/Displacement Events Net Income		12,617,550	13,544,063	(926,513)
<b>Enterprise Events Net Income</b>				
1.	Stadium	1,286,037	1,554,854	(268,817)
2.	Golf Course	61,638	154,399	(92,761)
Total Enterprise Events Net Income:		1,347,675	1,709,253	(361,578)
<b>Flea Market</b>		867,413	1,057,900	(190,488)
Total Net Event Income:		\$ 14,832,637	\$ 16,311,216	\$ (1,478,579)

(ii) Includes Capital Maintenance User Fee

## Golf Complex:

At the end of Fiscal Year 2020 - American Golf Corp reported Golf revenues of \$4.1M and expenses of \$3.3M with a net of \$812K on the Statement of Revenues, Expenses and Change in Net Position as Green fees and other golf revenues. The below Golf Statistical Summary reflects key factors impacting Golf operations year to year comparison; note the Golf Complex was closed for 55 days between March 15<sup>th</sup> and May 8<sup>th</sup> due to COVID.

Golf Parking (net) is the displacement of Golf operations during 11 major events.

Enterprise events on the Golf Course are reflected in Facility rentals, Cost recoveries and Event Expenses 93K less than 2019 due to COVID closure between March 15<sup>th</sup> and June 30<sup>th</sup>.

The Golf Course Complex recognized Net income of \$84K (page 12) mainly due to:

Revenues: \$1.7M in Operating Revenues, \$97K Investment gain, \$70K Other nonoperating revenues  
Expenses: \$1.8M Operating Expense (includes depreciation \$878K)

Golf Course Income decreased from 2019 by \$400K mainly due to lower Operating Revenues of \$668K (note Golf Course was closed for 55 days), lower Non-Operating Revenues/Expenses of \$92K, reduced Operating and Depreciation Expenses by \$361K.

Below are key statistics of Green fees and other golf revenues:

<b>Golf Statistical Summary:</b>	2020		2019
Rounds	117,204		135,845
Playable Days	278		321
Rounds/Day	422		423
Average Per Round ( GF+CF) (iii) \$	30.12	\$	27.01
Average Range Fees Per Round \$	4.68	\$	4.43
Total Revenue Per Round \$	34.80	\$	31.44

Due to Covid Golf Complex was closed between March 15, 2020 and May 8, 2020.

Between May 8th and June 30th record play was realized.

(iii) GF is Green Fees and CF is Cart Fees

### III. NET EVENT AND OPERATIONS INCOME COMPARISON (STADIUM AND GOLF COURSE)

Below is a year to year comparison of Net Event and Operations Income excluding Depreciation and Nonoperating Revenues.

#### Changes to Net Event and Operations Income (Stadium and Golf Complex)

<u>Stadium</u>			
<u>Net Event and Operations Income</u>	Fiscal 2020	Fiscal 2019	Variance
<b>Operating Revenues</b>	26,823,588	33,213,908	(6,390,320) (a)
<b>Overhead and Event Expenses</b>			
Salaries and benefits	(4,706,761) <sup>(iv)</sup>	(4,259,886)	(446,875) (b)
General and administrative	(4,225,832)	(3,982,472)	(243,360) (c)
Events	(12,101,872)	(17,945,920)	5,844,048 (d)
<b>Net Event and Operations Income</b>	5,789,123	7,025,630	(1,236,506)
Before Non Operating/Capital contributions, Bond Debt, Depreciation and Annual PERs Valuation Adjustment <sup>(iv)</sup>			
Investment Gain	863,381	2,130,531	(1,267,150) (e)
Interest Expense	(12,327,400)	(12,218,348)	(109,052) (f)
<b>Investment Gain/Interest Expense</b>	(11,464,019)	(10,087,817)	(1,376,201)
<b>Net after Investments/Interest Expense</b>	(5,674,895)	(3,062,188)	(2,612,708)

**Net Event and Operations income, after Investment/Debt decreased by \$2,612,708 mainly due to:**

#### Total Operating Revenues decreased by \$1,236,506:

- (a) Operating Revenues decreased by \$6,390,320 mainly due to 5 less major events, reduced Football attendance, 2.5 months of less Enterprise events and 1 Music Festival day revenues (vs zero in 2019).
- (b) Salaries/Benefits increased by \$446,875 due to 5 Full time Employees retiring at year end with severance payout of 225K and accruals for CalPERS, benefits and 1 partial pay period (9 days) of 222K, in Fiscal 2020.
- (c) General and administrative Expenses increased by \$243,360 mainly due to prior year planned overhead expense postponed to current year. Specific areas of increases include Legal, Human Resources support (replacing 1 FTE), strategic planning, premium sales, utilities, temporary/janitorial assistance (in part due to COVID); and offset by decreases in repair and maintenance, Insurance, materials/supplies and equipment purchases.
- (d) Event Expenses decreased by \$5,844,048 mainly due to 5 less Major events, reduced Football attendance, 2.5 months of less Enterprise events and 1 Music Festival day revenues (vs zero in 2019).

#### Total Overhead Expenses decreased by \$1,376,201:

- (e) Investment Gain decreased by \$1,267,150 mainly due to lower Fair Market Value Adjustment and no event deposits interest earnings.
- (f) Interest Expense increased by \$109,052 due to interest and amortization on bonds.

## Golf Complex

<u>Net Golf Facility Operations Income</u>	Fiscal 2020	Fiscal 2019	Variance
<b>Operating Revenues</b>			
Green fees and other golf revenues	\$ 812,837	\$ 988,897	(176,060) (a)
Restaurant	310,978	449,089	(138,111) (b)
Parking (net)	289,714	436,438	(146,724) (c)
Facility Rental (Events)	193,587	220,643	(27,056) (d)
Pro shop	11,371	16,338	(4,968) (e)
Cost recoveries	61,695	236,854	(175,159) (f)
Event Expenses	(162,120)	(288,098)	125,978 (g)
<b>Total Operating Revenues:</b>	<b>1,518,061</b>	<b>2,060,161</b>	<b>(542,100)</b>
<b>Overhead Expenses</b>			
Salaries and benefits	(226,669) (v)	(249,380)	22,712 (h)
General and administrative	(488,469)	(538,084)	49,615 (i)
<b>Total Overhead Expenses:</b>	<b>(715,138)</b>	<b>(787,464)</b>	<b>72,327</b>
Before Non Operating/Capital contributions, Depreciation and Annual PERs Valuation Adjustment (v)			
<b>Net Golf Complex Operations Income:</b>	<b>802,923</b>	<b>1,272,697</b>	<b>(469,773)</b>

**Net Golf Complex Operations income decreased by \$469,773 in 2020, mainly due to:**

**Total Operating Revenues decreased by \$542,100:**

- (a) Green fees and other golf revenues (net) decreased by \$176,060 due to COVID - Golf course closure between March 15<sup>th</sup> and May 8<sup>th</sup>.
- (b) Restaurant decreased by \$138,111 due to COVID closures between March 15<sup>th</sup> and June 30<sup>th</sup>.
- (c) Parking (net) decreased by \$146,724 due to 5 less Golf displacement events.
- (d) Facility Rental (Events) decreased by \$27,056 mainly due to COVID closures between March 15<sup>th</sup> and June 30<sup>th</sup>.
- (e) Pro Shop March decreased by \$4,968 due to downturn on retail sales and COVID closures between March 15<sup>th</sup> and June 30<sup>th</sup>.
- (f) Cost recoveries decreased by \$175,159 mainly due COVID closures (March 15<sup>th</sup> and June 30<sup>th</sup>)
- (g) Event Expenses decreased by \$125,978 mainly due COVID closures (March 15<sup>th</sup> and June 30<sup>th</sup>)

**Total Overhead Expenses decreased by \$72,327:**

- (h) Salaries and benefits decreased \$22,712 mainly due to prior year severance payout for 1 FTE retirement, current year lower workers compensation insurance and benefits
- (i) General and administrative expenses decreased by \$49,615 mainly due decreases in professional services, repair/maintenance, advertising, material/supplies, and increases in janitorial/temporary support (Partially due to COVID) and HVAC.

#### IV. FINANCIAL HIGHLIGHTS (Combined Stadium and Golf Complex)

Total Net Position decreased by **\$12,281,433**, as outlined by the Statement of Revenue and Expenses (Income Statement) and Statement of Net Position (Balance Sheet). The Liabilities and deferred inflow exceed assets and deferred outflow at year ending 2020 for a Net Position of (\$1,182,250).

##### Income Statement:

In the Statement of Revenues and Expenses Stadium Net position decreased by **\$12,365,367** and Golf Course Net position increased by **\$83,934**.

##### Balance Sheet:

The total change in Net Position is outlined below:

Assets decreased by	(\$37,112,213)
Deferred Outflow of Resources decreased by	(\$387,216)
<hr/> Total Assets and Deferred outflow decreased by	<hr/> (\$37,499,429)

Liabilities decreased by	(\$25,215,204)
Deferred inflow of Resources decreased by	(\$2,792)
<hr/> Total Liabilities and Deferred inflow of Resources decreased by:	<hr/> (\$25,217,996)

<hr/> Total Change to Net position	<hr/> (\$12,281,433)
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#### V. FINANCIAL ANALYSIS:

##### INCOME STATEMENT

**The Statement of Revenue, Expenses and change in Net Position decreased by \$12,281,433** (Stadium decreased by \$12,365,367 and Golf Course increased by \$83,934):

Total Operating Revenues decreased by \$7,896,387 mainly due to Event Mix (See Section II - Executive Summary) and the following Income Statement changes:

1. **Golf fees and other golf revenues** decreased by \$176,060 due to less playable days / COVID.
2. **Other Ancillary Revenues** (Parking, Advertising, Concessions) decreased by \$2,632,773 mainly due to:
  - a. **Stadium** decreased by \$2,486,050 for *5 fewer major event and reduced attendance*
    - i. **Parking** revenues decreased by \$1,432,312
    - ii. **Advertising** revenues increased by \$19,784 annual minimum, less expenses.
    - iii. **Concessions** revenues decreased by \$1,073,522
  - b. **Golf Course Parking** revenue decreased by \$146,724 due to 5 fewer displacement events in 2020.
3. **Facility rentals** (license fees, premium seating, Ticketmaster rebates) decreased by \$4,308,019:
  - a. **Stadium** decreased by \$4,280,963 mainly due to five (5) fewer displacement events, 1 day of Music Festival in 2020, and no Enterprise events between March and June 2020.
  - b. **Golf Course** decreased by \$26,756 due no Enterprise events on the Golf Course between March and June 2020.
4. **Pro shop and Restaurant** decreased by \$143,079 due to facility closure due to COVID between March and June 2020.

5. **Admissions Tax** at the **Stadium** decreased by \$481,798 due to five (5) fewer displacement events.
6. **Cost recoveries** decreased by \$154,658 due to fewer events, lower events expenses, and tenanted contract agreements.
  - a. **Stadium** increased by \$20,501.
  - b. **Golf Course** decreased by \$175,159.

Total Operating Expenses decreased by \$5,871,721:

1. **Salaries and benefits** increased by \$424,163
  - a. **Stadium** increased by \$446,875 mainly due to
    - i. **Salaries** Stadium FTE *allocation* of 33.5 fulltime employees at the beginning of year and 27.5 at year end.
      - Increased by \$225,000 based on five (5) Full Time Employees (FTEs) retirement severances at year end.
      - Decreased by \$78,035 due to One (1) FTE retired September 2019.
    - ii. **Benefits/adjustments** increased by \$215,719 based on accrued CalPERS adjustment, workers' compensation and accrued adjustment of a partial pay-period (9 days).
    - iii. **Consumer Price Index (CPI 3%)** increased by \$84,191
  - b. **Golf Course** decreased by \$22,712 mainly due 1 FTE retiring at the end of 2019 with a severance payment in 2019, not reoccurring in 2020.
2. **General and administrative** expenses increased by \$193,745
  - a. **Stadium** increased by \$243,460 with specific areas of increases include Legal, Human Resources support (in place of 1 FTE), strategic planning, premium sales, utilities, temporary/janitorial assistance (total increase of \$433,400); and offset by decreases in repair and maintenance, Insurance, materials/supplies and equipment purchases (total decrease of \$188,790).
  - b. **Golf Course** decreased by \$49,615 mainly due to Professional services, repair/maintenance, advertising, material/supplies, and increases in janitorial/temporary support and HVAC.
3. **Depreciation** expense decreased by \$588,506 due to assets placed in/out of service during 2020.
  - a. **Stadium** decreased by \$424,835
  - b. **Golf Course** decreased by \$168,671
4. **Event Expenses** decreased by \$5,970,025
  - a. **Stadium** decreased by \$5,844,047 (See below Year to Year Comparison by Category)

**Year to Year Event Expenses Comparison by Category:**

Stadium Category:	Event Expenses 2020	Event Expenses 2019	Variance
SECURITY	2,668,711	4,036,456	(1,367,745)
PUBLIC SAFETY	2,314,258	3,802,249	(1,487,991)
EVENT PRODUCTION	2,162,517	2,952,954	(790,437)
JANITORIAL	1,583,415	2,588,643	(1,005,227)
CATERING	845,387	853,215	(7,828)
RENTALS	725,220	1,095,676	(370,456)
FIELD AND SOD RELATED	634,792	964,240	(329,448)
SHUTTLE EXP	330,634	546,350	(215,716)
RBOC Staffing	301,096	390,235	(89,139)
PROFESSIONAL CONSULTING	153,573	201,673	(48,100)
TEMP SUPPORT	138,706	230,292	(91,586)
PERMITS AND FEES	135,835	163,482	(27,647)
ADVERTISING	107,728	120,455	(12,727)
<b>Total</b>	<b>12,101,872</b>	<b>17,945,919</b>	<b>(5,844,047)</b>

**b. Golf Expenses** decreased by \$125,978

**Year to Year Event Expenses Comparison by Category:**

Golf Complex Category:	Event Expenses 2020	Event Expenses 2019	Variance
EVENT PRODUCTION	69,568	120,615	(51,047)
RBOC Staffing	50,310	41,340	8,970
SECURITY	12,713	40,198	(27,486)
JANITORIAL	10,408	29,626	(19,218)
PUBLIC SAFETY	6,295	21,218	(14,923)
PERMITS AND FEES	5,191	5,698	(507)
TEMP SUPPORT	3,526	6,607	(3,081)
RENTALS	1,802	16,774	(14,972)
PROFESSIONAL CONSULTING	1,115	1,357	(242)
ADVERTISING	1,105	564	541
SOD RELATED	90	-	90
CATERING	-	4,102	(4,102)
<b>Total</b>	<b>162,120</b>	<b>288,098</b>	<b>(125,978)</b>

**Non-Operating Revenues** decreased by \$1,982,960 (Stadium and Golf) mainly due to:

1. Investment gain decreased by \$1,293,184
  - a. **Stadium** decreased by \$1,267,150: mainly due to \$791,850 of Fair Market Value adjustment on investment and decreased deposits and investment earnings on bonds of approximately \$475,300
  - b. **Golf Course** decreased by \$26,034 as reported by City of Pasadena Finance on invested cash.
2. Interest expenses increased by \$109,052 mainly due to stadium bond expenses and amortization.

3. Other nonoperating revenues decreased by \$580,724:

<b>Other nonoperating revenue Summary:</b>		
Legacy Connections	\$ 1,300,000	#1 below
Recurring Sources	3,738,119	#2-10
Non- Recurring Sources	851,547	#11-16
<b>Total nonoperating Revenue Sources Fiscal 2020</b>	<b>5,889,666</b>	
<b>* Estimated recurring funds 5.0M to 6.0M annually.</b>		

<b>Other nonoperating revenue Details:</b>		FY20	FY19	Variance
FY20 Sources	Bus. Unit	5,889,666	6,470,389	(580,723)
<b>Legacy and Recurring:</b>				
1 Legacy Connections	Stadium	1,300,000	1,900,000	(600,000)
2 ToR - Contribution	Stadium	75,000	75,000	-
3 Broadcasting cost recovery (5k per use)	Stadium	15,000	25,000	(10,000)
4 Concessionaire contribution 3% of revenues	Stadium	146,634	206,233	(59,599)
	Golf	69,783	101,862	(32,079)
5 Subsidy 2010 Bonds Subsidies	Stadium	2,725,802	2,719,539	6,262
6 Misc. Non-Operating: Finance Credits	Stadium	4,454	4,690	(236)
7 Misc. Non-Operating: Utilities Recovery	Stadium	442,159	356,044	86,114
8 Misc. Non-Operating: ATM Mach use	Stadium	4,733	7,058	(2,324)
9 Misc. Non-Operating: Sales/Marketing support	Stadium	48,000	48,000	-
10 Misc. Non-Operating: Cell Site rentals	Stadium	206,554	199,570	6,985
<b>Sub-total Recurring:</b>		<b>5,038,119</b>	<b>5,642,996</b>	<b>(604,877)</b>
<b>Non- Recurring Sources</b>				
11 Misc. Non-Operating: Capital related reimb	Stadium	11,062	-	11,062
12 Concessionaire Pavilion Capital Contribution (at contract signing)	Stadium	824,915	-	824,915
13 Other Contributions:(IMG, Tenant reimbursements)	Stadium	15,570	-	15,570
14 City of Pasadena contribution (Paid derivative liability on refinanced bond)	Stadium	-	739,500	(739,500)
15 Sodexo balance to capital contribution (at vendor contract termination)	Stadium	-	53,711	(53,711)
16 Misc. Revenues /water cost recoveries	Golf	-	34,182	(34,182)
<b>Sub-total non recurring:</b>		<b>851,546</b>	<b>827,393</b>	<b>24,153</b>
<b>Total Other nonoperating revenue:</b>		<b>5,889,666</b>	<b>6,470,389</b>	<b>(580,724)</b>

The Fiscal 2020 Statement of Revenues, Expenses and change in net position adjusted the Tournament of Roses User Fee from Other nonoperating revenues to Facility rental for both Fiscal 2020 and 2019 equivalent.

## ROSE BOWL OPERATING COMPANY

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION  
YEAR ENDING JUNE 30, 2020

	Rose Bowl	Golf Course	Combined Totals		Variance
			2020	2019	
<b>Operating Revenues:</b>					
Green fees and other golf revenues	\$ -	\$ 812,837	\$ 812,837	\$ 988,897	(176,060)
Parking revenue	636,566	289,714	926,280	2,505,316	(1,579,036)
Advertising	3,068,055	-	3,068,055	3,048,271	19,784
Facility rentals	14,354,577	193,587	14,548,164	18,856,183	(4,308,019)
Concessions	2,271,198	-	2,271,198	3,344,720	(1,073,522)
Pro shop	-	11,371	11,371	16,338	(4,968)
Restaurant	-	310,978	310,978	449,089	(138,111)
Admission tax	330,302	-	330,302	812,100	(481,798)
Cost recoveries	6,162,890	61,695	6,224,585	6,379,243	(154,658)
<b>Total operating revenues</b>	<b>26,823,588</b>	<b>1,680,182</b>	<b>28,503,770</b>	<b>36,400,157</b>	<b>(7,896,387)</b>
<b>Operating Expenses:</b>					
Salaries and benefits	(4,706,761)	(226,669)	(4,933,430)	(4,509,266)	(424,163)
Annual PERs Valuation Adj	(196,617)	(8,079)	(204,695)	(135,793)	(68,902)
General and administrative	(4,225,832)	(488,469)	(4,714,301)	(4,520,556)	(193,745)
Depreciation	(12,313,736)	(877,705)	(13,191,441)	(13,779,947)	588,506
Events	(12,101,872)	(162,120)	(12,263,992)	(18,234,018)	5,970,025
<b>Total Operating Expenses</b>	<b>(33,544,818)</b>	<b>(1,763,041)</b>	<b>(35,307,859)</b>	<b>(41,179,580)</b>	<b>5,871,721</b>
<b>Operating Income (Loss)</b>	<b>(6,721,230)</b>	<b>(82,859)</b>	<b>(6,804,089)</b>	<b>(5,317,413)</b>	<b>(2,024,666)</b>
<b>Nonoperating Revenues (Expenses):</b>					
Investment gain	863,381	97,010	960,391	2,253,575	(1,293,184)
Interest expense	(12,327,400)	-	(12,327,400)	(12,218,348)	(109,052)
Other nonoperating revenues	5,819,882	69,783	5,889,665	6,470,389	(580,724)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(5,644,137)</b>	<b>166,793</b>	<b>(5,477,344)</b>	<b>(3,494,384)</b>	<b>(1,982,960)</b>
<b>Income (Loss) Before Transfers</b>	<b>(12,365,367)</b>	<b>83,934</b>	<b>(12,281,433)</b>	<b>(8,273,807)</b>	<b>(4,007,626)</b>
<b>Changes in Net Position</b>	<b>(12,365,367)</b>	<b>83,934</b>	<b>(12,281,433)</b>	<b>(8,273,807)</b>	<b>(4,007,626)</b>
<b>Net Position:</b>					
Beginning of Year	(6,238,185)	17,337,368	11,099,183	19,372,990	(8,273,807)
<b>End of Year</b>	<b>\$ (18,603,552)</b>	<b>\$ 17,421,302</b>	<b>\$ (1,182,250)</b>	<b>\$ 11,099,183</b>	<b>(12,281,433)</b>

## BALANCE SHEET

The Statement of Net Position **Total Assets and Deferred outflows** decreased by \$37,499,429:

- Total Assets: (\$37,112,213) and Deferred outflows: (\$387,216)

- Stadium decreased by \$36,853,978
- Golf Course decreased by \$258,235
- Deferred outflows decreased by \$387,216

**Total Liabilities and Deferred Inflows** decreased by \$25,217,996

-Total Liabilities: (\$25,215,204) and Deferred Inflows: (\$2,792)

- Stadium decreased by \$24,874,209
- Golf Course decreased by \$340,995
- Deferred inflow of Resources decreased by \$2,792

The below details outline changes in Total Assets, Liabilities and Deferred Outflow/Inflows.

**Total Assets and Deferred outflows** decreased by 14.5% or \$37,499,429 mainly due to:

1. Current Assets:

- Cash and Investments** decreased by \$26,860,728  
Decreases: Deposits from Concerts \$16,538,415, Capital Investments \$4,721,378, General Operating & Payroll cash \$2,978,835, Premium Seating \$2,774,949 and increased Golf Cash by \$79,844 (mainly due to interest on 3.772M cash invested with City of Pasadena).
- Accounts receivable net of allowance** decreased by \$3,614,974:  
Decreases: Events Related A/R \$3,779,009, Golf Course A/R \$64,204  
○ Includes Allowance for doubtful accounts increased by \$312,303.  
Increases: Non-Events A/R \$228,241
- Inventory/Prepaid Assets** decreased by \$123,940 mainly due to Enterprise events inventory and no events scheduled for the beginning of Fiscal year 2021.

2. Noncurrent Assets:

- Due from City of Pasadena** decreased by \$15,824 due to recalculating 2006 to 2013 bond refunding due RBOC.
- Cash and Investments restricted decreased** by \$125,887:  
Decreases: Debt Service Reserve fund \$226,162  
Increases: Fair Market Value of investments \$100,275.
- Construction in Progress** increased by \$4,629,565 due to assets placed in service and projects with carry forward balance at year end.
- Other Capital Assets, net** of depreciation decreased by \$11,000,426 due to Assets Values less depreciation or Net Book Value (NBV) per the below schedule (page 14)

3. Deferred Outflow of Resources (Asset) decreased by \$387,216 mainly due to Deferred refunding charges and Net pension liability.

**Summary of Other capital asset, net:**

	June 30, 2020	June 30, 2019	Variance
Stadium	166,480,249	176,819,313	(10,339,064)
Golf Course	7,139,300	7,800,663	(661,362)
Total Other capital assets, net	173,619,549	184,619,976	(11,000,426)

**Detail of Other capital asset, net:**

## Stadium

	June 30, 2020	June 30, 2019	Variance
Building and improvements	248,246,982	246,272,310	1,974,672
Machinery and equipment	17,814,153	17,814,153	-
Sub-total	266,061,135	264,086,463	1,974,672
Less accumulated depreciation	(99,580,887)	(87,267,150)	(12,313,736)
Total NBV/Other Capital Asset, net	166,480,249	176,819,313	(10,339,064)

## Golf Course

	June 30, 2020	June 30, 2019	Variance
Building and improvements	12,964,653	12,748,310	216,343
Machinery and equipment	1,378,406	1,378,406	-
Sub-total	14,343,059	14,126,716	216,343
Less accumulated depreciation	(7,203,759)	(6,326,053)	(877,705)
Total NBV/Other Capital Asset, net	7,139,300	7,800,663	(661,362)

**Estimated Useful life/Depreciation:** Building and Improvements 1- 55 years, Improvements Other than building 1-95 years. RBOC noted that during a 1997 asset transfer from City of Pasadena certain assets were categorized as Machinery and equipment with 21-93 years depreciation. These assets were components of improvements other than building. All other Machinery and equipment depreciate between 1 and 10 years as standard practice. After the Fiscal 2020 close certain assets have been identified to be reclass in categories only in the following year.

**Total Liabilities and Deferred Inflows** decreased by 10%, or **\$25,217,996**

1. **Current Liabilities decreased by \$22,555,473 mainly due to:**

- a. **Accounts Payable and other liabilities** decreased by \$3,306,432  
General Stadium Accounts Payable for events, operations and capital lower by \$2,615,813;  
Accrued liabilities lower by \$422,138 and Golf Course Accounts Payable/accruals lower by \$268,479.
- b. **Accrued salaries and benefits** increased by \$25,073 mainly due to  
**Increases:** 5 FTEs severance \$225,000, CalPERS year end adjustment accrual \$150,000,  
**Decreases:** Events commissions \$82,634 and lower merits/vacations/benefits \$267,293.
- c. **Interest Payable** decreased by \$24,340 mainly due year to year bond debt accruals.
- d. **Due to City of Pasadena** decreased by \$613,139 mainly due to less events at year end.
- e. **Deposits (from partners/clients)** decreased \$17,057,683 mainly due to major events deposits in prior year.
- f. **Unearned revenues** decreased \$2,125,575 mainly due to less premium seating deposits.
- g. **Current Portion of compensated absences** increased by \$26,623 accrual for earned vacation balances.
- h. **Current Portion of Long-term debt** increased by \$520,000 due to the year to year increase in principal due the following year (See Year to Year change in debt Page16).

2. **Noncurrent Liabilities decreased by \$2,659,731 due to the following**

- a. **Long-term advance** decreased due to Levy Concessionaire from long term to current liability \$100,000.
- b. **Compensated absences** – decreased by \$58,381 mainly due to net of accrued and used balances.
- c. **Long-term debt** decreased by \$2,702,347 due to principal from longer term to current portion of bonds and Golf Course debt to American Golf Corp. (See Year to Year change in debt Page 16).
- d. **Net Pension liability** increased by \$200,997 due to CalPERS Portfolio valuation reporting.

3. **Deferred outflow and inflow of Resource changed by the below:**

- a. **Deferred outflow of Resources** decreased by \$387,216 due to bond related deferred refunding charges and net pension liability.
- b. **Deferred inflow of Resources** decreased by \$2,792 mainly due to pension liability adjustment.

### Year to Year Change in Debt:

Year to year debt decreased by \$2,182,347 due to Stadium decrease by \$2,130,579 and Golf Course debt due American Golf Co. (15-year Note) decrease by \$51,769 (Per the below Debt Schedule).

Debt Schedule:

<b>Stadium</b>	June 30, 2020	June 30, 2019	Variance
2010 Revenue Bonds	127,303,265	128,723,265	(1,420,000)
2016 Revenue Bonds	21,865,000	21,865,000	-
2016 Bond Premium	3,713,867	4,264,070	(550,203)
2018 Bond and Premium	45,845,358	47,393,682	(1,548,324)
Accreted Interest	10,211,926	8,823,978	1,387,948
<b>Total Bond Related:</b>	<b>208,939,416</b>	<b>211,069,995</b>	<b>(2,130,579)</b>

### Golf Course

* Golf Course Debt Now incl Long Term Note Due American Golf (15 year schedule)	672,992	724,761	(51,769)
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<b>Total Debt</b> (Long term and Current)	<b>209,612,409</b>	<b>211,794,756</b>	<b>(2,182,347)</b>
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<u>Balance Sheet Reference:</u>	<b>2020</b>	<b>2019</b>	
Long-Term Debt(Stadium)	205,629,416	208,279,995	(2,650,579)
Current Portion of Long-Term Debt (Stadium)	3,310,000	2,790,000	520,000
Long-Term Debt(Golf)	621,224	672,992	(51,768)
Current Portion of Long-Term Debt (Golf)	51,769	51,769	-
<b>Total Debt</b>	<b>209,612,409</b>	<b>211,794,756</b>	<b>(2,182,347)</b>

ROSE BOWL OPERATING CO.  
STATEMENT OF NET POSITION JUNE 30, 2020

	Rose Bowl	Golf Course	Totals		Variance
			2020	2019	
<b>Assets:</b>					
Current assets:					
Cash and investments	\$ 8,432,475	\$ 10,915,747	\$ 19,348,222	\$ 46,208,950	(26,860,728)
Accounts receivable, net of allowance of \$477,637 for the Rose Bowl	3,415,641	193,964	3,609,605	7,224,579	(3,614,974)
Inventory	861	9,813	10,674	7,338	3,336
Prepaid assets	33,972	8,438	42,410	169,685	(127,275)
<b>Total Current Assets</b>	<b>11,882,949</b>	<b>11,127,962</b>	<b>23,010,911</b>	<b>53,610,552</b>	<b>(30,599,641)</b>
Noncurrent assets:					
Due from City of Pasadena	\$ 471,481	\$ -	\$ 471,481	487,305	(15,824)
Cash and investments restricted	15,712,015	-	15,712,015	15,837,902	(125,887)
Capital assets:					
Construction in progress	4,315,499	422,427	4,737,926	108,361	4,629,565
Other capital assets, net	166,480,249	7,139,301	173,619,550	184,619,976	(11,000,426)
<b>Total Noncurrent Assets</b>	<b>186,979,244</b>	<b>7,561,728</b>	<b>194,540,972</b>	<b>201,053,544</b>	<b>(6,512,572)</b>
<b>Total Assets</b>	<b>198,862,193</b>	<b>18,689,690</b>	<b>217,551,883</b>	<b>254,664,096</b>	<b>(37,112,213)</b>
<b>Deferred outflows of Resources:</b>					
Deferred refunding charge	2,538,189	-	2,538,189	2,918,918	(380,729)
Outflows related to net pension liability	1,031,044	54,046	1,085,090	1,091,577	(6,487)
<b>Total Deferred Outflows of Resources</b>	<b>3,569,233</b>	<b>54,046</b>	<b>3,623,279</b>	<b>4,010,495</b>	<b>(387,216)</b>
<b>Liabilities:</b>					
Current:					
Accounts payable and other liabilities	\$ 2,573,363	\$ 216,299	\$ 2,789,662	6,096,094	(3,306,432)
Accrued salaries and benefits	752,612	38,919	791,531	766,458	25,073
Interest payable	3,172,160	-	3,172,160	3,196,500	(24,340)
Due to City of Pasadena	583,417	-	583,417	1,196,556	(613,139)
Deposits	317,046	-	317,046	17,374,729	(17,057,683)
Unearned revenues	1,040,224	66,100	1,106,324	3,231,899	(2,125,575)
Current portion of advance	100,000	-	100,000	100,000	-
Current portion compensated absences	199,413	8,195	207,608	180,985	26,623
Current portion of long-term debt	3,310,000	51,769	3,361,769	2,841,769	520,000
<b>Total Current Liabilities</b>	<b>12,048,235</b>	<b>381,282</b>	<b>12,429,517</b>	<b>34,984,990</b>	<b>(22,555,473)</b>
Noncurrent:					
Long-term advance	700,000	-	700,000	800,000	(100,000)
Compensated absences	52,215	2,798	55,013	113,394	(58,381)
Long-term debt	205,629,416	621,224	206,250,640	208,952,987	(2,702,347)
Net pension liability	2,514,917	273,947	2,788,864	2,587,867	200,997
<b>Total Noncurrent Liabilities</b>	<b>208,896,548</b>	<b>897,969</b>	<b>209,794,517</b>	<b>212,454,248</b>	<b>(2,659,731)</b>
<b>Total Liabilities</b>	<b>220,944,783</b>	<b>1,279,251</b>	<b>222,224,034</b>	<b>247,439,238</b>	<b>(25,215,204)</b>
<b>Deferred Inflows of Resources:</b>					
Inflows related to net pension liability	90,195	43,183	133,378	136,170	(2,792)
<b>Total Deferred inflows of Resources</b>	<b>90,195</b>	<b>43,183</b>	<b>133,378</b>	<b>136,170</b>	<b>(2,792)</b>
Net position:					
Net investment in capital assets	(4,563,942)	6,888,735	2,324,793	7,540,233	(5,215,440)
Restricted for debt service	15,712,015	-	15,712,015	15,837,902	(125,887)
Unrestricted	(29,751,625)	10,532,567	(19,219,058)	(12,278,952)	(6,940,106)
<b>Total Net Position</b>	<b>\$ (18,603,552)</b>	<b>\$ 17,421,302</b>	<b>\$ (1,182,250)</b>	<b>\$ 11,099,183</b>	<b>(12,281,433)</b>

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the RBOC'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 Controller*, Rose Bowl Operating Company, 1001 Rose Bowl Dr., Pasadena, California 91103.

ROSE BOWL OPERATING COMPANY

STATEMENT OF NET POSITION  
JUNE 30, 2020

	Rose Bowl	Golf Course	Total
<b>Assets:</b>			
Current:			
Cash and investments	\$ 8,432,475	\$ 10,915,747	\$ 19,348,222
Accounts receivables, net of allowance of \$477,637 for the Rose Bowl	3,415,641	193,964	3,609,605
Inventory	861	9,813	10,674
Prepaid expenses	33,972	8,438	42,410
<b>Total Current Assets</b>	<b>11,882,949</b>	<b>11,127,962</b>	<b>23,010,911</b>
Noncurrent:			
Due from City of Pasadena	471,481	-	471,481
Cash and investments, restricted	15,712,015	-	15,712,015
Capital Assets:			
Construction in progress	4,315,499	422,427	4,737,926
Other capital assets, net	166,480,249	7,139,301	173,619,550
<b>Total Noncurrent Assets</b>	<b>186,979,244</b>	<b>7,561,728</b>	<b>194,540,972</b>
<b>Total Assets</b>	<b>198,862,193</b>	<b>18,689,690</b>	<b>217,551,883</b>
<b>Deferred Outflows of Resources:</b>			
Deferred refunding charge	2,538,189	-	2,538,189
Outflows related to net pension liability	1,031,044	54,046	1,085,090
<b>Total Deferred Outflows of Resources</b>	<b>3,569,233</b>	<b>54,046</b>	<b>3,623,279</b>
<b>Liabilities:</b>			
Current:			
Accounts payable and accrued expenses	\$ 2,573,363	\$ 216,299	\$ 2,789,662
Accrued salaries and benefits	752,612	38,919	791,531
Accrued interest payable	3,172,160	-	3,172,160
Due to City of Pasadena	583,417	-	583,417
Deposits	317,046	-	317,046
Unearned revenues	1,040,224	66,100	1,106,324
Current portion of long-term advance	100,000	-	100,000
Current portion of compensated absences	199,413	8,195	207,608
Current portion of long-term debt	3,310,000	51,769	3,361,769
<b>Total Current Liabilities</b>	<b>12,048,235</b>	<b>381,282</b>	<b>12,429,517</b>
Noncurrent:			
Long-term advance	700,000	-	700,000
Compensated absences	52,215	2,798	55,013
Long-term debt, net of current portion	205,629,416	621,224	206,250,640
Net pension liability	2,514,917	273,947	2,788,864
<b>Total Noncurrent Liabilities</b>	<b>208,896,548</b>	<b>897,969</b>	<b>209,794,517</b>
<b>Total Liabilities</b>	<b>220,944,783</b>	<b>1,279,251</b>	<b>222,224,034</b>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows related to net pension liability	90,195	43,183	133,378
<b>Net Position:</b>			
Net investment in capital assets	(4,563,942)	6,888,735	2,324,793
Restricted for debt service	15,712,015	-	15,712,015
Unrestricted	(29,751,625)	10,532,567	(19,219,058)
<b>Total Net Position</b>	<b>\$ (18,603,552)</b>	<b>\$ 17,421,302</b>	<b>\$ (1,182,250)</b>

See accompanying notes to basic financial statements.

## ROSE BOWL OPERATING COMPANY

STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2020

	Rose Bowl	Golf Course	Total
<b>Operating Revenues:</b>			
Green fees and other golf revenue	\$ -	\$ 812,837	\$ 812,837
Parking revenue	636,566	289,714	926,280
Advertising revenue	3,068,055	-	3,068,055
Facility rentals	14,354,577	193,587	14,548,164
Concessions	2,271,198	-	2,271,198
Pro shop	-	11,371	11,371
Restaurant	-	310,978	310,978
Admission tax	330,302	-	330,302
Cost recoveries	6,162,890	61,695	6,224,585
<b>Total Operating Revenues</b>	<b>26,823,588</b>	<b>1,680,182</b>	<b>28,503,770</b>
<b>Operating Expenses:</b>			
Salaries and benefits	4,903,378	234,747	5,138,125
General and administrative	4,225,832	488,469	4,714,301
Depreciation	12,313,736	877,705	13,191,441
Events	12,101,872	162,120	12,263,992
<b>Total Operating Expenses</b>	<b>33,544,818</b>	<b>1,763,041</b>	<b>35,307,859</b>
Operating Loss	(6,721,230)	(82,859)	(6,804,089)
<b>Nonoperating Revenues (Expenses):</b>			
Investment income	863,381	97,010	960,391
Interest expense	(12,327,400)	-	(12,327,400)
Other nonoperating revenues	5,819,882	69,783	5,889,665
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(5,644,137)</b>	<b>166,793</b>	<b>(5,477,344)</b>
Changes in Net Position	(12,365,367)	83,934	(12,281,433)
Beginning of Year	(6,238,185)	17,337,368	11,099,183
<b>End of Year</b>	<b>\$ (18,603,552)</b>	<b>\$ 17,421,302</b>	<b>\$ (1,182,250)</b>

## ROSE BOWL OPERATING COMPANY

STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020

	Rose Bowl	Golf Course	Total
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 1,337,115	\$ 1,678,949	\$ 3,016,064
Cash payments to employees for services	(4,694,464)	(245,654)	(4,940,118)
Cash payments to suppliers for goods and services	(19,556,042)	(905,579)	(20,461,621)
Other cash receipts	9,561,247	61,695	9,622,942
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(13,352,144)</b>	<b>589,411</b>	<b>(12,762,733)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Non-capital contributions	3,094,080	69,783	3,163,863
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>3,094,080</b>	<b>69,783</b>	<b>3,163,863</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of capital assets	(6,195,992)	(624,588)	(6,820,580)
Payment on advance	(100,000)	-	(100,000)
Federal interest subsidy on bonds payable	2,725,802	-	2,725,802
Principal payments on long-term debt	(3,340,203)	(51,768)	(3,391,971)
Interest payments on long-term debt	(10,761,387)	-	(10,761,387)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(17,671,780)</b>	<b>(676,356)</b>	<b>(18,348,136)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest received	863,381	97,010	960,391
<b>Net Cash Provided by Investing Activities</b>	<b>863,381</b>	<b>97,010</b>	<b>960,391</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(27,066,463)</b>	<b>79,848</b>	<b>(26,986,615)</b>
Cash and Cash Equivalents at Beginning of Year	51,210,953	10,835,899	62,046,852
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 24,144,490</b>	<b>\$ 10,915,747</b>	<b>\$ 35,060,237</b>
<b>Reconciliation of Cash and Investments to Amounts Reported on the Statement of Net Position:</b>			
Cash and investments	\$ 8,432,475	\$ 10,915,747	\$ 19,348,222
Cash and investments, restricted	15,712,015	-	15,712,015
<b>Total reported on Statement of Net Position</b>	<b>24,144,490</b>	<b>10,915,747</b>	<b>35,060,237</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 24,144,490</b>	<b>\$ 10,915,747</b>	<b>\$ 35,060,237</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>			
Operating loss	\$ (6,721,230)	\$ (82,859)	\$ (6,804,089)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>			
Depreciation	12,313,736	877,705	13,191,441
Change in allowance for doubtful accounts	312,304	-	312,304
(Increase) decrease in accounts receivables	3,238,464	64,206	3,302,670
(Increase) decrease in inventory	291	(3,627)	(3,336)
(Increase) decrease in prepaid expenses	102,888	24,387	127,275
(Increase) decrease in due from City of Pasadena	15,824	-	15,824
(Increase) decrease in deferred outflows related to pension liability	7,572	(1,085)	6,487
Increase (decrease) in accounts payable and accrued expenses	(3,037,953)	(268,479)	(3,306,432)
Increase (decrease) in accrued salaries and benefits	46,812	(21,739)	25,073
Increase (decrease) in due to City of Pasadena	(605,868)	(7,271)	(613,139)
Increase (decrease) in deposits payable	(17,053,939)	(3,744)	(17,057,683)
Increase (decrease) in accrued compensated absences	(34,511)	2,753	(31,758)
Increase (decrease) in net pension liability	191,744	9,253	200,997
Increase (decrease) in deferred revenue	(2,125,575)	-	(2,125,575)
Increase (decrease) in deferred inflows related to pension liability	(2,703)	(89)	(2,792)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>\$ (13,352,144)</b>	<b>\$ 589,411</b>	<b>\$ (12,762,733)</b>
<b>Non-Cash Capital and Related Financing Activities:</b>			
Accretion of interest on bonds payable	\$ 1,387,948	\$ -	\$ 1,387,948
Amortization of deferred charge and bond discounts/premiums	\$ 202,405	\$ -	\$ 202,405

See accompanying notes to basic financial statements.

## ROSE BOWL OPERATING COMPANY

### NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### I. SIGNIFICANT ACCOUNTING POLICIES

##### Note 1: Organization and Summary of Significant Accounting Policies

###### a. Basis of Presentation

The Rose Bowl Operating Company (the Company) was incorporated on January 18, 1994, as a legally separate entity with the primary purpose of returning economic and civic value to the City of Pasadena, California, (the City) by managing a world class stadium and a professional quality golf course complex, Brookside Municipal Golf Course (the Golf Course), in a residential open-space environment. A fourteen-member Board of Directors governs the Company. The Board of Directors consists of the City Manager, two members from the City Mayor's office, seven members appointed by the City, one member from the Pasadena Tournament of Roses Association (a separate not-for-profit entity unrelated either to the City or the Company), one member from the University of California, Los Angeles (UCLA), one member from the joint City Council, and one non-voting member from the Pasadena Center Operating Company. These operations constitute part of the overall financial reporting entity of the City and are accounted for as a discretely presented component unit in the City's Comprehensive Annual Financial Report consistent with accounting principles generally accepted in the United States of America. Revenues and expenses of the Company include direct revenues and expenses and certain allocations from the City.

###### b. Basis of Accounting

The Company is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Company utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

###### c. Classification of Revenues

*Operating revenues* consist of charges to customers for sales and use of the facilities. *Nonoperating revenues* consist of investment earnings and other nonoperating income. Capital contributions consist of contributed capital assets.

###### d. Capital Assets

Capital assets are recorded at cost and are depreciated over the estimated useful life of the asset using the straight-line method of depreciation. The Company capitalizes all assets with a historical cost of at least \$10,000 consistent with City practice. The cost of normal maintenance and reports that do not add value to the assets or materially extend asset lives are not capitalized.

ROSE BOWL OPERATING COMPANY

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

The estimated useful lives of the assets are as follows:

Building and improvements	1-55 years
Improvements other than building	1-95 years
Machinery and equipment	1-93 years

**e. Cash and Investments**

For the purposes of the statement of cash flows, investments 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, and have an original maturity date of 3 months or less.

**f. Investments**

Investments are reported in the accompanying statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during the fiscal year are recognized as *investment earnings* reported for that fiscal year.

*Investment earnings* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**g. Compensated Absences**

Only full-time employees accrue vacation. Vacation time is accrued two to four weeks per year, depending on how long an employee has been with the Company. The Company also grants employees personal paid time off. Regular full-time and part-time (24 hours per week minimum) employees are eligible to accrue personal time off with pay. Full-time employees may accrue up to 20 personal days per calendar year. Part-time employees who work 24 hours per week or more are eligible to accrue personal paid time off on a pro rata basis. It is the Company's policy to permit employees to accumulate earned but unused vacation benefits from year to year up to a maximum of two times a full-time employee's annual vacation amount. Personal paid time off is not accumulated from year to year. All accumulated compensated absences are recorded as an expense and a liability at the time the benefit is earned.

**h. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Company has two items that qualify for reporting in this category:

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

**h. Deferred Outflows/Inflows of Resources (Continued)**

1. The deferred outflows relating to the net pension liability reported in the statement of net position. These outflows are the results of contributions made after the measurement period, reduces the net pension liability in the following year; differences between expected and actual experience, adjustments due to differences in proportions, and differences in proportionate share, which are amortized to pension expense over a closed period equal to the average of the expected remaining service lives of all employees that are provide pension benefits through the plan.
2. The deferred charge on refunding results in the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Company has four items that qualify for reporting in this category:

1. The deferred inflows relating to the net pension liability are the results of the difference between expected and actual experience, changes of assumptions, the net difference between projected and actual earnings on pension plan investments, adjustments due to differences in proportions, and differences in proportionate share, which are amortized to pension expense over a closed period equal to the average of the expected remaining service lives of all employees that are provide pension benefits through the plan. Also, the net differences between projected and actual earnings on plan investments are amortized over five years.

**i. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**j. Net Position**

Sometimes the Company will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## ROSE BOWL OPERATING COMPANY

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

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

##### h. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Company's California Public Employees' Retirement System (CalPERS) Plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund has typically been used in prior years to liquidate pension liabilities.

##### i. GASB Pronouncements

###### Current Year Standards

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. Paragraph 4 of this Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

Paragraph 5 of this Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

The requirements of paragraphs 4 and 5 of Statement No. 97 did not impact the Corporation.

**ROSE BOWL OPERATING COMPANY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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

**i. GASB Pronouncements (Continued)**

Pending Accounting Standards

GASB has issued the following statements, which may impact the Corporation's financial reporting requirements in the future:

In June 2017, GASB issued Statement No. 87 – Leases. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, early application is encouraged.

In May 2020, GASB issued Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Early application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

**Note 2: Cash and Investments**

Cash and Investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 19,348,222
Cash and investments restricted	15,712,015
	<hr/>
Total cash and investments	<u>\$ 35,060,237</u>

**ROSE BOWL OPERATING COMPANY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**

**Note 2: Cash and Investments (Continued)**

Cash and investments as of June 30, 2020, consist of the following:

Cash on hand	\$	3,500
Deposits with financial institutions		3,425,080
Investment in the City investment pool		31,631,657
		<hr/>
Total cash and investments	\$	35,060,237
		<hr/> <hr/>

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

The table below identifies the investment types that are authorized for the Company by the California Government Code and the Company's investment policy. The table also identifies certain provisions of the California Government Code (or the Company's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Company, rather than the general provisions of the California Government Code or the Company'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
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Bankers' Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20%	None
Medium-Term Notes	Yes	5 years	30%	5%
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None
Joint Power Agency Pools (other investment pools)	Yes	N/A	None	None

\*Based on state law requirements or investment policy requirements, whichever is more restrictive.

**ROSE BOWL OPERATING COMPANY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**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 Company'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 and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Rating</u>
U.S. Treasury Obligations	None	N/A
U.S. Agency Securities	None	N/A
State and Local Agency Bonds	None	Aa
Bankers' Acceptances	360 days	Aa
Commercial Paper	270 days	Aa
Negotiable Certificates of Deposit	None	Aa
Repurchase Agreements	None	Aa
Money Market Mutual Funds	N/A	Aaa
Investments Contracts	None	Aa

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Company manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Company's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Company's investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity</u>	
	<u>12 Months or Less</u>	
Investments in the City investment pool	<u>\$ 31,631,657</u>	<u>\$ 31,631,657</u>
Total	<u>\$ 31,631,657</u>	<u>\$ 31,631,657</u>

## ROSE BOWL OPERATING COMPANY

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

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#### 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 Company's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Minimum Legal Rating	Ratings at End	
			Not Rated
Investments in the City investment pool	\$ 31,631,657	N/A	\$ 31,631,657
Total	\$ 31,631,657		\$ 31,631,657

##### Custodial Credit Risk

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

The California Government Code and the Company's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Company deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2020, \$500,000 of the Company's deposits (bank balances) were insured by the Federal Deposit Insurance Corporation and \$142,035 were uninsured and uncollateralized.

##### 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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets in active markets; Level 3 inputs are significant unobservable inputs.

The Company's investments in the City investment pool are not subject to the fair value hierarchy. Further details on the City's investment pool fair value hierarchy can be found in the City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

**ROSE BOWL OPERATING COMPANY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**Note 3: Capital Assets**

Rose Bowl

Capital Assets activity for the year ended June 30, 2020, is as follows:

	Balance at July 1, 2019	Transfers	Additions	Deletions	Balance at June 30, 2020
Capital assets being depreciated:					
Buildings and improvements	\$ 208,436,589	\$ 795,564	\$ -	\$ -	\$ 209,232,153
Improvements other than buildings	37,835,721	1,179,108	-	-	39,014,829
Machinery and equipment	17,814,153	-	-	-	17,814,153
Total depreciable capital assets	264,086,463	1,974,672	-	-	266,061,135
Less accumulated depreciation:					
Buildings and improvements	(46,535,307)	-	(7,748,201)	-	(54,283,508)
Improvements other than buildings	(29,706,201)	-	(2,936,311)	-	(32,642,512)
Machinery and equipment	(11,025,642)	-	(1,629,224)	-	(12,654,866)
Total accumulated depreciation	(87,267,150)	-	(12,313,736)	-	(99,580,886)
Net depreciable assets	176,819,313	1,974,672	(12,313,736)	-	166,480,249
Capital assets not depreciated:					
Construction in progress	94,179	(1,974,672)	6,195,992	-	4,315,499
Capital assets, net	\$ 176,913,492	\$ -	\$ (6,117,744)	\$ -	\$ 170,795,748

Depreciation expense for the year was \$12,313,736.

Golf Course

Capital asset activity for the year ended June 30, 2020, is as follows:

	Balance at July 1, 2019	Transfers	Additions	Deletions	Balance at June 30, 2020
Capital assets being depreciated:					
Buildings and improvements	\$ 4,802,654	\$ 123,490	\$ -	\$ -	\$ 4,926,144
Improvements other than buildings	8,081,230	92,853	-	-	8,174,083
Machinery and equipment	1,242,832	-	-	-	1,242,832
Total depreciable capital assets	14,126,716	216,343	-	-	14,343,059
Less accumulated depreciation:					
Buildings and improvements	(2,551,020)	-	(43,831)	-	(2,594,851)
Improvements other than buildings	(3,363,847)	-	(682,267)	-	(4,046,114)
Machinery and equipment	(411,186)	-	(151,607)	-	(562,793)
Total accumulated depreciation	(6,326,053)	-	(877,705)	-	(7,203,758)
Net depreciable assets	7,800,663	216,343	(877,705)	-	7,139,301
Capital assets not depreciated:					
Construction in progress	14,182	(216,343)	624,588	-	422,427
Capital assets, net	\$ 7,814,845	\$ -	\$ (253,117)	\$ -	\$ 7,561,728

Depreciation expense for the year was \$877,705.

**ROSE BOWL OPERATING COMPANY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**Note 4: Long-Term Debt**

Rose Bowl

Long-Term liabilities for the year ended June 30, 2020, are as follows:

	Balance at July 1, 2019	Additions/ Accretions	Deletions/ Amortizations	Balance at June 30, 2020	Due in One Year
2010A Tax-Exempt Lease Revenue Bonds	\$ 13,423,265	\$ -	\$ (180,000)	\$ 13,243,265	\$ (1,655,000)
2010B Taxable Build America Lease Revenue Bonds	106,660,000	-	-	106,660,000	-
2010C Taxable Lease Revenue Bonds	1,240,000	-	(1,240,000)	-	-
2010D Taxable Recovery Zone Economic Development Lease Revenue Bonds	7,400,000	-	-	7,400,000	-
2016A Tax-Exempt Lease Revenue Bonds	21,865,000	-	-	21,865,000	-
2016A Bond Premium	4,264,070	-	(550,203)	3,713,867	-
2018A Tax-Exempt Lease Revenue Bonds	30,585,000	-	-	30,585,000	-
2018B Taxable Lease Lease Revenue Bonds	12,430,000	-	(1,370,000)	11,060,000	(1,655,000)
2018A Bond Premium	4,438,042	-	(184,919)	4,253,123	-
2018B Bond Discount	(59,360)	-	6,595	(52,765)	-
Accreted Interest on Capital Appreciation Bonds	8,823,978	1,387,948	-	10,211,926	-
Subtotal - Bonded Long-Term Liabilities	211,069,995	1,387,948	(3,518,527)	208,939,416	(3,310,000)
Compensated Absences	286,139	192,251	(226,762)	251,628	(199,413)
Total Long-Term Liabilities	\$ 211,356,134	\$ 1,580,199	\$ (3,745,289)	\$ 209,191,044	\$ (3,509,413)

## ROSE BOWL OPERATING COMPANY

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

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#### Note 4: Long-Term Debt (Continued)

##### 2010 Rose Bowl Lease Revenue Bonds

On November 18, 2010, the City of Pasadena issued four series of lease revenue bonds, Series 2010A through D (Rose Bowl Renovation Project) in the aggregate amount of \$155,873,265. Series A in the amount of \$36,808,265 contained \$25,220,000 of current interest bonds maturing between fiscal year 2019-2020 and fiscal year 2026-2027, with the remaining \$11,588,265 in the form of capital appreciation bonds maturing serially from fiscal year 2026-2027 to 2032-2033. Series B contained \$106,660,000 of taxable Build America Bonds. These bonds are in two coupons, the initial series maturing during fiscal year 2033-2034 and the final maturing during fiscal year 2042-2043. Series C contained \$5,005,000 of taxable bonds. These bonds mature serially from fiscal year 2014-2015 to fiscal year 2019-2020. Finally, Series D contained \$7,400,000 of taxable Recovery Zone Economic Development Bonds that have one maturity during fiscal year 2042-2043. The bonds, except for the capital appreciation bonds in Series 2010A, commenced interest payments on March 1, 2011, and are payable semiannually. The Company received \$154,878,301 of the proceeds from the bonds. The bonds were issued to finance improvements to the Rose Bowl Stadium, to fund capitalized interest on a portion of the 2010 Bonds, to fund a Bond Reserve Fund, and to pay the costs of issuance of the 2010 Bonds. Renovations of the existing Rose Bowl Stadium are proposed to continue to allow use by the UCLA Bruins football team, the Rose Bowl Game, Bowl Championship Series (BCS) games, soccer matches, concerts, and special events as well as to bring certain building systems up to current City Building Code requirements and improve public safety.

The 2010A bonds were partially refunded during the year ended June 30, 2017 with the 2016A bonds.

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

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

**ROSE BOWL OPERATING COMPANY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**

**Note 4: Long-Term Debt (Continued)**

2010 Rose Bowl Lease Revenue Bonds (Continued)

The total annual debt service requirements for the 2010 Lease Revenue Bonds including accretion as of June 30, 2020, are as follows:

June 30	Principal Payments				Accretion	Interest	Total
	Series A	Series B	Series C	Series D			
2021	\$ 1,655,000	\$ -	\$ -	\$ -	\$ 1,482,345	\$ 8,221,141	\$ 11,358,486
2022	-	-	-	-	1,583,125	8,138,391	9,721,516
2023	-	-	-	-	1,690,855	8,138,391	9,829,246
2024	-	-	-	-	1,805,991	8,138,391	9,944,382
2025	-	-	-	-	1,928,806	8,138,391	10,067,197
2026-2030	6,697,345	-	-	-	9,557,741	55,584,611	71,839,697
2031-2035	4,890,920	18,380,000	-	-	2,075,945	55,334,415	80,681,280
2036-2040	-	53,635,000	-	-	-	27,066,259	80,701,259
2041-2043	-	34,645,000	-	7,400,000	-	6,140,489	48,185,489
Total	\$ 13,243,265	\$ 106,660,000	\$ -	\$ 7,400,000	\$ 20,124,808	\$ 184,900,479	\$ 332,328,552

**Disclosure Related to Long-Term Debt Under GASB 88**

In case of default, the following is the course of action:

*(a) Upon the happening of any of the events & default, then it shall be lawful for the Authority or its assignee, subject to the terms of the Lease, with the consent of the Majority Holder, to (i) exercise any and all remedies available or granted to it under the Sublease or pursuant to law, to the extent not inconsistent with the remedies granted under the Sublease or (ii) by mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's or its assignee's rights against the City and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided in the Sublease. Upon the breach of any agreement, condition, covenant or term contained in the Sublease required to be observed or performed by the City, the Authority or its assignee may not exercise any rights of entry upon or repossession of the Leased Property. In the event of such default, the Authority or its assignee must thereafter maintain the Sublease in full force and effect and may only recover rent and other monetary charges as they become due, all without terminating the City's right to possession of the Leased Property, regardless of whether or not the City has abandoned the Leased Property; THIS SHALL BE THE SOLE AND EXCLUSIVE REMEDY AVAILABLE AGAINST THE CITY UNDER THE SUBLEASE OR OTHERWISE. THE AUTHORITY SHALL HAVE NO RIGHT UPON AN EVENT OF DEFAULT UNDER THE SUBLEASE BY THE CITY TO ACCELERATE THE RENTAL PAYMENTS. TERMINATE THE SUBLEASE OR RE-ENTER THE LEASED PROPERTY.*

2016 Rose Bowl Lease Revenue Bonds

On September 20, 2016, the City issued a 2016 Lease Revenue Bond, Series 2016A in the aggregate amount of \$27,642,127. The bond was issued to refund a portion of the 2010 Lease Revenue Series A Bond. Series 2016A contained \$23,385,000 of refunding bonds for the 2010 Lease Revenue Series A Bond.

Principal is payable in annual installments ranging from \$1,980,000 to \$5,130,000 commencing April 1, 2022 and ending April 1, 2027.

The balance outstanding at June 30, 2020 is comprised of the principal amount of \$21,865,000, plus unamortized deferred bond premium of \$3,713,867, for a total of \$25,578,867.

**ROSE BOWL OPERATING COMPANY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**Note 4: Long-Term Debt (Continued)**

2016 Rose Bowl Lease Revenue Bonds (Continued)

The annual debt service requirements for the 2016 Lease Revenue Bond as of June 30, 2020, is as follows:

June 30	Principal	Interest	Total
2021	\$ -	\$ 1,093,250	\$ 1,093,250
2022	1,980,000	1,093,250	3,073,250
2023	2,255,000	994,250	3,249,250
2024	4,310,000	881,500	5,191,500
2025	4,705,000	666,000	5,371,000
2026-2027	8,615,000	605,000	9,220,000
Total	\$ 21,865,000	\$ 5,333,250	\$ 27,198,250

2018 Rose Bowl Lease Revenue Bonds

On November 14, 2018, the City issued two 2018 Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2018A and 2018B in the aggregate amount of \$43,100,000. The 2018 bonds were issued to defease and refund all the 2013 Lease Revenue Bonds (Rose Bowl Renovation Project) and pay costs of issuance of the 2018 bonds.

The Series 2018A balance outstanding at June 30, 2020 is comprised of the principal amount of \$30,585,000, plus unamortized deferred bond premium of \$4,253,123, for a total of \$34,838,123.

The Series 2018B balance outstanding at June 30, 2020 is comprised of the principal amount of \$11,060,000, plus unamortized deferred bond discount of (\$52,765), for a total of \$11,007,235.

The annual debt service requirements for the 2018 Lease Revenue Bonds as of June 30, 2020, are as follows:

June 30	Principal Payments		Interest	Total
	Series A	Series B		
2021	\$ -	\$ 1,655,000	\$ 1,875,935	\$ 3,530,935
2022	-	1,865,000	1,820,099	3,685,099
2023	-	2,155,000	1,753,966	3,908,966
2024	-	665,000	1,706,568	2,371,568
2025	-	915,000	1,678,781	2,593,781
2026-2030	3,335,000	3,805,000	7,669,639	14,809,639
2031-2035	8,975,000	-	5,723,125	14,698,125
2036-2040	8,470,000	-	3,259,125	11,729,125
2041-2043	9,805,000	-	570,750	10,375,750
Total	\$ 30,585,000	\$ 11,060,000	\$ 26,057,988	\$ 67,702,988

**ROSE BOWL OPERATING COMPANY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**Note 4: Long-Term Debt (Continued)**

Pledge of Stadium Revenues

In accordance with the Company's bond indenture, the Company has pledged all of the future revenues to secure repayment of the aforementioned bonds. Proceeds from the bonds provided financing for the current construction at the Rose Bowl Stadium. The bonds are payable from net revenues and are payable through maturity. Annual principal and interest payments on the bonds are expected to require less than 67% of net revenues. The total principal and interest remaining to be paid on the bonds are \$407,104,982. Principal and interest paid for the current year and total net revenues were \$11,303,259 and \$33,636,354, respectively.

Golf Course

Long-Term liabilities for the year ended June 30, 2020, are as follows:

	Balance at July 1, 2019	Additions/ Accretions	Deletions/ Amortizations	Balance at June 30, 2020	Due in One Year
Golf Equipment Finance	\$ 724,761	\$ -	\$ (51,768)	\$ 672,993	\$ (51,769)
Compensated Absences	8,240	8,896	(6,143)	10,993	(8,195)
Total Long-Term Liabilities	<u>\$ 733,001</u>	<u>\$ 8,896</u>	<u>\$ (57,911)</u>	<u>\$ 683,986</u>	<u>\$ (59,964)</u>

Golf Equipment Finance

On June 15, 2018, the Company entered into an agreement with American Golf Corporation to finance \$776,530 worth of golf equipment to be paid over a 15 year period at \$51,769 per year. There is no interest charged on this purchase.

**Note 5: Net Position**

Net position for the Rose Bowl Stadium at June 30, 2020, consisted of the following:

Net investment in capital assets:	
Property, plant and equipment, net	\$ 170,795,748
Less:	
Net carrying value of capital-related debt	(174,826,216)
Accounts payable on construction in progress	(533,474)
Total net investment in capital assets	<u>(4,563,942)</u>
Restricted for debt service	15,712,015
Unrestricted net deficit	<u>(29,751,625)</u>
Total net position	<u>\$ (18,603,552)</u>

**ROSE BOWL OPERATING COMPANY****NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**

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**Note 5: Net Position (Continued)**

Net position for the Golf Course at June 30, 2020, consisted of the following:

Net investment in capital assets:	
Property, plant and equipment, net	\$ 7,561,728
Less:	
Outstanding debt issued to construct capital assets	(672,993)
Total net investment in capital assets	<u>6,888,735</u>
Unrestricted net position (designated):	
Designated for future CIP and major maintenance	422,427
Designated for debt service	672,993
Total designated net position	<u>1,095,420</u>
Undesignated net position	9,437,147
Total unrestricted net position	<u>10,532,567</u>
Total net position	<u>\$ 17,421,302</u>

**Note 6: Defined Benefit Pension Plan****Miscellaneous Plan:**Description of Plan

The Rose Bowl Operating Company participates in cost-sharing multiple-employer defined benefit pension plans (Miscellaneous and PEPRA) administered by the California Public Employees' Retirement System (CalPERS). All qualified permanent and probationary employees are eligible to participate. Benefit provisions under the Plans are established by State statute and the Company's Board of Directors.

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.

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. These PEPRA members in pooled plans are reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in response to the passage of PEPRA, beginning with the June 30, 2013, risk-pool valuations. The PEPRA Plan of the Company went into effect during the measurement period ending June 30, 2014.

**ROSE BOWL OPERATING COMPANY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**Note 6: Defined Benefit Pension Plan (Continued)**

The Plans provisions and benefits in effect at June 30, 2019, the measurement date, are summarized as follows:

	Miscellaneous*	PEPRA Miscellaneous
	Prior to January 1, 2013	January 1, 2013 and after
Hire date	January 1, 2013	and after
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 and up	52 and up
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	10.61%	6.84%

\* Closed to new entrants.

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. Funding contributions for the Miscellaneous Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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 Company is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal year ended June 30, 2020, the Company made contributions to the Plans totaling \$537,091.

Pension Liabilities (Assets), Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

As of June 30, 2020, the Company reported a net pension liability for its proportionate share of the net pension liability of each Plan of \$2,788,864.

The Company's net pension liability (asset) for the Plans is measured as the proportionate share of the net pension liability. The net pension liability (asset) of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability (asset) was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. The Company's proportion of the net pension liability was based on a projection of the Company's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Company's proportionate share of the net pension liability for the Plans as of June 30, 2018 and 2019, was as follows:

	Miscellaneous
Proportion - June 30, 2018	0.06867%
Proportion - June 30, 2019	0.06964%
Change - Increase (Decrease)	0.00097%

**ROSE BOWL OPERATING COMPANY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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**Note 6: Defined Benefit Pension Plan (Continued)**

For the year ended June 30, 2020, the Company recognized pension expense of \$741,782 for the Plans. At June 30, 2020, the Company reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 537,091	\$ -
Unamortized difference between employer contributions and the plans proportionate share of aggregate employer contributions	-	-
Differences between expected and actual experience	175,639	(13,608)
Changes of assumptions	120,587	(42,747)
Net difference between projected and actual earnings on pension plan investments	-	(44,212)
Changes in proportion and differences between employer contributions and proportionate share of contributions	251,773	(32,811)
Total	<u>\$ 1,085,090</u>	<u>\$ (133,378)</u>

The \$537,091 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Deferred Outflow (Inflow) of Resources
2021	\$ 316,609
2022	37,026
2023	52,052
2024	8,934

ROSE BOWL OPERATING COMPANY

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 6: Defined Benefit Pension Plan (Continued)**

Actuarial Assumptions

For the measurement period ended June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018, total pension liability. The June 30, 2018 and the June 30, 2019, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68.
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

Change in Assumptions

For the measurement date, June 30, 2019, there were no changes of assumptions.

ROSE BOWL OPERATING COMPANY

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

Note 6: Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 fund. The expected rate of return was set by calculating the rounded 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class <sup>1</sup>	New Strategic Allocation	Real Return Years 1-10 <sup>2</sup>	Real Return Years 11+ <sup>**</sup>
Global Equity	50.00%	4.80%	5.98%
Global Debt Securities	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

- (1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity
- (2) An expected inflation of 2.0% used for this period.
- (3) An expected inflation of 2.92% used for this period.

## ROSE BOWL OPERATING COMPANY

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

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#### Note 6: Defined Benefit Pension Plan (Continued)

##### Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) 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 (asset) 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:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability/(Assets)	\$ 4,316,418	\$ 2,788,864	\$ 1,527,977

#### Note 7: Advance

During the year ended June 30, 2018, the Company signed an agreement with Levy Premium Food Service to buy out the contract of SodexoMagic. This agreement provided the company an advance of \$1,000,000 to purchase capital improvements. The Company must reimburse the vendor \$100,000 per year over 10 years expiring on June 30, 2028. The total amount due at June 30, 2020 was \$800,000. Any unpaid or unrecouped portion of the advance shall be reimbursed to Levy Premium Food Service as a precondition to the effectiveness of termination of the agreement for any reason.

#### Note 8: Self-Insurance Program

The Company is part of the City's self-insurance program for general liability insurance. The City carries no excess liability insurance.

#### Note 9: Golf Course Management Agreement

The Golf Course is operated and maintained by American Golf Corporation (AGC) under the terms of an agreement, effective June 15, 2018, and expires on June 30, 2028. The agreement entitles AGC to a base management fee of \$325,000 per year and increased annually thereafter based upon the change in the CPI for each ensuing operating year. The increase shall not be more than 5% annually, and in no event shall there be a decrease, even if there is a decrease in the CPI. In addition, if the net operating income exceeds the targeted net operating income, AGC shall be entitled to an incentive management fee in each operating year equal to the lesser of the amount by which the net operating income exceeds the targeted net operating income or \$40,000. In each operating year that net operating income exceeds the targeted net operating income by more than \$40,000, AGC shall be entitled to a second incentive management fee equal to 15% of the net operating income in excess the base target.

#### Note 10: Related Party Transactions

During the current year, the Company incurred charges for the use of the City's building maintenance (electricians, plumbers), locksmiths, printing, and mail services. These nonevent expenses totaled \$1,859,186 and are included within general and administrative expenses. During the current year, the Company also paid the City for police, fire, and public works services, primarily for events, amounting to \$2,393,906. At June 30, 2020, amounts payable to the City totaled \$583,417.

**ROSE BOWL OPERATING COMPANY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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**Note 10: Related Party Transactions (Continued)**

In addition, at June 30, 2020, the Company has amounts receivable from the City related to the 2006 bond refunding in the amount of \$471,481.

**Note 11: Income Taxes**

The Company is exempt from federal incomes taxes under the Internal Revenue Code, as it is an instrument of the City of Pasadena and treated as a governmental entity.

**Note 12: Subsequent Events**

The City of Pasadena agreed to make a contribution of approximately \$11,372,000 to the Company by making debt service payments on behalf of the Company during the fiscal year ended June 30, 2021.

**Note 13: COVID 19 Pandemic**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of an outbreak of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. The Company’s operations are dependent on the ability to host enterprise, Flea Market, and up to 15 major events per year. Despite COVID-19, there is increased public interest in Golf, which is reflected in the increased rounds.

Additionally, access to contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation is expected to depress the Stadium’s ability to host large gatherings as well as associated ancillary revenues streams such as advertising, concessions, parking and other areas in which the Company receives revenue during fiscal year 2021. The outbreak could also have other potential impacts, including disruptions or restrictions on employees’ ability to work. As such, this may hinder the ability for the Company to meets the needs of its customers. The Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have a material effect on the Company’s results of future operations and financial position in fiscal year 2021.

**ROSE BOWL OPERATING COMPANY**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
CALPERS MISCELLANEOUS PENSION PLAN**

**Last Ten Years\***

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.06964%	0.06867%	0.06821%	0.06766%	0.07266%	0.02717%
Plan's proportionate share of the net pension liability	\$ 2,788,864	\$ 2,587,867	\$ 2,688,676	\$ 2,350,455	\$ 1,993,478	\$ 1,690,891
Plan's covered payroll	\$ 3,083,082	\$ 2,798,456	\$ 2,583,602	\$ 2,183,555	\$ 2,292,759	\$ 2,304,751
Plan's proportionate share of the net pension liability as a percentage of its covered - employee payroll	90.46%	92.47%	104.07%	107.64%	86.95%	73.37%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	77.69%	75.39%	75.87%	78.40%	76.63%
Plan's proportionate share of aggregate employer contributions	\$ 355,030	\$ 302,458	\$ 262,966	\$ 410,605	\$ 211,985	\$ 103,894

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expenses.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

Demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions

\* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only six years are shown

ROSE BOWL OPERATING COMPANY

SCHEDULE OF PLAN CONTRIBUTIONS - MISCELLANEOUS COST SHARING PLAN

Last Ten Years\*

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 537,091	\$ 470,264	\$ 403,984	\$ 371,534	\$ 317,561	\$ 324,587
Contributions in relation to the actuarially determined contributions	<u>(537,091)</u>	<u>(470,264)</u>	<u>(403,984)</u>	<u>(371,534)</u>	<u>(317,561)</u>	<u>(324,587)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 3,273,956	\$ 3,083,082	\$ 2,798,456	\$ 2,583,602	\$ 2,373,593	\$ 1,922,101
Contributions as a percentage of covered payroll	16.40%	15.25%	14.44%	14.38%	13.38%	16.89%

Notes to Schedule:

Valuation Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:						
Actuarial cost method	Entry age					
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	15 Year Smoothed Market Method				
Inflation	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) 50 for all plans with the exception of 52 for Miscellaneous PEPRA 2%@62
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\* Fiscal year 2015 was the 1st year of implementation, therefore, only six years are shown.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Rose Bowl Operating Company  
Pasadena, California

We have audited, in accordance with the 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, the financial statements of the Rose Bowl Operating Company (the Company), a component unit of the City of Pasadena, California, as of and for the year ended June 30, 2020 and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2020.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Company's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Irvine, California  
December 16, 2020

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,  
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

