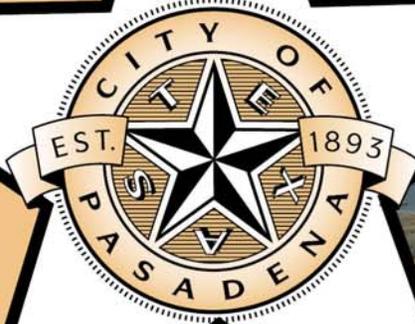


**City of Pasadena, Texas  
Comprehensive Annual Financial Report  
For The Fiscal Year Ended September 30, 2009**

*Sam Houston*





**CITY OF PASADENA, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2009**

**PREPARED BY:  
OFFICE OF THE CITY CONTROLLER  
WAYNE F. LONG, JR., CPA  
CITY CONTROLLER**



**CITY OF PASADENA, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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## **INTRODUCTORY SECTION**





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# CITY OF PASADENA

## OFFICE OF THE CITY CONTROLLER

March 2, 2010

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

The comprehensive annual financial report of the City of Pasadena, Texas, ("City") for the fiscal year ended September 30, 2009, including the independent auditors' report, is presented to comply with both local charter and state statutes.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Belt Harris & Associates LLLP, Certified Public Accountants, issued an unqualified (clean) opinion on the City of Pasadena, Texas' financial statements for the fiscal year ended September 30, 2009. The independent auditors' report is presented as the first component of the financial section of this report.

This letter of transmittal is designed to compliment management's discussion and analysis (MD&A) and should be read in conjunction with it. The City's MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The City's MD&A can be found immediately following the independent auditors' report, on pages 15-26.

### ***Profile of the Government***

The City of Pasadena is located in southeast Texas, along the Houston Ship Channel. It is the largest suburban city in the Houston metropolitan area and the fifteenth largest city in Texas. The City currently has a land area of 59.2 total square miles, and is divided into 15.5 square miles of industrial area and 43.7 square miles of residential/commercial area, with an estimated population of 150,180 in 2009 (141,674 in the 2000 Census). It was first settled in 1893 and was incorporated December 28, 1928. The City adopted the "Home Rule Charter" on December 12, 1964, pursuant to the laws of the State of Texas.

The City operates under a "Strong Mayor-Council" form of government. Council members can serve a maximum of four consecutive two-year terms and are elected from eight single member districts. The mayor is elected by voters of the entire city and serves four-year terms with a limit of two consecutive terms. Together, the Mayor and the eight members of City Council are responsible for

enacting legislation, adopting budgets, determining the policies of the City, and ultimately providing services to the citizens as authorized by the City's Charter.

The City of Pasadena provides a full range of municipal services including: police and fire protection, traffic and municipal courts, sanitation services, construction and maintenance of streets and related infrastructure, water and sewer systems, recreational activities, (i.e. parks, swimming pools, baseball diamonds, tennis courts, jogging and biking trails, golf course and libraries), and cultural event facilities, including a convention center, a senior citizen center, an athletic/recreational center, and the Verne Cox Multipurpose Center for special needs citizens.

The City Charter requires the adoption of the City budget no later than September 27<sup>th</sup>. The appropriated budget is prepared by fund, function, and department/division. Within the department/division, it is categorized further by object and subject. City department heads may make transfers between two subjects within the same object (e.g. transfer between postage and office supplies within the object of materials and supplies). Any other transfers or changes to the appropriations require the approval of City Council and an amendment to the budget. For additional information on the City's budgetary practices, see Note III.A on page 55, in the notes to financial statements.

### ***Local Economy***

The City of Pasadena is an area rich with history of Texas' independence and has taken a combination of abundant natural resources, advantageous location and a determination to succeed to build a community of strong families and dynamic businesses. The metropolitan area offers various opportunities to serve the citizens in their professions and amenities for their leisure time.

The City has connections to the energy sector, industry and manufacturing, aeronautics, and medicine creating a diversity that locally stabilizes the down swings of the nation's current economy. The City has strong connections to other industries such as petrochemicals and construction materials and also benefits significantly with its close proximity to the Port of Houston, a 25-mile-long complex of diversified public and private facilities and hundreds of private industrial companies, including the new Bayport Container and Cruise Terminal. The Port is ranked first in the United States in foreign water-born tonnage and second in the U.S. in total tonnage. The Bayport will generate close to 12,000 jobs over the first 10 years. Added economic impact to the region means more than \$1 billion in new business revenues each year. The Port related businesses not only supports the City of Pasadena's local economy, but throughout Texas generates nearly \$118 billion of statewide economic impact.

There are opportunities in the metropolitan area with proposed plans for new businesses and construction in its future. Historically, because of the diversity in the area, the metropolitan complex tends to lag the nation going in, coming out, and suffers less during a recession. This appears to be the case with the current recession, which the City is weathering better than other cities. A significant indicator that impacts the economic condition is the employment and unemployment statistics. In December 2008, the unemployment rate was 7.6 percent. In December 2009, the Texas Workforce Commission reported the local unemployment rate increasing to 8.1 percent, with the national average rate climbing to 9.7 percent.

The metropolitan area's growth advantage, oil and natural gas, is stabilizing. Oil prices are strong, especially given that the global recession continues to dampen the demand and OPEC has not had to further reduce production. This strength in oil prices is helping to counter the depressed natural gas market. All this is indicators are encouraging and brighten the metropolitan area's near-term outlook.

In spite of the State Comptroller's report of significant declines in state sales tax revenues in 2009, the sales tax revenue for the City, including its two component units, the Pasadena Second Century Corporation and the Pasadena Crime Control and Prevention District, has shown an increase of \$3,084,559 or 9.8% for the fiscal year ended September 30, 2009. However, such increase was short lived as it was being supported by Hurricane Ike repairs from homeowners and businesses recovering from the disaster. The sales tax revenues have since declined 22.5 percent through the first quarter of fiscal year 2010, evidenced by job losses leading to less spending.

Along with declining in sales tax revenues, the City is also experiencing a declines in property taxable values, industrial district fees, and fewer construction permits are being issued.

Housing and real estate sales are another indicator of our local economic conditions. Real estate sales and pricing for Houston and the metropolitan area have been sagging. Single-family home sales declined 2.1 percent from FY 2008. In this area the single-family home median prices are showing increases after a January low of \$128,000 area average single-family home price. Nationally prices could continue falling because they are still too high compared to incomes and rents, but currently in Pasadena they have leveled out.

Demand for rental properties is decreasing and rents continue to decline as companies continue to scale back. Renting is an attractive option in this uncertain economy by attracting would-be home buyers who may be reluctant or unable to commit to purchasing a home at this time. Monthly occupancy rates for apartments and office space are still decreasing.

The economists at the Institute for Regional Forecasting (IRF) have observed that the local economy is moving towards stabilization, but not yet recovery. They believe that the local economy has weathered the worst of the downturn which reached its peak in early 2009. They were encouraged to see a moderate trend in employment losses over the last quarter of 2009 and consider it a positive sign for the future.

### ***Long-term Financial Planning***

The City's long-term plans are investing in infrastructure, its employees, and basic services at an affordable rate are always the City's policy direction. While scaling back the proposed sale of tax-supported bonds, the City anticipates maintaining a level of work consistent with past years to ensure that projects underway are completed and important new projects, including the new fire stations, are funded. The long term planned Capital Improvement Plan and the City's restructured debt payment schedule, have contributed to the success in implementation of new improvements. The citizens, businesses, and neighborhoods have and will continue to see the positive benefits resulting from various improvement projects carried out into the future.

The Pasadena Second Century Corporation (PSCC), a legally separate entity, provides funding to many of the City's capital improvement projects. Some of the funded street projects are in several phases of completion. The reconstruction cost for Vista totals over \$11.5 million, Pasadena Boulevard with approximately \$4.3 million, Fairmont Parkway is over \$6 million, and Main Street totaling \$5 million. Other projects funded by PSCC include the North Pasadena Redevelopment Project and many other improvements to promote the City's economy.

The Pasadena Crime Control and Prevention District, another legally separate entity, provides funding for the newly constructed police complex and other public safety projects in the City. Additional information on these two legally separate entities can be found in the notes to the financial statements. (See Note I.A on page 47).

The 2010 budget includes a two percent across-the-board raise for City employees. Health insurance rates will remain steady through 2010. The City is self insured but contracts with UMR to administer its health insurance benefits. The City provides a \$10/month discount in insurance premiums to encourage the employees' participation in the Health Awareness Program to reduce potential health insurance costs by keeping employees aware of health issues. The City has also opened its own health clinic to assist employees and their families with medical needs from prescriptions to minor medical services. To further ease the costs of maintaining employees' health, the City has also provided each employee with a \$1,000 Benefits Benny Card to be used for co-pays, prescription drugs, and over-the-counter medications.

The City provides other post employment benefits (OPEB) to its retirees in the form of medical and dental benefits. The City implemented the requirement of the Government Accounting Standards Board (GASB) Statement 45, which requires the City to measure and report the long-term costs of these benefits.

The GASB 45 valuation of OPEB as of December 31, 2006 listed the City's total actuarial accrued liability in the amount of \$82,305,117. The City re-evaluated the design of its retiree benefit plan, taking into consideration of critical issues, such as access to coverage when retired, affordability to the retired member, sustainability of the benefit plan and equity among the population segments. After much debate of various

options and alternatives, the City has chosen not to pay for the premium of a retirees' spouse's Medicare supplement, resulting in a reduction of approximately 27% the City's actuarial accrued liability.

### ***Relevant Financial Policies***

In September 2009 City Council approved an agreement between the City of Pasadena and the Port of Houston Authority designating a portion of the area located within Pasadena's extraterritorial jurisdiction known as an Industrial District establishing it as the Port Industrial District. Declaring this tract of land de-annexed and discontinued as part of the City of Pasadena, Texas. This agreement's term is for 14 ½ years when it can be renewed or Pasadena will have the right to immediately begin annexation proceedings to re-annex this property. The agreement is for the Port to pay Pasadena \$5,000,000 which includes a \$500,000 fee to Pasadena for providing fire protection. Also, Pasadena will be collecting quarterly payments equal to 2 percent of revenues that are subject to State of Texas sales taxes that are received by the Port from private third party business activity within the Port Industrial District in lieu of sales tax. This agreement could cause a substantial decrease in the City's sales tax collections.

The City of Pasadena is still recovering from the devastation caused by Hurricane Ike in 2008 with City damages totaling over \$15 million. FEMA has disbursed \$9.1 million of the \$10.1 million that has been approved for Public Assistance Grants and the City's insurance company has paid \$4.2 million with additional payments being negotiated for damages discovered at a later date. Most of the damages to the Convention Center, Parks and Recreation facilities, Fire Stations, and various other facilities have been repaired. But the City's office building located at 901 Curtis suffered major damage from Hurricane Ike in the estimated amount of over \$3 million. The City has opted not to repair the building at this time but is conducting a space study as part of the overall plans for this building. Without the 901 Curtis building, the City is claiming further losses of rental income from office space that was located in the building. The Pasadena Police Department has moved into their new state-of-the-art building with plans to demolish the old police building, but the City departments located in 901 Curtis, displaced by Hurricane Ike, are now relocated in the Municipal Services Building (a.k.a. the Old Police Department). Major remodeling and repairs had to be done to accommodate these departments. Overall the City has felt the negative impact due to Hurricane Ike but the recovery efforts of its citizens and employees are commendable.

Because of the uncertainty in today's economy, the City is contemplating establishing a stabilization arrangement, which is funds formally set aside for use in emergency situations or when revenue shortages or budgetary short falls arise. This would be a precautionary for deficiencies that may occur in revenues, such as sales tax, or in case of an emergency situation, such as Hurricane Ike in 2008, by formally committing or assigning a certain amount of funds with dictated circumstances under which they can be spent. A formal arrangement for such arrangements would have to pass City Council by ordinance or resolution.

### ***Major Initiatives***

The North Pasadena Redevelopment Plan is in progress. The City is encouraging its citizens to participate in this plan to redevelop the deteriorating northern side of Pasadena. Combining efforts of the City and Pasadena Second Century Corporation (PSCC) together are working as improvements to streets, sidewalks and businesses are happening all around this area. The plan includes redevelopment options and implementation phases to enhance the appearance and to encourage investments in the 23 square miles of northern Pasadena.

North Pasadena is conveniently located in close proximity to major employers such as the Port of Houston, numerous refineries, the City of Houston, and the Johnson Space Center (NASA). Improvements to this area will make it more attractive to middle-income residents who will lure retailers and developers alike, increasing the sustainability of the City's tax base for North Pasadena.

Harris County Transit along with PSCC and San Jacinto College have created a regular bus route that runs from North Pasadena down to Fairmont Parkway, a major local thoroughfare, and to the City of LaPorte and back. The buses will also transport citizens from a centrally located Park and Ride lot in North Pasadena to the medical center in Houston and surrounding areas. This expands transportation alternatives for mobility in local shopping, medical, educational, and recreational destinations, thus further enhancing the appeal of North Pasadena.

Another major initiative for the City of Pasadena is to provide current City information through Channel 16, Pasadena's cable television channel. Citizens can stay up-to-date by watching the locally televised channel with broadcasted Council meetings, construction updates, and information about events happening in Pasadena. The City also offers many other channels of communication to the citizens through the City Gram email updates, a quarterly Inside City Hall newsletter and a newly designed user friendly website. The City has recently included Nixle which is an email and text messaging system used to alert citizens in emergency situations.

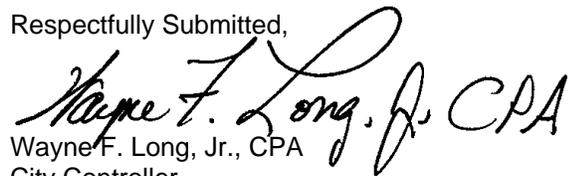
### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2008. This was the fifteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

This report could not have been completed without the efficient and dedicated service of the entire staff of the City Controller's Office. Our sincere gratitude is extended to the Mayor, City Council, and all City employees for their support and leadership in conducting the financial operations of the City throughout the year.

Respectfully Submitted,



Wayne F. Long, Jr., CPA  
City Controller

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pasadena  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2008

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



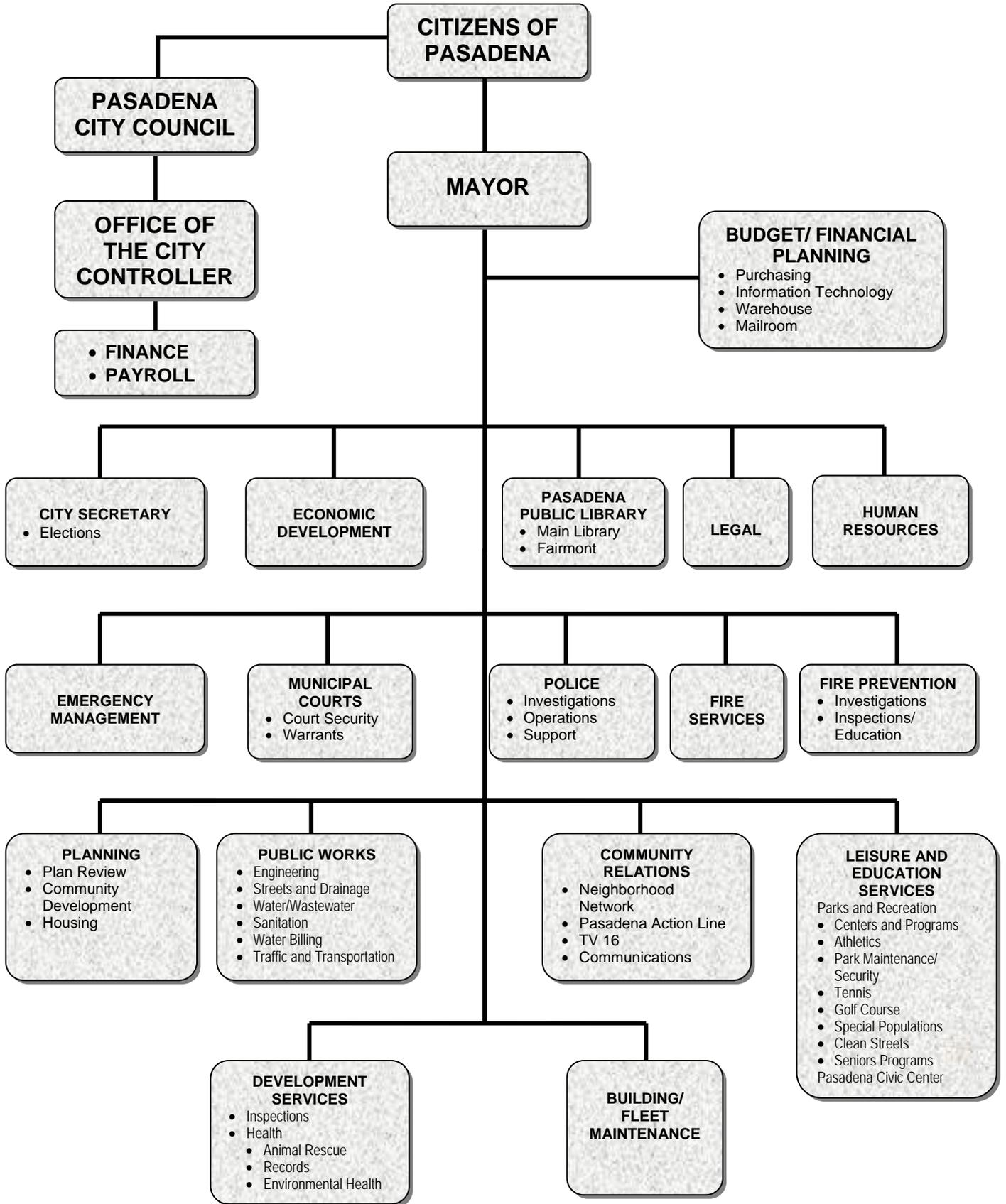
A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emery".

Executive Director

# CITY OF PASADENA, TEXAS ORGANIZATION CHART



**CITY OF PASADENA, TEXAS  
PRINCIPAL OFFICIALS**

**MAYOR**

JOHNNY ISBELL

**BUDGET & FINANCIAL PLANNING**

ANDY HELMS

**CITY COUNCIL**

DISTRICT A  
DISTRICT B  
DISTRICT C  
DISTRICT D  
DISTRICT E  
DISTRICT F  
DISTRICT G  
DISTRICT H

ORNALDO YBARRA  
JACKIE WELCH (MAYOR PRO-TEM)  
DON HARRISON  
PAT VAN HOUTE  
ERV BRANNON  
PHIL CAYTEN  
STEVE COTE  
DARRELL MORRISON

**CITY CONTROLLER**

WAYNE F. LONG, JR., CPA

**CITY SECRETARY**

LINDA RORICK

**CITY ATTORNEY**

LEE CLARK

**DIRECTOR OF PERSONNEL**

RANDY PERRY

**DIRECTOR OF PUBLIC WORKS**

ROBIN GREEN

**CHIEF OF POLICE**

MICHAEL THALER  
Chief of Police

**FIRE CHIEF**

LANNY ARMSTRONG

**FIRE MARSHALL**

DAVID BRANNON

**DIRECTOR OF COMMUNITY RELATIONS**

RICHARD SCOTT

**DIRECTOR OF PLANNING**

MELVIN EMBRY

**DIRECTOR OF HEALTH**

THAD GINN

**DIRECTOR OF PARKS/RECREATION**

KIRBY CARDENAS

**DIRECTOR OF ECONOMIC DEVELOPMENT**

PAUL DAVIS

**PRESIDING JUDGE, MUNICIPAL COURTS**

LESTER RORICK

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**FINANCIAL SECTION**





## ***INDEPENDENT AUDITORS' REPORT***

To the Honorable Mayor and  
Members of the City Council  
City of Pasadena, Texas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pasadena, Texas (the "City"), as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund and certain grant management (major special revenue funds) – Federal Equitable Sharing of Forfeited Property Justice and Treasury Department Grant thereof for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

- 11 -

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The Management's Discussion and Analysis on pages 15 through 26 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Belt Harris & Associates, LLLP  
*Certified Public Accountants*  
Houston, Texas  
March 2, 2010

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**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Pasadena's ("City") Comprehensive Annual Financial Report ("CAFR") presents a narrative overview and analysis of the financial performance of the City for the fiscal year ended September 30, 2009. This discussion and analysis includes comparative data for fiscal year 2008. Please read it in conjunction with the transmittal letter, in the introductory section of this report, and the City's financial statements following this section.

### FINANCIAL HIGHLIGHTS

Some of the City's financial highlights for the fiscal year ended September 30, 2009 are as follows:

#### Government-Wide Financial Statements

The City's assets exceeded its liabilities by \$671,897,260 (net assets), showing an increase of \$9,500,867 (1.4%) compared to the prior fiscal year of \$662,396,393. Total net assets of the City are comprised of the following:

Capital assets, net of related debt, of \$609,340,366 (90.7%) include land, improvements, construction in progress, and other capital assets, net of accumulated depreciation, and reduced by outstanding debt, and net unspent proceeds related to the construction of capital assets.

Net assets of \$42,508,787 (6.3%) are restricted by constraints imposed from outside the City such as debt covenants, laws, and regulations.

Net assets of \$20,048,107 (3.0%) represent the unrestricted portion available to meet the City's ongoing obligations to citizens and creditors.

#### Fund Financial Statements

The City's governmental funds reported combined fund balances of \$99,058,227. This compares to the prior fiscal year combined fund balances of \$93,678,845, showing an increase of \$5,379,382 (5.7%). Approximately 94.9% of the fund balances, \$93,993,583, is available for spending at the City's discretion (unreserved, undesignated fund balance).

At the end of fiscal year, general fund had a total fund balance of \$25,554,979. The unreserved and designated portion of the fund balance was \$2,997,553. The unreserved, undesignated portion of the fund balance was \$22,557,426 or 26% of total general fund expenditures of \$86,820,572. The City has a policy which requires the unreserved, undesignated portion of the fund balance to be equivalent to two months of regular general fund operating expenditures. At the end of September 30, 2009, the unreserved, undesignated fund balance exceeded this required balance by \$8,087,331.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Pasadena's basic financial statements. The City's basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other information such as statistical data.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The first of the government-wide statements is the Statement of Net Assets. This statement shows the City of Pasadena's total assets and liabilities with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The second government-wide statement is the Statement of Activities, which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the Statement of Activities is to show the relative financial burden of the City's distinct functions/programs on its taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, health, culture and recreation, housing and community development. Business-type activities include water and sewer operations.

The government-wide financial statements include the City of Pasadena (*the primary government*), and the Pasadena Crime Control and Prevention District, a legally separate entity, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information of the City. The Pasadena Second Century Corporation, also a legally separate entity, is operated like a department of the City and therefore its financial information has been included as an integral part of the City (the primary government).

The government-wide financial statements can be found on pages 27-29 of this report.

**Fund Financial Statements.** A fund is an accountability unit used to maintain control over resources that have been segregated for specific activities or objectives. The City of Pasadena uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. All of the City's funds can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds** are used to account for essentially the same functions as the governmental activities in the government-wide financial statements, but with a narrower focus. Governmental fund financial statements report short-term fiscal accountability, focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Comparing the information presented in the governmental fund statements with similar information presented for governmental activities in the government-wide financial statements can provide useful information because of the different focus. With the long-term focus of the government-wide statements, a reader may be able to better understand the long-term effects of the near term financing decisions. Both the governmental fund Balance Sheet and the government fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Pasadena maintains nine individual governmental funds. Information for the general fund, debt service fund, Pasadena Second Century Corporation fund, capital projects fund, and grant management fund is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All of the aforementioned funds are considered to be major funds. Information from the remaining four funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is presented in the Combining and Individual Fund Statements and Schedules section of this report.

The City of Pasadena adopts an annual appropriated budget for its general fund, debt service fund, the Federal equitable sharing of forfeited property of Justice and Treasury Departments within the grant management fund and four nonmajor governmental funds. The budgetary comparison statements/schedules for these funds can be found either in the Governmental Fund Financial Statements or in the Combining and Individual Fund Statements and Schedules section. The budgetary comparisons are presented to demonstrate compliance and show comparisons between the original/ final budgets and the actual amounts.

The basic governmental fund financial statements can be found on pages 30-39 of this report.

**Proprietary funds.** The City has two types of proprietary funds: enterprise fund and internal service funds. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide statements. The City uses the enterprise fund to account for its water and sewer system operations. Internal service funds provide services and charge fees to departments within the City. The City of Pasadena uses these internal service funds to account for technical services, warehouse, fleet facility operations, mailroom, and risk management services - in regards to workers compensation claims, general liabilities, and health benefits. Since the internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements, but in more detail. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual internal service fund information is presented in the Combining and Individual Fund Statements and Schedules section of this report.

The basic proprietary financial statements can be found on pages 40-45 of this report.

**Notes to the financial statements.** The accompanying notes provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the fund financial statements and can be found on pages 47-78.

**Other information.** The combining and individual fund statements and schedules referred to earlier in connection with budgetary schedules, nonmajor governmental funds, and internal service funds can be found on pages 79-105.

### Government-Wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. The City's assets exceeded liabilities by \$671,897,260 at fiscal year ended September 30, 2009.

#### CITY OF PASADENA Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 137,633,720	\$ 141,499,782	\$ 36,927,673	\$ 36,675,133	\$ 174,561,393	\$ 178,174,915
Capital assets	537,276,151	513,128,481	244,295,058	239,790,364	781,571,209	752,918,845
<b>Total assets</b>	<b>674,909,871</b>	<b>654,628,263</b>	<b>281,222,731</b>	<b>276,465,497</b>	<b>956,132,602</b>	<b>931,093,760</b>
Long-term liabilities, outstanding	156,303,282	135,792,359	102,882,083	105,166,297	259,185,365	240,958,656
Other liabilities	15,853,736	19,659,251	9,196,241	8,079,460	25,049,977	27,738,711
<b>Total liabilities</b>	<b>172,157,018</b>	<b>155,451,610</b>	<b>112,078,324</b>	<b>113,245,757</b>	<b>284,235,342</b>	<b>268,697,367</b>
Net assets:						
Invested in capital assets, net of debt	452,908,289	431,100,171	156,432,077	155,671,798	609,340,366	586,771,969
Restricted	40,253,459	48,856,439	2,255,328	988,591	42,508,787	49,845,030
Unrestricted	9,591,105	19,220,043	10,457,002	6,559,351	20,048,107	25,779,394
<b>Total net assets</b>	<b>\$ 502,752,853</b>	<b>\$ 499,176,653</b>	<b>\$ 169,144,407</b>	<b>\$ 163,219,740</b>	<b>\$ 671,897,260</b>	<b>\$ 662,396,393</b>

By far the largest portion of the City's net assets, \$609,340,366 (90.7%), reflects its investment in capital assets (e.g., land, building, machinery, equipment, and infrastructure), less any related outstanding debt used to acquire those assets. These assets are used to provide services to citizens; consequently, they are not available to be used for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

This portion of the City's net assets increased by \$22,568,397 (3.8%) compared to prior fiscal year of \$586,771,969. The increase was due to the starting and completion of numerous capital project activities including the police complex which was capitalized in the amount of \$25,178,666 and of that amount \$2,343,321 was current year. A number of paving projects were also either started or completed and capitalized as infrastructure, approximately \$11,566,635.

The second portion of the City's net assets, \$42,508,787 (6.3%), represents resources that are subject to external restrictions on how they may be used. This compared to the prior fiscal year of \$49,845,030, showing a decrease of \$7,336,243 (14.7%). Restricted capital projects net assets decreased by \$6,713,198 due to the increase of capital project expenditures during the year.

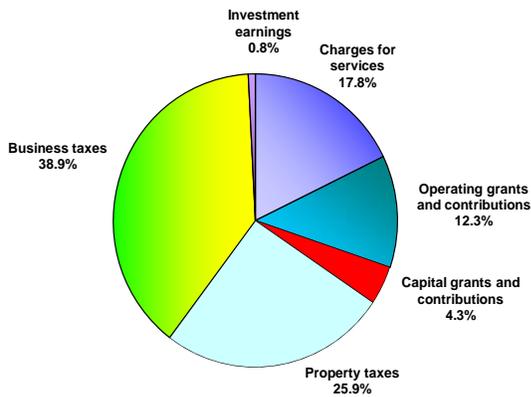
The third and final portion of the City's net assets, \$20,048,107 (3.0%) represents unrestricted resources that can be used to meet the City's ongoing obligations to citizens and creditors. This portion of net assets decreased by \$5,731,287 (22.2%) compared to the prior fiscal year of \$25,779,394. This large decrease can be traced to (1) the recording of GASB 45 other post employment benefits in the amount of \$4,976,623 for the first time and (2) the increase of compensated absences liability totaling \$3,669,614 (15%) over the prior year with the largest increase in the public safety function.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets.

**CITY OF PASADENA  
Changes in Net Assets**

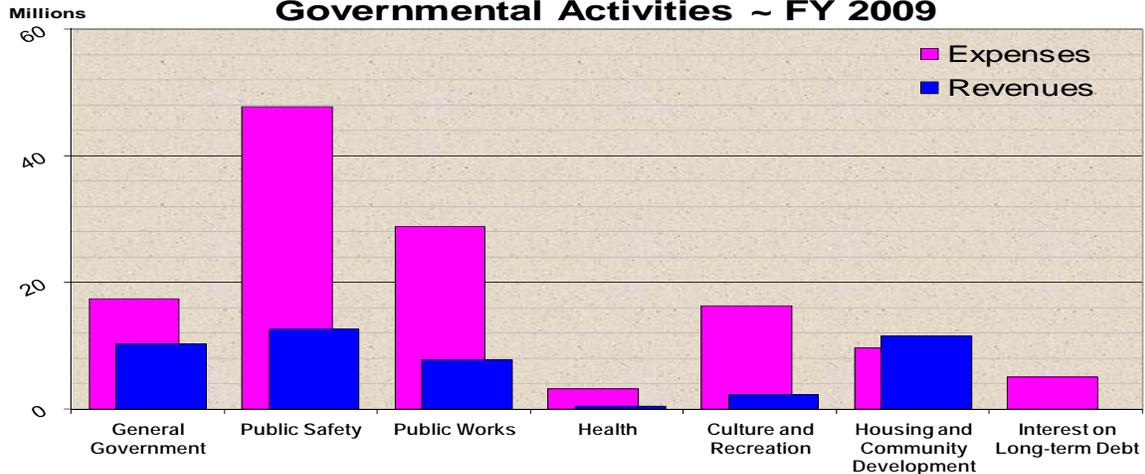
	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 23,234,125	\$ 25,636,536	\$ 36,054,350	\$ 30,489,659	\$ 59,288,475	\$ 56,126,195
Operating grants and contributions	16,102,417	15,960,153	-	-	16,102,417	15,960,153
Capital grants and contributions	5,578,582	5,215,499	35,000	-	5,613,582	5,215,499
General revenues						
Property taxes	33,728,265	31,071,723	-	-	33,728,265	31,071,723
Business taxes	50,002,130	47,030,888	-	-	50,002,130	47,030,888
Other taxes	698,023	691,263	-	-	698,023	691,263
Investment earnings	1,049,352	4,338,777	158,920	683,668	1,208,272	5,022,445
Gain on sale of capital assets	-	73,265	-	-	-	73,265
<b>Total Revenues</b>	<u>130,392,894</u>	<u>130,018,104</u>	<u>36,248,270</u>	<u>31,173,327</u>	<u>166,641,164</u>	<u>161,191,431</u>
<b>Expenses:</b>						
General government	17,416,706	12,819,859	-	-	17,416,706	12,819,859
Public safety	47,722,650	40,486,310	-	-	47,722,650	40,486,310
Public works	28,834,077	24,938,059	-	-	28,834,077	24,938,059
Health	3,220,767	2,711,459	-	-	3,220,767	2,711,459
Culture and recreation	16,320,999	13,647,614	-	-	16,320,999	13,647,614
Housing and community development	9,615,124	8,821,136	-	-	9,615,124	8,821,136
Interest on long-term debt	4,990,590	4,711,542	-	-	4,990,590	4,711,542
Water and sewer	-	-	29,019,384	28,593,719	29,019,384	28,593,719
<b>Total Expenses</b>	<u>128,120,913</u>	<u>108,135,979</u>	<u>29,019,384</u>	<u>28,593,719</u>	<u>157,140,297</u>	<u>136,729,698</u>
<b>Increase in net assets before transfers</b>	2,271,981	21,882,125	7,228,886	2,579,608	9,500,867	24,461,733
<b>Transfers</b>	1,304,219	1,867,781	(1,304,219)	(1,867,781)	-	-
<b>Increase (decrease) in net assets</b>	3,576,200	23,749,906	5,924,667	711,827	9,500,867	24,461,733
<b>Net assets - beginning</b>	499,176,653	475,426,747	163,219,740	162,507,913	662,396,393	637,934,660
<b>Net assets - ending</b>	<u>\$ 502,752,853</u>	<u>\$ 499,176,653</u>	<u>\$ 169,144,407</u>	<u>\$ 163,219,740</u>	<u>\$ 671,897,260</u>	<u>\$ 662,396,393</u>

**Revenues by Source  
Governmental Activities ~ FY 2009**



**Governmental Activities.** Governmental activities increased the City's net assets by \$3,576,200 (.7%) during this fiscal year. The increase is attributed to only a slight increase in total revenues, \$374,790 and expenses increase by \$19,984,934 (18.5%) over last year's total expenses of \$108,135,979. The major increase in expenses is a combination of (1) the first time expense of other post employment benefits (OPEB) in the amount of \$4,976,623, (2) the increase of compensated absences in the amount of \$3,669,614, (3) an increase in depreciation expense of \$1,184,598, and (4) expenses due to Hurricane IKE which increased over the prior year in the amount of \$3,092,515 with the total for the current year of \$6,421,825. The change in net assets decreased by \$20,173,706 (84.9%) meaning the City did not increase net assets by as much from the prior year, but the City is providing services to the citizens without increased taxing.

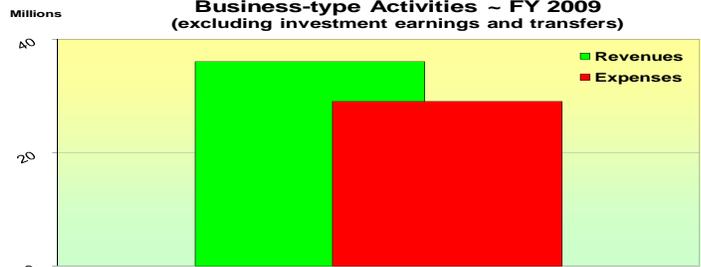
**Expenses and Program Revenues  
Governmental Activities ~ FY 2009**



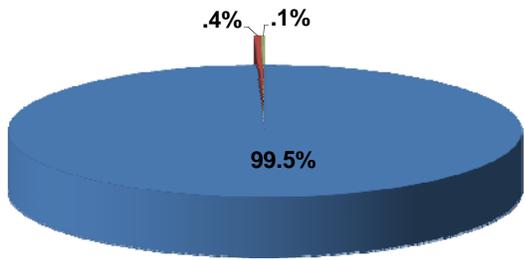
**Business-type Activities.** Business-type activities increased the City's net assets by \$5,924,667. The key elements of this increase include:

Expenses increased very slightly, \$425,665 with an overall increase in personnel services in the amount of \$1,301,966 but a decrease in the contractual services in the amount of \$1,915,460 due to the majority of the meter replacement project completed in fiscal 2008.

**Expenses and Program Revenues  
Business-type Activities ~ FY 2009  
(excluding investment earnings and transfers)**



Revenues by Source  
Business-type Activities ~ FY 2009



■ Charges for services ■ Investment earnings ■ Capital contribution

Revenue, increased under charges for services in the amount of \$5,564,691, an 18.25% increase over prior year's amount of \$30,489,659 due to: (1) increase charges for larger meters and (2) fiscal year 2009 was a dryer year than fiscal year 2008 increasing the use of water.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City reported combined ending fund balances of \$99,058,227; approximately 94.9% of this amount (\$93,993,583) represents unreserved, undesignated fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either reserved or designated to show that it is not available for other spending because it has already been committed to:

1. liquidate contracts and purchase orders from the prior fiscal year (\$840,183 or .9%)
2. pay debt service (\$1,631,459 or 1.6%)
3. pay for certain capital and technological improvements and recall, election, and charter revision (\$2,593,002 or 2.6%)

The general fund is the principal operating fund of the City of Pasadena. As of September 30, 2009, the general fund reported fund balance of \$25,554,979. This compared to the prior fiscal year of \$21,288,696, showing an increase of \$4,266,283 (20%).

The unreserved, undesignated portion of the general fund balance was \$22,557,426. As a measure of the general fund's liquidity, it is useful to compare this portion of the fund balance to the total general fund expenditures including transfers out of \$87,500,035 (26.0%) versus the total fund balance to the same amount (29.2%) compared to last year's (21.0%) and (26.4%), respectively.

The debt service fund has a total fund balance of \$1,631,459, all of which is reserved for the payment of debt service. A decrease of \$975,763 (37.4%) in fund balance compared to prior fiscal year of \$2,607,222 was due to the net effect of refunding bonds issued and payment to refunded bonds.

The Pasadena Second Century Corporation fund ("PSCC") has a total fund balance of \$27,151,207, all of which is restricted for economic development capital projects. The increase in fund balance during the current fiscal year was \$4,751,683 compared to prior fiscal year of \$22,399,524. Even with the increase in fund balance PSCC still completed projects totaling \$2,354,446 compared to last year of \$410,809 for the public works function.

The capital projects fund has a total fund balance of \$37,007,915, all of which is restricted for capital improvement projects. The net decrease in fund balance during the current fiscal year amounted to \$1,181,227 (3.09%) compared to prior fiscal year of \$38,189,142. The capital outlay expenditures had decreased by \$10,921,877 (31.8%) with the majority of expenditures as public works projects totaling

\$16,358,972 including Pasadena Blvd Phase II for \$4,256,414, Shaver: S.H. 225 to Southmore for \$5,710,545 and paving replacement in the amount of \$1,756,633.

The grant management fund has a total fund balance of \$3,496,993, all of which is restricted for specific grant purposes. The net decrease in fund balance during the fiscal year was \$1,028,008 (22.7%) compared to prior fiscal year of \$4,525,001. The decrease was primarily due to the use of fund balance for capital outlay totaling \$4,101,028 compared to last year of \$3,453,542.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the City's proprietary funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

The final amended expenditure budget of \$90,093,436, including transfers out, was \$3,440,171 (4.0%) more than the original budget of \$86,653,265.

The difference between the original and final budget can be briefly summarized by function as follows:

- \$1,593,895 decrease for General Government - included a decrease of \$1,021,524 in property management.
- \$931,106 increase for Public Safety - included increased costs in various salary accounts, in the amount of \$1,132,876 in the Police Department.
- \$2,466,581 increase for Public Works - included a large increase in sanitation in the amount of \$2,341,197 due to the removal of debris caused by Hurricane Ike.
- \$605,691 increase in Health - included an increase in emergency services in the amount of \$523,550 due to the increase per the contract agreement approved by Council.
- \$1,017,665 increase in Culture and Recreation - included an increase for the Civic Center in the amount of \$741,059 on renovation.

Even with the abovementioned amendments, total actual expenditures, including transfers out, of \$87,500,035 were \$2,593,401 (2.9%) below the final budget. Public Works had the largest variance with final budget in the amount of \$1,036,908 due to the budgeting in the sanitation and street and bridge departments for materials and supplies and contractual services.

Actual revenues including the transfers, insurance recovery, and sale of capital assets were \$91,766,318, which was over the final budgeted amount of \$87,836,203 by \$3,930,115 (4.5%). The largest favorable variance was on the disaster grant in the amount of \$1,063,872 in inter-governmental and general property taxes of \$1,953,327.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2009, amounted to \$781,571,209 (net of accumulated depreciation). This investment includes land, buildings and building improvements, facilities and other improvements, machinery and equipment, infrastructure (streets, bridges, storm drains, water and sewer systems), automotive, and construction in progress.

The total increase in the City's investment in capital assets for the current fiscal year was \$28,652,364 (3.8%) compared to prior fiscal year of \$752,918,845. A 4.7% increase for governmental activities and a 1.9% increase for business-type activities.

Major capital asset activities that occurred during the current fiscal year included the following:

- Continued with the Regional Detention Pond (D011) – \$6,243 with \$148,421 pre evaluation/survey costs in progress at the end of fiscal year.
- Completed the Vista Drainage Improvements Ph II (D017) – \$232,419 with the final capitalized project cost in the amount of \$5,100,522.

- Continued with Thornwood Drainage (D018) - with \$8,200 pre evaluation/survey costs in progress at the end of fiscal year.
- Started the Vista Drainage Ph III (D022) – \$168,755 design and engineering costs in progress at the end of fiscal year.
- Completed the 2007 storm sewer replacement project (D030) - with the final capitalized additional project cost in the amount of \$47,705.
- Completed the 2008 Storm Sewer Replacement Project (D032) – \$313,741 with the final capitalized additional project cost in the amount of \$677,710.
- Started and completed the Hays Street Drainage Project (D033) – with the final capitalized project cost in the amount of \$326,933.
- Started the 2009 Storm Sewer Replacement Project (D034) – with \$633,256 construction costs in progress at the end of fiscal year.
- Continued the El Jardin Phase I (D041) – with \$19,000 pre evaluation/survey costs in progress at the end of fiscal year.
- Started and completed the Regional Flood Detention Facility (DZ014) with the final capitalized project cost in the amount of \$218,945.
- Continued the Rebuilding of Fire Station #4 (F005) – \$1,179,284 with \$1,195,091 construction cost in progress at the end of fiscal year.
- Continued the Rebuilding of Fire Station #3 (F006) – \$794,993 with \$800,633 construction cost in progress at the end of fiscal year.
- Completed the Traffic Signal Preemption Installation (F009) - with the final capitalized project cost in the amount of \$83,944.
- Started the Fire Training Facility Project(FZ002) – \$575,391 construction cost in progress at the end of fiscal year.
- Started and completed the purchase of Fire Department Ferrara Pumper Truck (FZ005) – with the final capitalized project cost in the amount of \$495,199.
- Continued the central library renovation (L001) - \$986,753 with \$4,988,233 construction in progress at the end of fiscal year.
- Started the Convention Center Renovation (M003) - \$93,011 construction in progress at the end of fiscal year.
- Started and completed the purchase of the Convention Center Electronic Sign (M013) – with the final capitalized project cost in the amount of \$124,500.
- Continued the preliminary phase Capitan Theater (M014) – \$2,973 with \$75,025 design/engineering costs at the end of fiscal year.
- Completed the Municipal Court Renovation (MZ002) – with the final capitalized project cost in the amount of \$175,086.
- Completed the New Police Complex (P001) - with the final capitalized project cost in the amount of \$25,195,864.
- Started the Police Shooting Range Building (PZ002) - \$482,808 construction in progress at the end of fiscal year.
- Started the Ball Field Renovations (R002) - \$2,315,834 construction in progress at the end of fiscal year.
- Started and completed the moving of the Historical Museum (R004) - with the final capitalized project cost in the amount of \$13,579.
- Continued the Strawberry Park Master Plan (R006) – \$88,343 with \$171,141 design/engineering costs at the end of fiscal year.
- Continued with Memorial park renovation project (R007) - \$20,697 with \$3,164,560 construction in progress at the end of fiscal year.
- Continued with the preliminary phase of Preston/Crenshaw Park (R018) - with \$27,520 design/engineering costs at the end of fiscal year.
- Continued with Vince Bayou Hike and Bike Trail Phase I (R031) - with \$102,452 construction in progress at the end of fiscal year.
- Continued with the Aquatic Facility Study (R052) - with \$33,082 preliminary evaluation in progress at the end of fiscal year.
- Continued the Pasadena Blvd, Phase II (S006) - \$4,256,414 with \$10,458,329 construction in progress at the end of fiscal year.

- Completed the Crenshaw Extension Phase III (S016) - with the final capitalized project cost in the amount of \$486,300.
- Continued with the Pasadena Blvd phase III (S027) – \$108,516 with \$5,374,534 construction in progress at the end of fiscal year.
- Started the Scarborough: State Highway 225 to Jackson Project (S029) – with \$318,685 construction in progress at the end of fiscal year.
- Started the Fairmont: Preston to Pansy Project (S033) – with \$456,736 construction in progress at the end of fiscal year.
- Started the Southmore Ph I Project (S041) – with \$206,376 construction in progress at the end of fiscal year.
- Continued with the preliminary phase of the Preston Street extension project (S049) – \$62,853 with \$157,414 design/engineering costs at the end of fiscal year.
- Started Main Street: State Highway 225 – Southmore Project (S051) with \$35,136 design/engineering cost at the end of fiscal year.
- Completed 2007 Annual Pavement Replacement (S056) – \$52,529 with the final capitalized project cost in the amount of \$968,763.
- Started the Shaver: State Highway 225 to Southmore (S058) - with \$5,710,545 construction in progress at the end of fiscal year.
- Completed the Beverly Court paving project (S059) – \$73,861 with the final capitalized project cost in the amount of \$1,376,927.
- Started the Pasadena Blvd Overlay (S060) - with \$1,261,145 construction in progress at the end of fiscal year.
- Completed the 2008 annual sidewalk project (S061) – \$67,708 with the final capitalized project cost in the amount of \$448,563.
- Started and completed the 2009 Annual Sidewalk Project (S062) - the final capitalized project cost in the amount of \$530,297.
- Completed the 2008 annual pavement replacement (S068) – \$581,907 with the final capitalized project cost in the amount of \$1,008,187.
- Started and completed the 2009 Annual Paving Replacement (S069) - the final capitalized project cost in the amount of \$1,174,726.
- Continued the land acquisitions for the West Harris Avenue bridge project (S078) – \$17,203 with \$96,074 land acquisitions in progress at the end of fiscal year.
- Continued Fairmont Parkway Phase I (S079) – \$673,476 with \$910,576 construction in progress at the end of fiscal year.
- Completed the Beltway 8 Traffic Signal Modernization (T002A) – \$10,689 with the final capitalized project cost in the amount of \$29,124.
- Completed the Computerized Traffic Control System (T003) – with the final capitalized project cost in the amount of \$667,372.
- Completed the purchase of Traffic Signal Cabinets (T003A) – with the final capitalized project cost in the amount of \$43,500.
- Continued the thermo pavement marking (T05A and T05B) – \$88,652 with \$236,056 construction in progress at the end of fiscal year.
- Continued the Intersection Redesign (T006) – with \$359,445 construction in progress at the end of fiscal year.
- Completed the Computerized Traffic Control System (T010) – with the final capitalized project cost in the amount of \$74,107.
- Started and completed the Traffic Control System (T011) - with the final capitalized project cost in the amount of \$40,520.
- Started and completed the Exit Ramp Study (TZ001) - with the final capitalized project cost in the amount of \$58,300.
- Continued with the New Transmission Line (W004) – with \$1,033,055 engineering costs in progress at the end of fiscal year.
- Continued with the SE Water Pump Station (W012) – \$100,269 with \$293,700 design/engineering costs at the end of fiscal year.
- Continued with the loop completion of distribution system (W014) – \$273,947 with \$501,013 design/engineering costs at the end of fiscal year.

- Completed Waterline Improvements (W033) –\$194,685 with the final capitalized project cost in the amount of \$960,739.
- Completed Water Meter Test and Inspections (WZ006) – \$18,445 with the final capitalized project cost in the amount of \$73,401.
- Started and completed Repair Thomas Water Well (WZ031) – with the final capitalized project cost in the amount of \$201,877.
- Completed the lift station replacements: Pansy, Crenshaw and El Cary (WW002) – \$140,298 with the final capitalized project cost in the amount of \$1,264,476.
- Continued with the Richey Trunk line (WW014) – \$1,181,750 with \$1,359,743 construction in progress at the end of fiscal year.
- Started the Vista Trunk line (WW028) – with \$924,551 construction in progress at the end of fiscal year.
- Continued with Golden Acres WWTP Improvements (WW032, WW033 and WWZ010) – \$2,365,536 with \$2,875,208 construction in progress at the end of fiscal year.
- Started and completed Emergency Repair Southmore (WWZ012) – with the final capitalized project cost in the amount of \$96,915.
- Started and completed Wastewater Rehab on Southmore (WWZ022) - with the final capitalized project cost in the amount of \$1,092,327.
- Started and completed the Golden Acres Sewer Line Replacement (WWZ024) - with the final capitalized project cost in the amount of \$163,246.
- Started and completed the Construction Manager Design Phase (Z010) - with the final capitalized project cost in the amount of \$69,318.
- Started and completed the Harris County Park and Ride (Z011) - with the final capitalized project cost in the amount of \$35,000.
- Continued the demolition of various properties (Z020) – \$27,213 with \$544,787 incurred costs in progress at the end of fiscal year.
- Started the Industrial Pretreatment Program (Z028) – with \$2,660 incurred costs in progress at the end of fiscal year.
- Started the Real Estate Utilization Study (Z044) – with \$55,219 incurred costs in progress at the end of fiscal year.

**Capital Assets  
(net of depreciation)  
September 30, 2009**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Land	\$ 135,790,148	\$ 127,486,440	\$ 1,898,597	\$ 1,970,647	\$ 137,688,745	\$ 129,457,087
Buildings and building improvements	58,316,056	33,176,598	1,928,830	2,306,178	60,244,886	35,482,776
Facilities and other improvements	3,175,477	3,031,104	3,878,271	3,967,041	7,053,748	6,998,145
Machinery and equipment	10,259,964	6,692,595	3,782,878	3,587,345	14,042,842	10,279,940
Infrastructure	278,268,217	271,185,194	174,448,243	176,185,352	452,716,460	447,370,546
Automotive equipment	11,842,474	10,332,623	70,961	130,004	11,913,435	10,462,627
Construction in progress	39,623,815	61,223,927	58,287,278	51,643,797	97,911,093	112,867,724
Totals	<u>\$ 537,276,151</u>	<u>\$ 513,128,481</u>	<u>\$ 244,295,058</u>	<u>\$ 239,790,364</u>	<u>\$ 781,571,209</u>	<u>\$ 752,918,845</u>

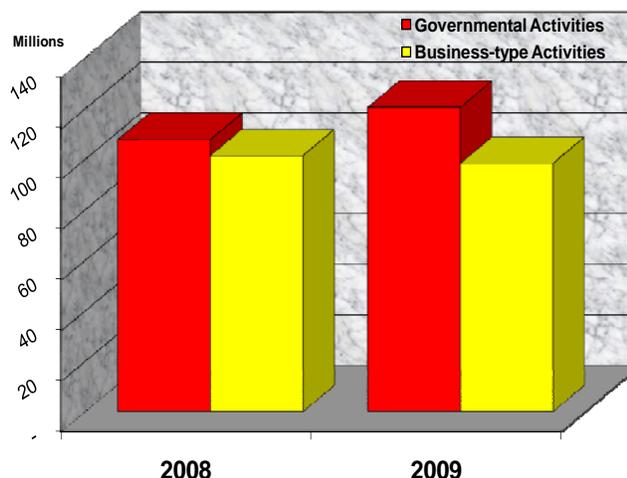
Additional information on the City of Pasadena's capital assets can be found in note IV, D, pages 60-61 to the financial statements.

**Long-term debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$218,738,050. Of this amount, \$146,100,000 represents debt backed by the full faith and credit of the City, \$1,783,050 represents debt secured by the sales tax revenues, \$70,855,000 represents debts secured solely by the net revenues of the City's water and sewer operations.

During the fiscal year, the City issued two new debts – (1) General Obligation Bonds, Series 2008 in the amount of \$21,635,000, which provide funds for general government capital projects and (2) general obligation refunding bonds, series 2009 in the amount of \$6,725,000 to refund certain portions of the City's outstanding debt.

The overall debt increased by \$9,576,369 (4.58%). Please refer to note IV, G to the financial statements for further information on the City's long-term debt. In addition, the statistical section of this report has various schedules on the City's debt capacity to help citizens and investors to assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

### Outstanding Debt ~ 2008 vs. 2009



#### City of Pasadena Long Term Debt September 30, 2009

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
General and certificate obligation bonds including refunding	\$ 118,700,000	\$ 104,980,000	\$ 27,400,000	\$ 27,520,000	\$ 146,100,000	\$ 132,500,000
Other long-term debt	1,783,050	2,772,711	-	-	1,783,050	2,772,711
Revenue bonds	-	-	70,855,000	71,775,000	70,855,000	71,775,000
Refunding revenue bonds	-	-	-	550,000	-	550,000
Tax and revenue certificate of obligation bonds	-	-	-	1,280,000	-	1,280,000
Deferred water charges debt	-	-	-	283,970	-	283,970
<b>Total</b>	<b>\$ 120,483,050</b>	<b>\$ 107,752,711</b>	<b>\$ 98,255,000</b>	<b>\$ 101,408,970</b>	<b>\$ 218,738,050</b>	<b>\$ 209,161,681</b>

The City continues its goal to upgrade the City's debt rating. The City's underlying bond ratings are:

Standard & Poors – “AA-”  
Moody's Investor Services – “Aa3”  
Fitch Ratings – “AA-”

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10% of its total assessed valuation. The current debt limitation for the City is \$600,996,109, which is significantly in excess of the City's outstanding general obligation debt.

#### Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the most recent year available (as of December 2009) was 8.1%, up from 5.6% for the previous December per the Texas Workforce Commission.
- Assessed value for property tax used for the fiscal year 2010 budget preparation is down approximately \$233 million from fiscal year 2009 and is expected to decrease by 3.88% or \$1,311,177 in revenues including new property added to the tax roll this year.
- The sales tax revenue per the fiscal year 2010 adopted budget is expected to decrease by (5.5%) over fiscal year 2009, reflecting the economic decline in the revenue. Sales tax revenue is expected to continue this trend until the national economy improves.

- The fiscal year 2010 adopted budget anticipates a slight decrease in industrial revenue. This small decrease can be traced to the industrial district agreement calculation.
- The 2010 budget includes a decrease in water and sewer operating revenues of approximately \$3,016,680 (8.4%) compared to the actual fiscal year 2009. However, this should cover the City's cost in providing water and sewer service and to make debt payments.
- Transfers have been derived based on the anticipated costs during the upcoming year for services or for subsidy purposes.

These indicators were taken into account when adopting the general fund budget for fiscal year 2010. Revenues in the general fund are budgeted in the amount of \$86,683,162, a decrease of \$1,153,041 (1.3%) over the final fiscal year 2009 budget of \$87,836,203 (including transfer in) mainly due to the reduction of expected collections of sales and property taxes due to the declining economy.

Expenditures are budgeted to decrease by 3.8%, or \$3,440,367, in comparison to the final budgeted expenditures of fiscal year 2009, due to less expenditures associated with Hurricane Ike.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Controller's Office.

## **BASIC FINANCIAL STATEMENTS**



**CITY OF PASADENA, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pasadena Crime Control and Prevention District
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,309,857	\$ 179,948	\$ 1,489,805	\$ -
Investments	45,276,864	11,736,077	57,012,941	2,138,121
Receivables (net of allowances for uncollectible)	7,822,285	6,467,438	14,289,723	1,204,693
Due from component unit	1,428	-	1,428	-
Internal balances	979,083	(979,083)	-	-
Inventories	435,940	-	435,940	-
Deposits	273,000	-	273,000	-
Deferred charges	1,510,812	1,489,542	3,000,354	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	834,570	-	834,570	-
Investments	76,325,729	18,033,751	94,359,480	-
Intergovernmental receivables	2,864,152	-	2,864,152	-
Capital assets not being depreciated:				
Land	135,790,148	1,898,597	137,688,745	-
Construction in progress	39,623,815	58,287,278	97,911,093	-
Capital assets net of accumulated depreciation:				
Buildings and building improvements	58,316,056	1,928,830	60,244,886	-
Facilities and other improvements	3,175,477	3,878,271	7,053,748	-
Machinery and equipment	10,259,964	3,782,878	14,042,842	-
Infrastructure	278,268,217	174,448,243	452,716,460	-
Automotive	11,842,474	70,961	11,913,435	-
<b>TOTAL ASSETS</b>	<b>674,909,871</b>	<b>281,222,731</b>	<b>956,132,602</b>	<b>3,342,814</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	7,674,597	629,527	8,304,124	9,729
Accrued payroll payable	1,894,174	243,847	2,138,021	194,112
Accrued interest payable	642,055	-	642,055	-
Due to primary government	-	-	-	1,428
Liabilities payable from restricted assets	5,033,953	5,723,167	10,757,120	-
Customer deposits	-	2,599,700	2,599,700	-
Unearned revenue	608,957	-	608,957	-
Noncurrent liabilities:				
Due within one year	11,598,512	2,226,158	13,824,670	69,000
Due in more than one year	144,704,770	100,655,925	245,360,695	-
<b>TOTAL LIABILITIES</b>	<b>172,157,018</b>	<b>112,078,324</b>	<b>284,235,342</b>	<b>274,269</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	452,908,289	156,432,077	609,340,366	-
Restricted for:				
Capital projects	28,265,124	-	28,265,124	-
Grant and special revenue activities	9,879,373	-	9,879,373	-
Public safety	-	-	-	3,068,545
Debt service	2,108,962	2,255,328	4,364,290	-
Unrestricted	9,591,105	10,457,002	20,048,107	-
<b>TOTAL NET ASSETS</b>	<b>\$ 502,752,853</b>	<b>\$ 169,144,407</b>	<b>\$ 671,897,260</b>	<b>\$ 3,068,545</b>

The accompanying notes are an integral part of the financial statements

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**CITY OF PASADENA, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Primary Government			Pasadena Crime Control and Prevention District			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 17,416,706	\$ 9,881,296	\$ 82,985	\$ 308,648	\$ (7,143,777)	\$ (7,143,777)	\$ -
Public safety	47,722,650	8,236,156	1,193,449	3,190,628	(35,102,417)	(35,102,417)	-
Public works	28,834,077	2,488,247	5,326,253	-	(21,019,577)	(21,019,577)	-
Health	3,220,767	488,457	-	-	(2,732,310)	(2,732,310)	-
Culture and recreation	16,320,999	2,053,770	195,722	-	(14,071,507)	(14,071,507)	-
Housing and community development	9,615,124	86,199	9,304,008	2,079,306	1,854,389	1,854,389	-
Interest on long-term debt	4,990,590	-	-	-	(4,990,590)	(4,990,590)	-
Total governmental activities	128,120,913	23,234,125	16,102,417	5,578,582	(83,205,789)	(83,205,789)	-
Business-type activities:							
Water and sewer system	29,019,384	36,054,350	-	35,000	-	7,069,966	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 157,140,297</b>	<b>\$ 59,288,475</b>	<b>\$ 16,102,417</b>	<b>\$ 5,613,582</b>	<b>(83,205,789)</b>	<b>7,069,966</b>	<b>(76,135,823)</b>
<b>Component unit:</b>							
Pasadena Crime Control and Prevention District	<b>\$ 8,291,802</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>33,728,265</b>	<b>33,728,265</b>	<b>8,291,802</b>

General revenues:							
General property taxes					33,728,265		
Business taxes							
Industrial district fees				16,100,049		16,100,049	
Sales taxes				26,084,712		26,084,712	8,483,714
Utility taxes				7,817,369		7,817,369	
Other taxes				698,023		698,023	
Total business taxes				50,700,153		50,700,153	8,483,714
Investment earnings							
Unrestricted				363,528	95,551	459,079	
Restricted				685,824	63,369	749,193	21,786
Transfers				1,304,219	(1,304,219)	-	
<b>Total general revenues and transfers</b>				<b>86,781,989</b>	<b>(1,145,299)</b>	<b>85,636,690</b>	<b>8,505,500</b>
<b>CHANGE IN NET ASSETS</b>				<b>3,576,200</b>	<b>5,924,667</b>	<b>9,500,867</b>	<b>213,698</b>
<b>NET ASSETS - BEGINNING</b>				<b>499,176,653</b>	<b>163,219,740</b>	<b>662,396,393</b>	<b>2,854,847</b>
<b>NET ASSETS - ENDING</b>				<b>\$ 502,752,853</b>	<b>\$ 169,144,407</b>	<b>\$ 671,897,260</b>	<b>\$ 3,068,545</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009**

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,309,857	\$ -	\$ -	\$ -
Investments	28,243,208	-	-	-
Receivables (net of allowance for uncollectible)	5,055,454	408,208	1,252,381	-
Due from other funds	2,930,608	-	418,154	7,479
Due from component unit	1,428	-	-	-
Restricted assets				
Cash and cash equivalents	-	-	9,872	-
Investments	-	1,700,754	26,696,699	39,848,019
Receivables (net of allowance for uncollectible)	117,386	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 37,657,941</b>	<b>\$ 2,108,962</b>	<b>\$ 28,377,106</b>	<b>\$ 39,855,498</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,150,505	\$ -	\$ -	\$ -
Accrued payroll payable	1,735,394	-	-	-
Intergovernmental payable	-	-	-	-
Due to other funds	708,490	132,370	-	-
Compensated absences payable	-	-	-	-
Deferred revenue	2,508,573	345,133	-	-
Liabilities payable from restricted assets	-	-	1,225,899	2,847,583
<b>TOTAL LIABILITIES</b>	<b>12,102,962</b>	<b>477,503</b>	<b>1,225,899</b>	<b>2,847,583</b>
<b>FUND BALANCES</b>				
Reserved for:				
Debt service	-	1,631,459	-	-
<b>Total reserved</b>	<b>-</b>	<b>1,631,459</b>	<b>-</b>	<b>-</b>
Unreserved, designated for, reported in:				
Encumbrances	404,551	-	-	48,303
Encumbrances for special revenue funds	-	-	-	-
General fund				
Capital and technology improvements	2,578,002	-	-	-
Recall, election, and charter revisions	15,000	-	-	-
<b>Total unreserved and designated</b>	<b>2,997,553</b>	<b>-</b>	<b>-</b>	<b>48,303</b>
Unreserved, undesignated for, reported in:				
General fund	22,557,426	-	-	-
Pasadena Second Century Corporation fund	-	-	27,151,207	-
Capital projects fund	-	-	-	36,959,612
Grant management fund	-	-	-	-
Special revenue funds	-	-	-	-
<b>Total unreserved, undesignated</b>	<b>22,557,426</b>	<b>-</b>	<b>27,151,207</b>	<b>36,959,612</b>
<b>TOTAL FUND BALANCES</b>	<b>25,554,979</b>	<b>1,631,459</b>	<b>27,151,207</b>	<b>37,007,915</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 37,657,941</b>	<b>\$ 2,108,962</b>	<b>\$ 28,377,106</b>	<b>\$ 39,855,498</b>

Amounts reported for governmental activities in the statement of net assets are different because:  
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Internal service funds are used by management to charge the costs of technical services, warehouse, fleet, facilities operations, mail room, risk management - in regards to workers' compensation claims, general liabilities, and health care benefits to individual funds. These assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

**NET ASSETS OF GOVERNMENTAL ACTIVITIES**

<b>Grant Management</b>	<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 1,309,857
-	-	28,243,208
-	-	6,716,043
-	20,112	3,376,353
-	-	1,428
771,731	52,967	834,570
3,842,340	4,237,917	76,325,729
2,615,866	130,900	2,864,152
<b>\$ 7,229,937</b>	<b>\$ 4,441,896</b>	<b>\$ 119,671,340</b>
\$ -	\$ -	\$ 7,150,505
-	-	1,735,394
250,584	-	250,584
2,097,174	144	2,938,178
320,306	-	320,306
581,071	-	3,434,777
483,809	226,078	4,783,369
<b>3,732,944</b>	<b>226,222</b>	<b>20,613,113</b>
-	-	1,631,459
-	-	<b>1,631,459</b>
18,368	-	471,222
-	368,961	368,961
-	-	2,578,002
-	-	15,000
<b>18,368</b>	<b>368,961</b>	<b>3,433,185</b>
-	-	22,557,426
-	-	27,151,207
-	-	36,959,612
3,478,625	-	3,478,625
-	3,846,713	3,846,713
<b>3,478,625</b>	<b>3,846,713</b>	<b>93,993,583</b>
<b>3,496,993</b>	<b>4,215,674</b>	<b>99,058,227</b>
<b>\$ 7,229,937</b>	<b>\$ 4,441,896</b>	
		522,989,997
		3,822,004
		28,072,446
		(151,189,821)
		<b>\$ 502,752,853</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>General</u>	<u>Debt Service</u>	<u>Pasadena Second Century Corporation</u>	<u>Capital Projects</u>
<b>REVENUES</b>				
General property taxes	\$ 21,227,982	\$ 12,357,756	\$ -	\$ -
Business taxes				
Industrial district fees	16,100,049	-	-	-
Sales taxes	17,389,808	-	8,694,904	-
Utility taxes	7,817,369	-	-	-
Other taxes	207,561	-	-	-
Total business taxes	<u>41,514,787</u>	<u>-</u>	<u>8,694,904</u>	<u>-</u>
Licenses and permits	2,381,701	-	-	-
Municipal court fines	5,633,088	-	-	-
Charges for services	9,547,090	-	-	-
Intergovernmental	5,821,714	-	-	-
Program income	-	-	-	-
Miscellaneous	614,335	-	-	-
Investment income	209,332	22,462	186,068	409,297
<b>TOTAL REVENUES</b>	<b><u>86,950,029</u></b>	<b><u>12,380,218</u></b>	<b><u>8,880,972</u></b>	<b><u>409,297</u></b>
<b>EXPENDITURES</b>				
Current:				
General government	13,046,236	-	-	-
Public safety	36,253,680	-	-	-
Public works	20,698,999	-	313,028	166,002
Health	2,880,092	-	-	-
Culture and recreation	13,941,565	-	-	-
Housing and community development	-	-	-	-
Debt Service:				
Principal	-	6,571,441	823,220	-
Interest	-	4,959,105	76,828	-
Fiscal charges	-	5,255	-	-
Bond issuance cost	-	196,034	-	196,640
Capital Outlay:				
General government	-	-	-	9,895
Public safety	-	-	-	3,901,989
Public works	-	-	2,267,185	16,358,972
Culture and recreation	-	-	87,261	3,140,413
<b>TOTAL EXPENDITURES</b>	<b><u>86,820,572</u></b>	<b><u>11,731,835</u></b>	<b><u>3,567,522</u></b>	<b><u>23,773,911</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>129,457</u></b>	<b><u>648,383</u></b>	<b><u>5,313,450</u></b>	<b><u>(23,364,614)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,000,000	179,820	-	561,767
Transfers out	(679,463)	-	(561,767)	(13,380)
Bonds issued	-	-	-	21,635,000
Refunding bonds issued	-	6,725,000	-	-
Premiums on bonds issued	-	180,403	-	-
Payment to refunded bond escrow agent	-	(8,709,369)	-	-
Insurance recovery	1,809,421	-	-	-
Sale of capital assets	6,868	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b><u>4,136,826</u></b>	<b><u>(1,624,146)</u></b>	<b><u>(561,767)</u></b>	<b><u>22,183,387</u></b>
<b>NET CHANGE IN FUND BALANCES</b>	<b><u>4,266,283</u></b>	<b><u>(975,763)</u></b>	<b><u>4,751,683</u></b>	<b><u>(1,181,227)</u></b>
<b>FUND BALANCES, BEGINNING</b>	<b><u>21,288,696</u></b>	<b><u>2,607,222</u></b>	<b><u>22,399,524</u></b>	<b><u>38,189,142</u></b>
<b>FUND BALANCES, ENDING</b>	<b><u>\$ 25,554,979</u></b>	<b><u>\$ 1,631,459</u></b>	<b><u>\$ 27,151,207</u></b>	<b><u>\$ 37,007,915</u></b>

<b>Grant Management</b>	<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 33,585,738
-	-	16,100,049
-	-	26,084,712
-	-	7,817,369
-	490,462	698,023
-	490,462	50,700,153
-	2,954	2,384,655
-	439,516	6,072,604
-	-	9,547,090
13,631,092	1,149,031	20,601,837
160,473	-	160,473
-	282,307	896,642
30,755	37,242	895,156
<b>13,822,320</b>	<b>2,401,512</b>	<b>124,844,348</b>
308,648	789,899	14,144,783
2,917,733	1,462,440	40,633,853
-	-	21,178,029
-	-	2,880,092
146,530	602,759	14,690,854
11,477,417	-	11,477,417
-	-	7,394,661
-	-	5,035,933
-	-	5,255
-	-	392,674
-	-	9,895
-	-	3,901,989
-	-	18,626,157
-	-	3,227,674
<b>14,850,328</b>	<b>2,855,098</b>	<b>143,599,266</b>
<b>(1,028,008)</b>	<b>(453,586)</b>	<b>(18,754,918)</b>
-	-	3,741,587
-	-	(1,254,610)
-	-	21,635,000
-	-	6,725,000
-	-	180,403
-	-	(8,709,369)
-	-	1,809,421
-	-	6,868
-	-	<b>24,134,300</b>
<b>(1,028,008)</b>	<b>(453,586)</b>	<b>5,379,382</b>
<b>4,525,001</b>	<b>4,669,260</b>	<b>93,678,845</b>
<b>\$ 3,496,993</b>	<b>\$ 4,215,674</b>	<b>\$ 99,058,227</b>

The accompanying notes are an integral part of the financial statements

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**CITY OF PASADENA, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

Amounts reported for governmental activities in the statement of activities (page 29) are different because:

Net change in fund balances - total governmental funds (page 33)	\$ 5,379,382
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	24,036,299
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfer and donations) is a decrease to net assets	(1,709,662)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(1,635,733)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(12,043,699)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(8,253,902)
Internal service funds are used by management to charge the costs of technical services, warehouse, fleet, facilities operations, mailroom, risk management in regards to workers' compensation claims, general liabilities and health care benefits to individual funds. The net revenue (expense) of certain activities of internal service fund is reported with governmental activities.	(2,196,485)
<b>Change in net assets of governmental activities (page 29)</b>	<b><u>\$ 3,576,200</u></b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 19,274,655	\$ 19,274,655	\$ 21,227,982	\$ 1,953,327
Business taxes				
Industrial district fees	15,889,000	15,289,000	16,100,049	811,049
Sales taxes	16,180,000	17,005,000	17,389,808	384,808
Utility taxes	8,285,000	8,285,000	7,817,369	(467,631)
Other taxes	220,000	220,000	207,561	(12,439)
Total business taxes	<u>40,574,000</u>	<u>40,799,000</u>	<u>41,514,787</u>	<u>715,787</u>
Licenses and permits	2,202,400	2,202,400	2,381,701	179,301
Municipal court fines	5,751,600	5,751,600	5,633,088	(118,512)
Charges for services	9,245,100	9,245,100	9,547,090	301,990
Intergovernmental	281,500	4,699,000	5,821,714	1,122,714
Miscellaneous	398,000	424,000	614,335	190,335
Investment income	613,000	621,027	209,332	(411,695)
<b>TOTAL REVENUES</b>	<b><u>78,340,255</u></b>	<b><u>83,016,782</u></b>	<b><u>86,950,029</u></b>	<b><u>3,933,247</u></b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
City council	168,306	165,206	143,761	21,445
Mayor	342,222	345,464	342,227	3,237
Budget and financial planning	213,208	225,968	227,430	(1,462)
Municipal court	1,958,775	1,990,842	1,952,684	38,158
City controller	1,613,044	1,611,644	1,567,347	44,297
Tax	446,154	523,454	523,564	(110)
Purchasing	337,360	340,860	337,102	3,758
Legal	958,574	956,595	907,183	49,412
City secretary	326,489	329,289	327,620	1,669
Elections	69,442	69,442	60,976	8,466
Human resources	676,530	696,168	670,141	26,027
City marshal	667,310	660,928	578,875	82,053
Community relations	838,009	799,183	786,303	12,880
Pasadena action line	306,583	308,283	295,998	12,285
Planning	288,268	270,040	264,212	5,828
Planning/development administration	147,267	155,717	155,484	233
Economic development liaison	153,232	153,232	150,327	2,905
Neighborhood network	260,811	306,411	278,185	28,226
Inspections	1,658,521	1,580,836	1,555,582	25,254
Property management	2,601,624	1,580,100	1,394,841	185,259
Technology	33,500	33,500	-	33,500
Other charges	1,179,962	548,134	526,394	21,740
<b>Total General Government</b>	<b><u>15,245,191</u></b>	<b><u>13,651,296</u></b>	<b><u>13,046,236</u></b>	<b><u>605,060</u></b>
<b>Public Safety</b>				
Emergency preparedness	375,680	367,086	366,597	489
Fire fighting	3,948,504	3,737,773	3,637,099	100,674
Fire prevention	1,040,679	1,033,948	967,955	65,993
Police	30,153,017	31,310,179	31,282,029	28,150
<b>Total Public Safety</b>	<b><u>35,517,880</u></b>	<b><u>36,448,986</u></b>	<b><u>36,253,680</u></b>	<b><u>195,306</u></b>
<b>Public Works</b>				
Public works administration	459,630	523,287	501,183	22,104
Engineering	1,723,568	1,716,308	1,666,751	49,557
Street lighting and signals	1,790,000	1,505,850	1,384,956	120,894
Sanitation	10,012,275	12,635,348	12,236,451	398,897
Street and bridge	3,604,837	3,634,729	3,283,700	351,029
Traffic and transportation	1,350,793	1,386,162	1,308,116	78,046
Environment services	328,223	334,223	317,842	16,381
<b>Total Public Works</b>	<b><u>\$ 19,269,326</u></b>	<b><u>\$ 21,735,907</u></b>	<b><u>\$ 20,698,999</u></b>	<b><u>\$ 1,036,908</u></b>

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Health</b>				
Health	\$ 1,215,825	\$ 1,748,848	\$ 1,680,040	\$ 68,808
Animal rescue and assistance	1,122,012	1,194,680	1,200,052	(5,372)
<b>Total Health</b>	<b>2,337,837</b>	<b>2,943,528</b>	<b>2,880,092</b>	<b>63,436</b>
<b>Culture and Recreation</b>				
Parks	3,216,443	3,111,622	3,011,909	99,713
Recreation	2,628,939	2,704,281	2,451,607	252,674
Clean streets	1,636,208	1,696,219	1,613,754	82,465
Golf course	739,024	877,586	828,503	49,083
Multi-purpose center	566,286	596,727	509,098	87,629
Civic center	788,784	1,529,843	1,496,823	33,020
Senior center - Madison Jobe	422,392	437,177	414,850	22,327
Library	3,618,515	3,680,801	3,615,021	65,780
<b>Total Culture and Recreation</b>	<b>13,616,591</b>	<b>14,634,256</b>	<b>13,941,565</b>	<b>692,691</b>
<b>TOTAL EXPENDITURES</b>	<b>85,986,825</b>	<b>89,413,973</b>	<b>86,820,572</b>	<b>2,593,401</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(7,646,570)</b>	<b>(6,397,191)</b>	<b>129,457</b>	<b>6,526,648</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,000,000	3,000,000	3,000,000	-
Transfers out	(666,440)	(679,463)	(679,463)	-
Insurance recovery	-	1,809,421	1,809,421	-
Sale of capital assets	10,000	10,000	6,868	(3,132)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,343,560</b>	<b>4,139,958</b>	<b>4,136,826</b>	<b>(3,132)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(5,303,010)</b>	<b>(2,257,233)</b>	<b>4,266,283</b>	<b>6,523,516</b>
<b>FUND BALANCES - BEGINNING</b>	<b>19,599,386</b>	<b>21,288,696</b>	<b>21,288,696</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 14,296,376</b>	<b>\$ 19,031,463</b>	<b>\$ 25,554,979</b>	<b>\$ 6,523,516</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
GRANT MANAGEMENT (MAJOR SPECIAL REVENUE FUND) - BUDGETED  
FEDERAL EQUITABLE SHARING OF FORFEITED PROPERTY JUSTICE DEPARTMENT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND (PROGRAM) BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 582,000	\$ 582,000	\$ 140,286	\$ (441,714)
Program income	28,245	28,245	4,709	(23,536)
<b>TOTAL REVENUES</b>	<b>610,245</b>	<b>610,245</b>	<b>144,995</b>	<b>(465,250)</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Contractual services	89,400	89,400	87,410	1,990
Materials and supplies	754,585	779,586	546,327	233,259
Intergovernmental	134,200	174,545	45,100	129,445
Capital outlay	417,223	417,223	369,234	47,989
<b>TOTAL EXPENDITURES</b>	<b>1,395,408</b>	<b>1,460,754</b>	<b>1,048,071</b>	<b>412,683</b>
<b>(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(785,163)</b>	<b>(850,509)</b>	<b>(903,076)</b>	<b>(52,567)</b>
<b>FUND (PROGRAM) BALANCE - BEGINNING</b>	<b>682,353</b>	<b>923,954</b>	<b>923,954</b>	<b>-</b>
<b>FUND (PROGRAM) BALANCE - ENDING</b>	<b>\$ (102,810)</b>	<b>\$ 73,445</b>	<b>\$ 20,878</b>	<b>\$ (52,567)</b>

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**CITY OF PASADENA, TEXAS  
GRANT MANAGEMENT (MAJOR SPECIAL REVENUE FUND) - BUDGETED  
FEDERAL EQUITABLE SHARING OF FORFEITED PROPERTY TREASURY DEPARTMENT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND (PROGRAM) BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 7,500	\$ 7,500	\$ 103,397	\$ 95,897
Program income	5,869	5,869	4,350	(1,519)
<b>TOTAL REVENUES</b>	<b>13,369</b>	<b>13,369</b>	<b>107,747</b>	<b>94,378</b>
<b>EXPENDITURES</b>				
Current				
Current				
General government				
Capital outlay	-	-	64,635	(64,635)
Public safety				
Contractual services	64,099	84,099	82,965	1,134
Materials and supplies	63,893	63,893	56,683	7,210
<b>TOTAL EXPENDITURES</b>	<b>127,992</b>	<b>147,992</b>	<b>204,283</b>	<b>(56,291)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(114,623)</b>	<b>(134,623)</b>	<b>(96,536)</b>	<b>38,087</b>
<b>FUND (PROGRAM) BALANCE - BEGINNING</b>	<b>85,764</b>	<b>584,452</b>	<b>584,452</b>	<b>-</b>
<b>FUND (PROGRAM) BALANCE - ENDING</b>	<b>\$ (28,859)</b>	<b>\$ 449,829</b>	<b>\$ 487,916</b>	<b>\$ 38,087</b>

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**CITY OF PASADENA, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2009**

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Water and Sewer System</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 179,948	\$ -
Investments		
TexPool	11,692,372	17,033,656
CLASS	43,705	-
Receivables (net of allowances for uncollectible)	6,467,438	110,058
Due from other funds	189,002	73,743
Inventory, at cost	-	435,940
Restricted assets		
Investments		
Texpool	4,058,359	-
CLASS	13,975,392	-
<b>Total Current Assets</b>	<b>36,606,216</b>	<b>17,653,397</b>
<b>Noncurrent Assets</b>		
Deposits	-	273,000
Deferred charges - revenue bond issuance costs, bond insurance premium and administrative cost recovery fees	1,489,542	-
Capital assets		
Land	1,898,597	602
Buildings and building improvements	6,024,998	2,086,911
Accumulated depreciation - buildings and building improvements	(4,096,168)	(1,663,178)
Facilities and other improvements	6,128,514	175,754
Accumulated depreciation - facilities and other improvements	(2,250,243)	(47,228)
Machinery and equipment	10,597,387	5,937,943
Accumulated depreciation - machinery and equipment	(6,814,509)	(4,079,655)
Infrastructure	251,451,683	41,746
Accumulated depreciation - Infrastructure	(77,003,440)	(9,215)
Automotive	600,428	32,809,015
Accumulated depreciation - automotive	(529,467)	(20,966,541)
Construction in progress	58,287,278	-
Net capital assets	<b>244,295,058</b>	<b>14,286,154</b>
<b>Total Noncurrent Assets</b>	<b>245,784,600</b>	<b>14,559,154</b>
<b>TOTAL ASSETS</b>	<b>\$ 282,390,816</b>	<b>\$ 32,212,551</b>

	<b>Business-type Activities - Enterprise Fund</b>		<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>		
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 629,527	\$	524,092
Accrued payroll payable	243,847		158,780
Revenue bonds payable - current	984,672		-
Due to other funds	-		700,920
Claims payable	-		1,153,646
Compensated absences payable	266,158		195,868
Customer deposits	2,599,700		-
Liabilities payable from restricted assets			
Accounts payable	2,535,628		-
Retainage payable	104,508		-
Accrued interest payable	1,803,031		-
Revenue bonds payable	2,255,328		-
<b>Total Current Liabilities</b>	<b>11,422,399</b>		<b>2,733,306</b>
<b>Noncurrent Liabilities</b>			
Revenue and general obligation bonds payable (including the unamortized discounts/premium and deferred amount on refunding of \$1,067,734)	97,362,734		-
Claims payable	-		769,098
Arbitrage payable	85,045		-
Compensated absences payable	2,395,419		1,762,816
Other post-employment benefits	812,727		42,970
<b>Total Noncurrent Liabilities</b>	<b>100,655,925</b>		<b>2,574,884</b>
<b>TOTAL LIABILITIES</b>	<b>112,078,324</b>		<b>5,308,190</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	156,432,077		14,286,154
Restricted for debt service	2,255,328		-
Unrestricted	11,625,087		12,618,207
<b>TOTAL NET ASSETS</b>	<b>170,312,492</b>	<b>\$</b>	<b>26,904,361</b>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise fund	<b>(1,168,085)</b>		
Net assets of business-type activities (page 27)	<b>\$ 169,144,407</b>		

The accompanying notes are an integral part of the financial statements

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**CITY OF PASADENA, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>	<b>Service Funds</b>
<b>OPERATING REVENUES</b>		
Charges for sales and services	<u>\$ 36,054,350</u>	<u>\$ 28,958,832</u>
<b>OPERATING EXPENSES</b>		
Personnel services	8,711,264	5,642,411
Contractual services	6,283,791	1,336,605
Material and supplies	1,570,646	3,831,475
Maintenance charges	993,909	933,040
Sewer and water payments - Clear Lake Water Authority and City of Seabrook	73,384	-
Operating, maintenance and water charges - Southeast Water Purification Plant	4,159,139	-
Insurance/reinsurance premiums	-	3,681,215
Claims and legal expenses	-	14,082,792
Administration fees	-	627,692
Miscellaneous	44,037	748,695
Depreciation	4,090,652	2,495,200
<b>TOTAL OPERATING EXPENSES</b>	<u>25,926,822</u>	<u>33,379,125</u>
<b>OPERATING INCOME (LOSS)</b>	<u>10,127,528</u>	<u>(4,420,293)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
(Loss) gain on sale and retirement of capital assets	(704,875)	113,902
Investment income	158,920	154,196
Interest expense on bonds	(1,920,402)	-
Amortization	(53,241)	-
Fiscal agent fees	(1,500)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(2,521,098)</u>	<u>268,098</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>7,606,430</u>	<u>(4,152,195)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>1,220,473</u>	<u>2,052,078</u>
<b>TRANSFERS IN</b>	<u>-</u>	<u>813,023</u>
<b>TRANSFERS (OUT)</b>	<u>(2,489,692)</u>	<u>(1,321,935)</u>
<b>CHANGES IN NET ASSETS</b>	<u>6,337,211</u>	<u>(2,609,029)</u>
<b>TOTAL NET ASSETS - BEGINNING</b>		<u>29,513,390</u>
<b>TOTAL NET ASSETS - ENDING</b>		<u>\$ 26,904,361</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	<u>(412,544)</u>	
Change in net assets of business-type activities (page 29)	<u>\$ 5,924,667</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from customers and users	\$ 34,793,282	\$ 28,945,963
Cash payments to suppliers for goods and services	(14,561,354)	(5,643,705)
Cash payments to employees for services	(7,685,642)	(5,311,861)
Cash payments for insurance premiums, liability claims and administration	-	(19,705,435)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>12,546,286</u></b>	<b><u>(1,715,038)</u></b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>		
Transfers (to)/from other funds		
General fund	(2,000,000)	(486,977)
Water and sewer system fund	-	300,000
General liability insurance fund	(300,000)	-
<b>NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>(2,300,000)</u></b>	<b><u>(186,977)</u></b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Proceeds from sale of capital assets	645,612	331,798
Acquisition and construction of capital assets	(6,293,106)	(2,803,614)
Principal paid on revenue bonds	(1,590,000)	-
Principal paid on deferred loan from City of Houston	(283,970)	-
Interest and fiscal agent fees paid on revenue bonds	(3,045,090)	-
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>(10,566,554)</u></b>	<b><u>(2,471,816)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of investments	(21,290,950)	(18,287,530)
Proceeds from sale and maturities of investments	21,305,293	22,507,165
Investment income received	239,949	154,196
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>254,292</u></b>	<b><u>4,373,831</u></b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b><u>(65,976)</u></b>	<b><u>-</u></b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b><u>245,924</u></b>	<b><u>-</u></b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b><u>\$ 179,948</u></b>	<b><u>\$ -</u></b>

	<b>Business-type Activities - Enterprise Fund</b>		<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>		<b>Service Funds</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATION ACTIVITIES</b>			
Operating income (loss)	<b>\$ 10,127,528</b>	<b>\$</b>	<b>(4,420,293)</b>
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>			
Depreciation	4,090,652		2,495,200
Changes in assets and liabilities			
(Increase) in accounts receivables	(942,141)		(107,380)
Decrease in due from other funds	91,754		43
Decrease in inventory	-		109,803
Decrease in deposits	-		71,318
(Decrease) in accounts and claims payable	(1,528,202)		(755,678)
Increase in accrued payroll liabilities	51,795		7,226
Increase in compensated absences payable	161,100		281,906
Increase in due to other funds	-		559,847
Increase in other post employment benefits	812,727		42,970
(Decrease) in customer deposits	(318,927)		-
<b>Total Adjustments</b>	<b>2,418,758</b>		<b>2,705,255</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 12,546,286</b>	<b>\$</b>	<b>(1,715,038)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Contribution of capital assets from the government	\$ 1,185,473	\$	2,052,078
Capital assets donated from the outside source	\$ 35,000	\$	-

The accompanying notes are an integral part of the financial statements

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**NOTES TO FINANCIAL STATEMENTS**



**CITY OF PASADENA, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

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**CITY OF PASADENA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Pasadena, Texas, ("City") was incorporated December 26, 1928 and adopted the "Home Rule Charter" on December 12, 1964 pursuant to the Laws of the State of Texas. The City is governed by an elected Mayor and eight-member council and provides such services as authorized by the Charter to advance the welfare, health, comfort, safety and convenience of the City and its citizens.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to state and local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitute GAAP for state and local governments. The City has applied all relevant GASB pronouncements and applicable private sector standards (Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions) issued on or before December 1, 1989 for its government-wide reporting and proprietary fund to the extent that they are not in conflict with GASB guidance. The City has the option to continue following subsequent private-sector standards for business-type activities and enterprise funds issued after November 30, 1989 and the City has elected not to do so.

**A. Reporting Entity**

As required by generally accepted accounting principles, the accompanying financial statements present the City (the primary government) and its component units over which the City has significant relationship and influence.

**Blended Component Unit.** The Pasadena Second Century Corporation is reported as a capital projects fund. Pasadena Second Century Corporation is managed by a seven-member board of directors appointed by the Mayor and approved by the City Council. Although it is legally separate from the City, the Pasadena Second Century Corporation is reported as if it was part of the City (the primary government) because its sole purpose is to provide economic resources to fund the City's capital projects such as repair and improvement of streets, sidewalks, sewer and water lines, drainage systems, and parks that stimulate the City's business climate, promote new and expanded business enterprises, and improve residential quality of life. All completed projects are recorded as City's capital assets.

**Discretely Presented Component Unit.** The component unit column in the basic financial statements includes the financial data of the City's other component unit, the Pasadena Crime Control and Prevention District (the District). The District is reported in a separate column to emphasize that it is legally separated from the City. The District was established to fund crime control initiatives and public safety programs for the benefit of the citizenry and is managed by a seven member board of directors appointed by the Mayor and approved by the City Council. The City has the ability to impose its will on the District because it approves the District's budget and the City is legally entitled to and does have complete access to the District's economic resources.

Each component unit is funded by the levy of one-half of one percent sales and use tax approved by the voters on November 3, 1998. Separate financial statements for the two component units are available at the City Controller's office.

## **B. Government-Wide and Fund Financial Statements**

### **Government-Wide Financial Statements**

The government-wide financial statements include the *Statement of Net Assets* and the *Statement of Activities*.

**The *Statement of Net Assets*** is to display the financial position on all of the activities of the City (the primary government) and its component units. The focus of this statement is on governmental and business-type activities rather than major fund reporting required in the fund financial statements. Governmental activities are normally supported by taxes, and intergovernmental revenues, and are reported separately from the business-type activities, which are supported mainly on fees and charges to external customers. The City (primary government) is reported separately from certain legally separate component units for which the City has ongoing financial relationships.

The objective of this statement is to provide information needed to evaluate the financial condition; to assess the level of services provided and its ability to meet its obligations as it comes due; to understand the extent of invested capital assets, including roads, bridges, and other infrastructure assets, and to disclose legal or contractual restriction on resources.

**The *Statement of Activities*** demonstrates the degree to which direct expenses of a given function/program (e.g., general government, public safety, public works, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function/program. Indirect expenses are automatically allocated to the applicable function/program and have been included in the program expenses reported for the various function/program activities.

Program revenues are (1) charges for services for specific purposes such as charges for water and sewer services, and garbage collections; it also includes user fees for culture and recreational facilities, charges for licenses and permits, and fines and forfeitures; (2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function/program. Property and business taxes and other revenues sources not included with program revenues are reported as general revenue.

The objective of this statement is not to identify which function/program made or lost money, but rather to report the relative financial burden of each function/program on taxpayers.

### **Fund Financial Statements**

The fund financial statements are used to report additional detailed information about the City (the primary government). Fund financial statements focus on major funds of the City - in contrast to governmental and business-type activities reported in the government-wide statements.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

In conclusion, the focus of the government-wide financial statements is on the City as a whole. It emphasizes the operational accountability to the extent that the City has met its operating objectives efficiently and effectively, using all resources available for these purposes, and the sustainability of the City as an entity. The focus on the fund financial statements is on major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

## **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

### **Government-Wide Financial Statements**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, which incorporates long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

### **Fund Financial Statements**

#### **Governmental Funds**

The governmental fund financial statements are presented using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. This is the manner in which these funds (general, debt service, four of the special revenue funds, and two grant management programs) are normally budgeted. This presentation is to demonstrate legal and covenant compliance, the source and use of liquid resources, and to establish that the City's actual performance conforms to the budgeted fiscal plan. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue is available to finance the expenditures of the same fiscal period for which it is recorded. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when the payment is due.

Major revenue sources susceptible to accrual include: property taxes, business taxes (sales, utility and other types), intergovernmental revenues (federal and state grants) and investment income. In general, other revenues are recognized when cash is received.

#### **Proprietary Funds**

The proprietary funds are reported in the same way that all activities are reported in the government-wide financial statements. It measures economic resources using the full accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The proprietary fund category includes enterprise and internal service fund types.

The principal operating revenues of the City's water and sewer system enterprise fund are charges to customers for sales and services. Operating expenses for the water and sewer system enterprise fund and internal service funds include the cost of sales and services, claims and administrative expenses, and depreciation on capital assets.

### **Focus on Major Funds**

Under GASB Statement No. 34, the focus of the fund financial statements is on major funds, which generally represent the City's most important funds. Each major governmental and enterprise fund must be presented in its own column in the governmental or proprietary fund statements. Non-major funds are aggregated and presented in a single column.

The City reports the following major funds:

### **Governmental Funds**

**General fund** accounts for several of the City's primary services (General Government, Public Safety and Public Works, etc.) and is the primary operating unit of the City.

**Debt service fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**Pasadena Second Century Corporation fund** accounts for the resources accumulated and payments made for City's capital improvement projects.

**Capital projects fund** accounts for the acquisition of capital assets and construction of major capital projects not being financed by Pasadena Second Century Corporation or proprietary funds.

**Grant management fund** accounts for the City's federal and state grant programs. Major grants included in the fund are Section 8 Rental Voucher Program, HOME Investment Partnership Program, Community Development Block Grants and Urban Area Security Initiative grants from the Department of Housing and Urban Development; the Federal Equitable Sharing of Forfeited Property, Justice and Treasury Departments.

### **Proprietary Funds**

**Water and sewer system enterprise fund** accounts for the operation of the City's water and sewer utility. Activities of the fund include administration, operation and maintenance of the water and sewer system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations, when due, throughout the year. All costs are financed through charges made to utility customers. Rates are reviewed periodically and adjusted as necessary to ensure integrity of the fund.

Additionally, the City also reports the following fund type:

**Internal service funds** account for the financing of goods or services provided by one department to other departments within the City, generally on a cost reimbursement basis. These include the technical services, warehouse, fleet, facilities operation, mail room, and risk management in regards to workers' compensation claims, general liabilities and health care benefits.

It is the City's policy to always use the restricted resources first when both restricted and unrestricted resources are available for use.

## **D. Assets, Liabilities and Net Assets or Equity**

### **1. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. It is the policy of the City to require full collateralization of all City funds on deposit with a depository bank.

The City follows the Laws of the State of Texas on investment of its funds, which are specifically limited to the following:

- 1) Obligations of the United States or its agencies and instrumentalities
- 2) Direct obligations of the State of Texas or its agencies

- 3) Other obligations, the principal of, and interest on, which are unconditionally guaranteed or insured by the State of Texas or the United States
- 4) Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent
- 5) Certificates of deposit issued by state and national banks domiciled in this state
- 6) Fully collateralized direct repurchase agreements
- 7) Certificates of deposit issued by savings and loan associations domiciled in this state

An inter-local agreement was approved by the City Council on April 14, 1992 allowing the City Controller, designated and acting as the investment officer for the City, to invest City funds in TexPool, a Texas Local Government Investment Pool, and LOGIC, a Local Government Investment Cooperative. On May 20, 1997, the City Council approved a resolution authorizing the City to participate in Texas CLASS, a Cooperative Liquid Assets Security System that allows Texas municipalities to cooperate in the investment of their available funds.

During the year, the City invested in TexPool, LOGIC, and CLASS. Investments in TexPool, LOGIC, and CLASS operate like a "2a7-like" pool and are reported at amortized cost.

## **2. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" or "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". All trade and property taxes receivable are shown net of an allowance for uncollectible. The property tax receivable allowance is approximately equal to 70% of outstanding property taxes at September 30, 2009.

## **3. Inventories and Prepaid Items**

Inventories of supplies are maintained at the City warehouse for use by all City departments and are accounted for using the consumption method; that is to say, inventories are reported as an asset until consumed, at which time the expenditure would be reported. Inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## **4. Restricted Assets**

Certain resources are set aside and classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and grant agreements.

## **5. Capital Assets**

Capital assets which include land, buildings and building improvements, facilities and other improvements (recreation area and athletic fields, swimming pools, tennis courts, golf courses, pavilions, path and trails, fencing and landscaping), machinery and equipment, infrastructure (roads, sidewalks, fire hydrants, bridges, traffic light systems, water and sewer lines and plants), automotive equipment, and construction in progress, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at

historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, of business-type activities, is included as part of the capitalized value of the constructed assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<b><u>Capital Assets</u></b>	<b><u>Years</u></b>
Buildings and building improvements	41 to 50
Facilities and other improvements	20 to 75
Machinery and equipment	5 to 10
Infrastructure	10 to 88
Automotive	5 to 12

## **6. Compensated Absences**

City employees are granted vacation and sick leave in varying amounts. Depending on the hire date, and upon termination, an employee is reimbursed for accumulated vacation and sick leave based on approved guidelines.

Employees must take a minimum of 1 week of vacation per calendar year.

Employees with a hire date after March 3, 1992 are allowed a maximum of 30 days of earned vacation to be paid upon retirement or termination. After three years of employment, an employee is entitled to payment for unused sick leave upon termination of their employment up to 90 days. Any sick leave accrued over 90 days can only be used for illness while in the employ of the City.

Employees with a hire date of March 3, 1992 or prior are allowed payment of all unused sick and vacation days at the time of their termination or retirement.

Accumulated vacation and sick leave is accrued, when incurred, in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements in accordance with GASB Interpretation No. 6.

## **7. Long-Term Debt, Bond Discounts/Premiums and Issuance Costs**

In the government-wide and proprietary fund type financial statements, outstanding debts are reported as liabilities.

Bond discounts/premiums, issuance costs, and the difference between the reacquisition price (new debt) and the net carrying value of the refunded debt is capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

In the governmental fund financial statements, the proceeds of debt, premiums, and discounts are recognized as other financing sources/uses. The issuance costs are reported as expenditures.

**8. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets**

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$151,189,821 difference are as follows:

Bonds Payable	\$ 118,700,000
Other long-term debt	1,783,050
Add: bond premiums	1,391,559
Less: deferred gain/loss on refunded bonds	(552,689)
Less: issuance costs	(1,510,812)
Rebatable arbitrage payable	163,819
Accrued interest payable	642,055
Compensated absences	25,639,186
Other post employment benefits	4,933,653
	<hr/>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$ 151,189,821

Another element of that reconciliation explains that “internal service funds are used by management to charge the technical services, warehouse, fleet, facilities operations, mail room, risk management in regards to workers’ compensation claims, general liabilities and health care benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.” The details of this \$28,072,446 difference are as follows:

Net assets of the internal service funds	\$ 26,904,361
Add: internal receivable representing charges less the cost to business-type activities - prior year	755,541
Add: internal receivable representing charges less the cost to business-type activities - current year	412,544
	<hr/>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	\$ 28,072,446

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund *statement of revenues, expenditures, and changes in fund balances* includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide *statement of activities*. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The detail of this \$24,036,299 difference is as follows:

Capital outlay	\$ 31,724,646
Depreciation expense	(7,688,347)
	<hr/>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ 24,036,299

Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations and transfers) is to decrease net assets.” The detail of this \$1,709,662 difference is as follows:

In the statement of activities, only the loss and note received on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold less the note received.	\$ (492,127)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	618,629
Transfer of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial uses.	321,935
Transfer of capital assets decrease net assets in the statement of activities, but appear in the governmental funds as capital outlay but capitalize in proprietary funds.	<u>(2,158,099)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental	<u>\$ (1,709,662)</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The detail of this \$12,043,699 difference is as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	
Principal	\$ 21,635,000
Issuance costs	(196,640)
Less: principal repayments	(7,394,661)
Less: City contribution to escrow - refunded bonds	<u>(2,000,000)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 12,043,699</u>

Another element of that reconciliation states that “some expenses reported in the *statement of activities* do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The detail of this \$8,253,902 difference is as follows:

Compensated absences	\$ 3,365,592
Other post employment benefits	4,933,653
Arbitrage	(163,886)
Accrued interest	65,503
Amortization of bond issuance costs	108,807
Amortization of bond premiums	(94,993)
Amortization of deferred amounts on refunding	<u>39,226</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 8,253,902</u>

Another element of that reconciliation states that “internal service funds are used by management to charge the costs of technical services, warehouse, fleet, facilities operations, mail room, risk management in regards to workers’ compensation claims, general liabilities, health care benefits to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.” The detail of this \$2,196,485 difference is as follows:

Change in net assets of the internal service funds	\$ (2,609,029)
Add: loss from charges from business-type activities	<u>412,544</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (2,196,485)</u>

### **III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. Budgetary Information**

The City Charter contains the following requirements, which are adhered to, regarding preparation of the annual budget:

- At least thirty days prior to the end of each fiscal year, the Mayor submits to the Council a proposed budget presenting a complete financial plan for the ensuing fiscal year.
- Such budget is prepared and a public hearing is held thereon in the manner prescribed by the Laws of the State of Texas relating to budgets in cities and towns.
- The budget is adopted through the passage of an ordinance no later than the twenty-seventh day of the last month of the fiscal year. Should the Council take no final action on or prior to such day, the budget, as submitted, is deemed to have been officially adopted by the Council. No budget is adopted or appropriations made unless the total of estimated revenues, income, and funds available is equal to or in excess of such budget or appropriations, except in an emergency.

Annual budgets are adopted for the general, debt service, four of the special revenue funds (state forfeited property fund, special charge allocation fund, hotel and motel tax fund and abandoned motor vehicles and property fund), equitable sharing of forfeited property grants received from the U.S. Department of Justice and Treasury (accounted for in the grant management fund), enterprise, and internal service funds. Annual budgets are adopted on a basis consistent with generally accepted accounting principles except for the enterprise and internal service funds which use a modified accrual approach. The capital projects and grant management fund (except equitable sharing of forfeited property grants mentioned above) do not have annual appropriated budgets. Instead, control over capital projects is maintained by means of "project-length" budgets, and the grant contract and agreement itself served as a control device over the expenditures of grant proceeds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department/division. Within the department/division, it is categorized further by object and subject. The City department heads may make transfers of appropriations between the subject within the same object (e.g. transfer between postage and office supplies within the object of materials and supplies), but any other transfers or changes to the appropriations require the approval of the City Council and an amendment to the budget. The legal level of budgetary control is at the object level.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to designate that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at the fiscal year end are reported as a designation of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

During the current fiscal year, the general fund expenditure budget increased in the amount of \$3,427,148, excluding transfers out. A majority of the budget amendments was due to Hurricane Ike. Public work's budget increased \$2,466,581 due in part to a contract with AshBritt Inc. to remove debris and Beck for monitoring the debris removal produced from the hurricane. Contractual services in the sanitation department increased in the amount of \$2,341,197. Public safety's budget increased \$931,106 because of an increase in police personnel services in the amount of \$1,132,876 due to termination pay because of retirements and/or resignations and overtime. Health budget increased \$605,691 due to a budget amendment in the amount of \$523,550 for the increase in the contract for emergency services. Under the other financing sources (uses), the City budgeted for the recovery of insurance from the City's provider for damage incurred during Hurricane Ike in the amount of \$1,809,421.

**B. Grant Management Reconciliation (Major Special Revenue) – Budgeted**

The following provides actual fiscal year 2009 results for both budgeted and non-budgeted grant programs under the grant management fund:

	<u>Revenues</u>	<u>Expenditures</u>
Budgeted grant programs:		
Federal equitable sharing of forfeited property:		
Justice Department	\$ 144,995	\$ 1,048,071
Treasury Department	107,747	204,283
Nonbudgeted grant programs:		
Various grants	2,115,218	2,120,557
HUD section 8 rental voucher program	6,638,840	6,916,391
FEMA DHAP program	143,119	71,442
FEMA DHAP IKE	912,131	729,314
HUD CDBG entitlement program	2,696,824	2,696,824
HUD HOME investment partnerships program	997,095	997,095
HUD emergency shelter program	66,351	66,351
Total grant management fund - actual	<u>\$ 13,822,320</u>	<u>\$ 14,850,328</u>

**C. Excess of Expenditures over Appropriations**

For the fiscal year ended September 30, 2009 expenditures exceeded the budget at the object level as follows:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
<b><u>General Fund</u></b>			
<b>General government</b>			
Mayor			
Personnel services	\$ 293,579	\$ 294,548	\$ (969)
Budget and Financial Planning			
Personnel services	208,178	210,095	(1,917)
Tax			
Personnel services	62,424	63,378	(954)
Purchasing			
Personnel services	301,576	303,850	(2,274)
City Secretary			
Personnel services	223,853	224,002	(149)
Human Resources			
Personnel services	521,899	523,482	(1,583)
Community Relations			
Personnel services	616,801	620,562	(3,761)
Planning/Development Administration			
Personnel services	153,273	154,429	(1,156)
Economic Development Liaison			
Personnel services	142,453	142,684	(231)
<b>Public Safety</b>			
Emergency Preparedness			
Personnel services	275,045	277,065	(2,020)
Police			
Personnel services	27,327,021	27,357,765	(30,744)
<b>Health</b>			
Animal Rescue and assistance			
Personnel services	899,730	907,886	(8,156)
<b>Cultural and Recreation</b>			
Civic Center			
Contractual services	143,317	143,480	(163)
<b><u>Grant Management</u></b>			
<b>Federal Equitable Sharing of Forfeited</b>			
<b>Treasury Department</b>			
<b>General government</b>			
Capital outlay	-	64,635	(64,635)
<b><u>Nonmajor Governmental</u></b>			
<b>Special Charge Allocation Revenue</b>			
<b>Public safety</b>			
Personnel services	179,100	180,191	(1,091)
<b>Hotel and Motel Tax Special Revenue</b>			
<b>Culture and recreation</b>			
Personnel services	\$ 107,963	\$ 108,699	\$ (736)

Each excess was due to increases in personnel services, contractual services, and capital outlay. All excess expenditures were funded by available and appropriated fund balance.

**IV. DETAILED NOTES TO ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

**Primary Government**

The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective market value of at least 102%. As of September 30, 2009, the carrying amount of the City's deposits with financial institutions was \$2,242,247, excluding \$82,128 for petty cash and tax holding account. The City's bank balance is the sum of all accounts, which totals \$2,544,817 and the market values of pledged securities were \$5,921,411. The pledged securities are held by a third party custodian in the City's name.

**Investments**

As of September 30, 2009 the City has the following investments:

Investment Type	Fair Value			Weighted Average Maturity (Years)
	Primary Government	Blended Component Unit		
		Pasadena Second Century Corporation	Discretely Presented Component Unit Pasadena Crime Control and Prevention District	
Texpool Local Government Investment Pools	\$ 54,874,151	\$ 24,514,388	\$ 2,138,121	0.00
Logic Local Government Investment Pools	1,189,909	-	-	0.00
Class Local Government Investment Pools	68,611,662	2,182,311	-	0.00
<b>Total Fair Value</b>	<b>\$ 124,675,722</b>	<b>\$ 26,696,699</b>	<b>\$ 2,138,121</b>	
Portfolio Weighted Average Maturity				0.00

The City divides their investments between TexPool, LOGIC, and CLASS.

The State of Texas Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as the State of Texas Comptroller for review.

Local Government Investment Cooperative ("LOGIC") and The Cooperative Liquid Assets Securities System - Texas ("CLASS") were organized to conform to the Texas Government Code - Interlocal Cooperation Act, Chapter 791 and the Public Funds Investment Act, Chapter 2256.

LOGIC's governing body is a five-member Board of Directors comprised of three government officials or employees and two other persons with expertise in public finance representing the general manager of LOGIC. LOGIC is required by the Public Funds Investment Act to maintain an "AAA" rating. It has an "AAAM" rating from Standard & Poor's, which monitors the funds compliance with its rating requirements.

CLASS is required by the Public Funds Investment Act to maintain an "AAA" rating. It has an "AAA" rating from Moody's Investor's Service and Standard and Poor's which monitors the funds compliance with its rating requirements.

GASB Statement No. 31 provides an exception to the fair value reporting for investments in an external pool if the pool operates as a "2a7-like" pool. TexPool, LOGIC, and CLASS are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool, LOGIC and CLASS is the same as the value of their shares.

*Interest rate risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and by investing operating funds primarily in short-term securities.

*Credit risk.* State law and the City's investment policy limits the types of investments as well as the rating of the investments to A-1, P-1 or equivalent.

*Concentration of credit risk.* The City's investment policy requires diversification of the portfolio. This is to be achieved by investing in liquid funds or securities, varying the maturity dates of the securities and avoiding over-concentration of securities in a specific issuer or business sector (excluding US Securities).

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective market value of at least 102%.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to keep securities at a third party institution, avoiding physical possession. Further, all trades are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

## **B. Property Tax Calendar and Receivables**

### **1. Property Tax Calendar**

The appraisal of property within the City is the responsibility of the Harris County Appraisal District ("Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value.

Effective with the 2006 tax year, the City has contracted with the Harris County Tax Office for billing and collection of City's property taxes. Property taxes can be attached as an enforceable lien on property as of January 1st of the year based on the assessed valuation of the property at January 1st of the same year. The tax levy date is at October 1st of the same year when the City receives the certified assessed valuation from the Appraisal District. Property tax receivables are recognized on the levy date. Property taxes become due and payable upon receipt of the tax statements mailed around the second week of October or as soon thereafter as possible and are considered delinquent after January 31st of the following year.

Article XI, Section 5 of the Texas Constitution, provides for an overall limitation for Home Rule Cities of \$2.50 per \$100 assessed valuation of which not more than \$1.50 can be used for general operating purposes under the City Charter.

The 2008 taxable assessed valuation of the City's property in the amount of \$6,009,961,085 was certified by the Appraisal District. The City Council adopted the following tax rate per \$100 of assessed taxable value for the current year.

Purpose	Tax Rate
General government	\$ 0.3553
Debt service	0.2067
	<u>\$ 0.5620</u>

## 2. Receivables

Receivables as of September 30, 2009, for the City's individual major and nonmajor funds and water and sewer system and internal service funds in the aggregate, including allowance for uncollectible accounts, are as follows:

	Pasadena									Total
	General	Debt Service	Second Century Corporation	Grant Management	Nonmajor Governmental Funds	Water and Sewer System	Internal Service Funds			
							Maintenance	Workers' Compensation	General Liability	
Receivables										
Property taxes	\$ 1,792,195	\$ 1,358,208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,150,403
Sales taxes	2,504,761	-	1,252,381	-	-	-	-	-	-	3,757,142
Accounts	3,109,252	-	-	-	-	6,962,692	262	76,753	33,043	10,182,002
Less: allowance for uncollectible	(2,350,754)	(950,000)	-	-	-	(495,254)	-	-	-	(3,796,008)
	5,055,454	408,208	1,252,381	-	-	6,467,438	262	76,753	33,043	13,293,539
Intergovernmental - restricted	89,501	-	-	2,607,875	61,689	-	-	-	-	2,759,065
Accounts restricted	27,885	-	-	7,991	69,211	-	-	-	-	105,087
Net total receivables	<u>\$ 5,172,840</u>	<u>\$ 408,208</u>	<u>\$ 1,252,381</u>	<u>\$ 2,615,866</u>	<u>\$ 130,900</u>	<u>\$ 6,467,438</u>	<u>\$ 262</u>	<u>\$ 76,753</u>	<u>\$ 33,043</u>	<u>\$ 16,157,691</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General fund)	\$ 436,049	\$ -
Delinquent property taxes receivable (Debt service fund)	345,133	-
Notes receivable (Grant management)	996,184	-
Insurance proceeds-Hurricane Ike (General fund)	2,044,638	-
Loss revenue -Hurricane Ike (General fund)	-	27,886
Grant received prior to meeting all eligibility requirements	-	581,071
Total deferred/unearned revenue for governmental funds	<u>\$ 3,822,004</u>	<u>\$ 608,957</u>

## C. Restricted Assets

Restricted assets are reported for deposits, investments, and receivables restricted for (1) payment of debt service, (2) use in federal and state grant programs, and (3) use in capital projects as specified in applicable bond covenants and inter-local agreement.

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects	Grant Management	Nonmajor Governmental Funds	Water and Sewer Enterprise
Cash and cash equivalents	\$ -	\$ -	\$ 9,872	\$ -	\$ 771,731	\$ 52,967	\$ -
Investments	-	1,700,754	26,696,699	39,848,019	3,842,340	4,237,917	18,033,751
Intergovernmental receivables	89,501	-	-	-	2,607,875	61,689	-
Accounts receivables	27,885	-	-	-	7,991	69,211	-
	<u>\$ 117,386</u>	<u>\$ 1,700,754</u>	<u>\$ 26,706,571</u>	<u>\$ 39,848,019</u>	<u>\$ 7,229,937</u>	<u>\$ 4,421,784</u>	<u>\$ 18,033,751</u>
	(2)	(1)	(3)	(3)	(2)	(2)	(1) and (3)

#### D. Capital Assets

Capital asset activity of the City (the primary government) for the fiscal year ended September 30, 2009 was as follows:

##### 1. Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 127,486,440	\$ 8,303,708	\$ -	\$ 135,790,148
Construction in progress	61,223,927	25,959,416	(47,559,528)	39,623,815
Total capital assets, not being depreciated	188,710,367	34,263,124	(47,559,528)	175,413,963
Capital assets, being depreciated:				
Buildings and building improvements	50,261,908	25,987,839	-	76,249,747
Facilities and other improvements	4,815,370	242,669	-	5,058,039
Machinery and equipment	20,987,346	4,503,602	(59,222)	25,431,726
Infrastructure	404,515,534	13,115,999	-	417,631,533
Automotive equipment	31,592,109	3,997,180	(2,780,274)	32,809,015
Total capital assets being depreciated:	512,172,267	47,847,289	(2,839,496)	557,180,060
Less accumulated depreciation for:				
Building and building improvements	(17,085,310)	(848,381)	-	(17,933,691)
Facilities and other improvements	(1,784,266)	(98,296)	-	(1,882,562)
Machinery and equipment	(14,294,751)	(933,271)	56,260	(15,171,762)
Infrastructure	(133,330,340)	(6,032,976)	-	(139,363,316)
Automotive equipment	(21,259,486)	(2,270,623)	2,563,568	(20,966,541)
Total accumulated depreciation	(187,754,153)	(10,183,547)	2,619,828	(195,317,872)
Total capital assets, being depreciated, net	324,418,114	37,663,742	(219,668)	361,862,188
Governmental activities capital assets, net	\$ 513,128,481	\$ 71,926,866	\$ (47,779,196)	\$ 537,276,151

## 2. Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,970,647	\$ -	\$ (72,050)	\$ 1,898,597
Construction in progress	51,643,797	9,295,489	(2,652,008)	58,287,278
Total capital assets, not being depreciated	53,614,444	9,295,489	(2,724,058)	60,185,875
Capital assets, being depreciated:				
Buildings and building improvements	7,065,761	-	(1,040,763)	6,024,998
Facilities and other improvements	6,121,635	6,879	-	6,128,514
Machinery and equipment	10,096,433	518,618	(17,664)	10,597,387
Infrastructure	251,866,830	2,776,853	(3,192,000)	251,451,683
Automotive equipment	600,428	-	-	600,428
Total capital assets being depreciated:	275,751,087	3,302,350	(4,250,427)	274,803,010
Less accumulated depreciation for:				
Building and building improvements	(4,759,583)	(115,915)	779,330	(4,096,168)
Facilities and other improvements	(2,154,594)	(95,649)	-	(2,250,243)
Machinery and equipment	(6,509,088)	(322,203)	16,782	(6,814,509)
Infrastructure	(75,681,478)	(3,497,842)	2,175,880	(77,003,440)
Automotive equipment	(470,424)	(59,043)	-	(529,467)
Total accumulated depreciation	(89,575,167)	(4,090,652)	2,971,992	(90,693,827)
Total capital assets, being depreciated, net	186,175,920	(788,302)	(1,278,435)	184,109,183
Business-type activities capital assets, net	\$ 239,790,364	\$ 8,507,187	\$ (4,002,493)	\$ 244,295,058

## 3. Depreciation Expense of the primary government is as follows:

### Governmental activities:

General Government	\$ 334,280
Public Safety	974,387
Public Works	5,742,216
Health	32,936
Culture and Recreation	604,528
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	2,495,200
	<u>\$ 10,183,547</u>

### Business-type activities

Water and Sewer System	<u>\$ 4,090,652</u>
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## E. Construction Commitments

The City's commitments with contractors are as follows as of September 30, 2009:

Projects		Project Appropriation	Spent-to-Date
<u>Drainage</u>			
D011	Regional Detention near Genoa-Red Bluff	\$ 303,550	\$ 148,421
D034	2009 Storm Sewer Replacement	716,144	633,256
		<u>\$ 1,019,694</u>	<u>\$ 781,677</u>
<u>Fire</u>			
F005	Rebuild Station #4	\$ 2,395,541	\$ 1,195,091
F006	Rebuild Station #3	2,057,954	800,633
FZ002	Fire Training Facility	679,090	611,391
		<u>\$ 5,132,585</u>	<u>\$ 2,607,115</u>
<u>Library</u>			
L001	Renovate Central Library	<u>\$ 5,015,254</u>	<u>\$ 4,988,233</u>
<u>Municipal Facilities</u>			
M014	Capitan Theater	\$ 105,000	\$ 75,025
MZ003	Municipal Service Building	990,865	-
		<u>\$ 1,095,865</u>	<u>\$ 75,025</u>
<u>Police</u>			
PZ002	Police Shooting Range Building	<u>\$ 522,631</u>	<u>\$ 482,808</u>
<u>Parks</u>			
R002	Ball Field Renovations	\$ 5,995,689	\$ 2,315,834
R004	Historical Museum	16,500	-
R006	Strawberry Park Master Plan and Related Improvements	188,795	171,141
R007	Memorial Park Renovation	3,230,931	3,164,560
R031	Vince Bayou Trail: Phase I	758,600	102,452
R052	Aquatic Facility	46,670	33,082
		<u>\$ 10,237,185</u>	<u>\$ 5,787,069</u>
<u>Streets</u>			
S006	Pasadena Blvd Phase II: Pansy-Burke and Beltway 8 - Red Bluff	\$ 10,963,721	\$ 9,736,245
S024	Garner: Judy to Pasadena Blvd	372,205	174,953
S029	Scarborough: 225 to Southmore	410,560	318,685
S033	Fairmont - Preston to Pansy	39,281	10,268
S038	Burke Phase III	361,832	-
S049	Preston: Beltway 8 to Genoa Red Bluff	242,638	157,414
S051	Main: 225 to Southmore	39,040	35,136
S058	Shaver: SH 225 to Southmore	5,846,884	5,710,545
S060	Pasadena Blvd Overlay	2,319,084	1,014,885
S078	West Harris Avenue Bridge Reconstruction	113,018	96,074
		<u>\$ 20,708,264</u>	<u>\$ 17,254,204</u>
<u>Traffic</u>			
T05A/B	Thermo Pavement Markers	<u>\$ 243,767</u>	<u>\$ 236,056</u>
<u>Water</u>			
W004	New Transmission Line	\$ 1,267,436	\$ 1,033,055
W006	El Jardin Waterline	505,500	302,610
W012	Southeast Water Plant Pump Station Improvement	594,050	293,701
W014	Loop Completion of Distribution System	1,482,277	501,013
		<u>\$ 3,849,263</u>	<u>\$ 2,130,379</u>
<u>Wastewater</u>			
WW014	Richey Trunkline Phase I	\$ 429,385	\$ 360,106
WW028	Vista Trunkline	1,148,487	924,551
WW032	Golden Acres WWTP Ph II	5,410,184	2,160,663
WW033	Golden Acres WWTP	185,000	175,013
WWZ024	Golden Acres Sewer Line Replacement	166,179	163,246
		<u>\$ 7,173,055</u>	<u>\$ 3,783,579</u>
<u>Others</u>			
Z028	Industrial Pretreatment Program	\$ 25,000	\$ 2,660
Z044	Real Estate Utilization Study	85,000	55,129
		<u>\$ 110,000</u>	<u>\$ 57,789</u>

Pasadena Second Century Corporation, the City's blended component unit, has commitments with contractors and appropriations as follows:

Projects	Project Appropriation	Spent-to-Date
<u>Municipal Facilities</u>		
M003 Convention Center Renovation	\$ 505,750	\$ 93,011
M014 Capitan Theater	35,000	-
	<u>\$ 540,750</u>	<u>\$ 93,011</u>
<u>Streets</u>		
S006 Pasadena Blvd Phase II: Pansy-Burke and BW8 - Red Bluff	\$ 1,788,846	\$ 722,084
S033 Fairmont - Preston to Pansy	5,973,233	446,468
	<u>\$ 7,762,079</u>	<u>\$ 1,168,553</u>
<u>Wastewater</u>		
WW014 Richey Trunkline Phase I	<u>\$ 3,500,000</u>	<u>\$ 999,636</u>

## F. Interfund Receivables, Payables and Transfers

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods and other miscellaneous receivables/payables between funds. The composition of interfund balances as of September 30, 2009, is as follows:

### 1. Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
<b>General</b>	* Maintenance	\$ 567,790
	Debt service	132,370
	Grant management	2,097,174
	** Abandoned motor vehicles and property	144
	* General liability insurance	133,130
		<u>\$ 2,930,608</u>
<b>Pasadena Second Century Corporation</b>	General	418,154
<b>Capital Projects</b>	General	7,479
** <b>Special charge allocation</b>	General	5,789
** <b>State forfeited property</b>	General	11,852
** <b>Abandoned motor vehicles and property</b>	General	2,471
		<u>20,112</u>
<b>Water and sewer system</b>	General	189,002
* <b>Workers' compensation</b>	General	19,791
* <b>Maintenance</b>	General	53,952
	Total	<u>\$ 3,639,098</u>
* Internal service funds		
** Nonmajor governmental		

### 2. Due to/from Primary Government and Component Units:

Receiving Entity	Payable Entity	Amount
Primary government- General fund	Pasadena Crime Control and Prevention District	\$ 1,428

### 3. Interfund Transfers:

#### Fund Financial Statements

Interfund Transfers:

Transfer out:	Transfer In:				* General Liability Insurance
	General	Debt Service	Capital Projects	* Maintenance	
General	\$ -	\$ 166,440	\$ -	\$ 13,023	\$ 500,000
Capital project	-	13,380	-	-	-
Water and Sewer System	2,000,000	-	-	-	300,000
* Workers' Compensation Insurance	500,000	-	-	-	-
* Health Insurance	500,000	-	-	-	-
Pasadena Second Century Corporation	-	-	561,767	-	-
<b>Total</b>	<b>\$ 3,000,000</b>	<b>\$ 179,820</b>	<b>\$ 561,767</b>	<b>\$ 13,023</b>	<b>\$ 800,000</b>

\* Internal service funds

Transfers are used to move unrestricted and restricted funds from the general, capital projects, water and sewer system funds to finance various activities that the City must account for in other funds in accordance with budgetary authorization, including amounts provided as subsidies or matching for various grant programs.

During the fiscal year, the Board of Directors for the Pasadena Second Century Corporation (City's blended component unit) authorized a transfer of \$561,767 to the City for the Fairmont Street project from Beltway 8 to Preston totaling \$526,767 and \$35,000 for the Park-n-Ride project. The Board opted to transfer the entire amount authorized and have the City handle the administration and payments of the contracts.

There were transfers that were not reflected in the above schedule as follows:

- Capital assets in the amount of \$321,935 were transferred out from the internal service/maintenance fund to capital assets - governmental activities.
- Transfer of capital assets in the amount of \$189,692 was recorded as transfer out and capital contribution in the water and sewer system and internal service/maintenance fund, respectively.
- Transfer/donations of capital assets in the amount of \$1,220,473 (includes \$35,000 donation from outside sources) and \$2,052,078 were recorded as transfer out and capital contribution in the water and sewer system and internal service/maintenance fund, respectively.

#### Government-Wide Financial Statements

During the fiscal year, the transfer activities summarized between the governmental and business activities totaled \$1,304,219 and can be summarized as follows:

- Transfers in the amount of \$2,300,000 were transferred out to the government from the business type activities.
- Capital assets in the amount of \$189,692 were transferred out to the government from the business activities.
- Capital assets in the amount of \$1,185,473 were transferred in to the water and sewer system from the government activities.

**G. Long-Term Debt**

**1. Governmental Activities**

**General Obligation Bonds, General Obligation Refunding Bonds and Certificates of Obligation**

The City issues general obligation bonds and certificates of obligation to provide funds for the construction and improvement of the City's infrastructures (i.e. streets, drainage, water and sewer systems, public safety, recreation, and culture facilities). In the past, the City has also refunded certain issues of general obligation bonds to take advantage of lower interest rates and even out debt payments. The original amount of general obligation bonds and certificates of obligation issued in prior years was \$107,670,000. The original amount of general obligation refunding bonds was \$22,890,000.

All bonds are direct obligations and are secured by the full faith and credit of the City. General obligation bonds (GOB), certificates of obligations (COB), general obligation refunding bonds (GOB refunding) and general obligation and refunding bonds (GO and Refunding) currently outstanding are as follows:

	Interest %	Maturity	Purpose	Installments	Amount
\$15,125,000 COB, 2001	5.00	2/15/2011	Governmental type	\$30,000 - \$1,180,000	\$ 1,780,000
\$16,350,000 GOB, 2002	5.00	2/15/2022	Governmental type	\$50,000 to \$1,195,000	11,550,000
\$17,500,000 GOB, 2003	4.50	2/15/2023	Governmental type	\$880,000 to \$1,375,000	15,735,000
\$13,200,000 GOB, 2004	4.50	2/15/2024	Governmental type	\$615,000 to \$980,000	11,950,000
\$1,835,000 GOB Refunding, 2005	5.00	2/15/2014	Governmental type	\$950,000 to \$975,000	1,925,000
\$19,380,000 GO and Refunding, 2005A	5.00	2/15/2025	Governmental type	\$60,000 to \$1,565,000	19,205,000
\$8,915,000 GO and Refunding, 2006	4.00	2/15/2026	Both	\$100,000 to \$1,540,000	8,815,000
\$5,950,000 COB, 2007	4.875	2/15/2027	Governmental type	\$55,000 to \$390,000	5,840,000
\$13,665,000 GOB, 2007	5.625	2/15/2027	Governmental type	\$675,000 to \$840,000	13,665,000
\$21,635,000 GOB, 2008	4.750	2/15/2028	Governmental type	\$735,000 to \$1,720,000	21,635,000
\$6,725,000 GO and Refunding, 2009	4.000	2/15/2017	Governmental type	\$125,000 to \$2,240,000	6,600,000
					<u>\$ 118,700,000</u>

During the current fiscal year, the City issued (1) general obligation bonds, series 2008 in the amount of \$21,635,000 to provide funds for financing the purchase, acquisition, construction, repair and improvement of land, facilities and equipment for streets and drainage, parks and a new fire station and (2) general obligation refunding bonds, 2009 in the amount of \$6,725,000 to refund a portion of the City's outstanding debt.

Annual debt service requirements to maturity for general obligation bonds, certificates of obligation, and general obligation refunding bonds are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2010	\$ 6,675,000	\$ 4,947,028	\$ 11,622,028
2011	6,675,000	4,690,073	11,365,073
2012	6,815,000	4,432,200	11,247,200
2013	7,060,000	4,164,822	11,224,822
2014	7,220,000	3,872,863	11,092,863
2015-2019	35,780,000	14,660,131	50,440,131
2020-2024	36,025,000	6,561,640	42,586,640
2025-2028	12,450,000	934,773	13,384,773
	<u>\$ 118,700,000</u>	<u>\$ 44,263,530</u>	<u>\$ 162,963,530</u>

### **Other Long-Term Debt**

- a) \$5,000,000 Sales Tax Revenue Bonds, Series 2004 dated October 20, 2004, interest at 3.95%, due in installments of \$625,000 to \$805,000 through February 15, 2011 were issued by the City's blended component unit – Pasadena Second Century Corporation ("PSCC") to fund the cost of certain capital improvement projects. The notes are payable and secured solely from one-half of one percent sales and use tax collected by the PSCC.
- b) A sales tax audit was conducted by the City in fiscal year 2006. The audit concluded that the Texas State Comptroller's office (Comptroller) had overpaid the City and its blended component unit, Pasadena Second Century Corporation in the amount of \$666,043 and \$333,021 respectively. The Comptroller's office has agreed to a four year repayment plan with no interest charge.

Annual debt service requirements to maturity for the other long-term debt are as follows:

Year Ending September 30,	Principal	Interest	Total
2010	\$ 978,050	\$ 47,005	\$ 1,025,055
2011	805,000	15,899	820,899
	<u>\$ 1,783,050</u>	<u>\$ 62,904</u>	<u>\$ 1,845,954</u>

### **Advance Refunding**

During the current fiscal year, the City issued \$6,725,000 general obligation refunding bonds, series 2009 to advance refund the following:

- Principal amount due February 15, 2012, and 2015 through 2019 in the amount of \$6,105,000 – combination tax and revenue certificates of obligations, series 2001, a governmental fund debt.
- Principal amount due February 15, 2015 and 2016 in the amount of \$2,130,000 – general obligation bonds, series 2002, a governmental fund debt.

The net proceeds of \$6,709,369 (after premiums \$181,972 and payment of issuance costs \$197,603) plus the City's contribution of \$2,000,000 were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities for all future debt service payments of the refunded debt.

As a result, the above mentioned refunded debt is considered defeased and the corresponding liability for this debt has been removed from the governmental column of the statement of net assets.

The purpose of this advance refunding was to reduce the debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$474,369. This amount is being netted against the new debt and amortized over the life of the new debt issued. The transaction in effect reduced the debt service payments by \$3,078,553 and obtained an economic gain (difference between present value of the debt service payments on the new and old debt and consideration of the City contribution) of \$376,784.

**2. Business-Type Activities**

**Revenue Bonds, Tax and Revenue Certificates of Obligations (COB), and Revenue Refunding Bonds (Refunding)**

The City also issues bonds and obligations where the City pledges net revenues derived from the City's water and sewer system.

In summary, the debts outstanding at the fiscal year end are as follows:

	<u>Interest %</u>	<u>Maturity</u>	<u>Purpose</u>	<u>Installments</u>	<u>Amount</u>
\$ 31,370,000 Revenue Bonds, 1998A	2.00 - 3.40	4/1/2019	Vince Bayou WWTP	\$5,000 to \$2,355,000	\$ 15,455,000
\$17,675,000 GOB Refunding, 2005	3.25 - 5.00	2/15/2020	Water and sewer	\$120,000 to \$2,755,000	17,430,000
\$9,970,000 GO Refunding, 2005A	3.25 - 5.00	2/15/2022	Water and sewer	\$440,000 to \$2,860,000	9,970,000
\$55,400,000 Revenue Bonds, 2008	4.75 - 5.00	4/1/2033	SEWPP expansion	\$35,000 to \$5,235,000	55,400,000
					<u>\$ 98,255,000</u>

Debt service requirements to maturity are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,960,000	\$ 4,515,741	\$ 6,475,741
2011	3,455,000	4,392,561	7,847,561
2012	3,600,000	4,240,001	7,840,001
2013	3,785,000	4,078,331	7,863,331
2014	3,955,000	3,906,383	7,861,383
2015-2019	22,085,000	16,888,852	38,973,852
2020-2024	20,345,000	11,820,844	32,165,844
2025-2029	19,575,000	7,198,813	26,773,813
2030-2033	19,495,000	1,904,944	21,399,944
	<u>\$ 98,255,000</u>	<u>\$ 58,946,470</u>	<u>\$ 157,201,470</u>

**Deferred Debt**

The City of Pasadena entered into a contract with the City of Houston on October 17, 2000 for the purchase and delivery of water from the Southeast Water Purification Plant with an initial minimum monthly quantity of 180 million gallons per month, with the City authorized to revise the minimum monthly quantity no more than once each calendar year.

The City of Houston agrees to defer a percentage of payments required as follows:

April 2001 - March 2002	50% of payment
April 2002 - March 2003	30% of payment
April 2003 - March 2004	10% of payment

Following year three of the contract, the City of Pasadena is required to pay the deferred payment amount over a period of not more than five years at no interest. In April 2004, the City started to make a monthly payment of \$47,328 towards this deferred debt. As of September 30, 2009, the City has completely paid off this deferred debt.

**3. Defeasance of Debt**

In prior and current fiscal years, certain outstanding bonds were defeased by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and defeased bonds are not included in the financial statements. At September 30, 2009, \$810,000 of waterworks and sewer system revenue bonds (business-type activities) were considered defeased. Governmental and business-type activities debt defeased in prior years in the amount of \$12,410,000 and \$21,910,000 remain outstanding.

#### 4. Voter Authorized Obligations

On September 14, 2002, the voters of the City authorized the issuance of \$102,000,000 in Public Improvement Bonds. During the current fiscal year, the City issued and used the remaining authorized \$21,635,000, resulting in the conclusion of this authorization.

#### 5. Legal Debt Margin

At September 30, 2009, the City's legal debt margin was 10% of assessed property valuation totaling \$6,009,961,085, reduced by the amount of bonded debt outstanding of \$117,068,541 which was netted with the amount available in the debt service fund. The City's legal debt margin was \$483,927,568.

#### 6. Rebatable Arbitrage

The City is taking the approach of treating rebatable arbitrage as a claim. For the interim computation period through September 30, 2009, the City has an estimated cumulative rebate accrued liability of \$248,862.

#### 7. Changes in Long-Term Liabilities

##### Governmental Activities:

Long-term liability activity for the year ended September 30, 2009 was as follows:

	<u>Beginning</u>	<u>Additions/ Reclassification</u>	<u>Refunding/ Reductions</u>	<u>Ending</u>	<u>Due Within</u>
<b><u>Governmental Activities:</u></b>					
Bonds Payable:					
General obligation and refunding bonds	\$ 90,330,000	\$ 28,360,000	\$ (7,610,000)	\$ 111,080,000	\$ 5,525,000
Certificate of obligation bonds	14,650,000	-	(7,030,000)	7,620,000	1,150,000
	104,980,000	28,360,000	(14,640,000)	118,700,000	6,675,000
Less deferred amounts:					
For issuance premium	280,354	-	(19,074)	261,280	-
On refunding	908,249	-	(330,659)	577,590	-
Total bonds payable	106,168,603	28,360,000	(14,989,733)	119,538,870	6,675,000
Rebatable arbitrage	353,676	-	(189,857)	163,819	-
Other long-term notes	2,772,711	-	(989,661)	1,783,050	978,050
Claims	2,248,807	9,000,600	(9,326,663)	1,922,744	1,153,646
Compensated absences	24,248,562	8,709,899	(5,040,285)	27,918,176	2,791,816
Other post-employment benefits	-	6,462,960	(1,486,337)	4,976,623	-
Governmental activity					
Long-term liabilities	\$ 135,792,359	\$ 52,533,459	\$ (32,022,536)	\$ 156,303,282	\$ 11,598,512

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities of internal service funds are included as part of the above totals for governmental activities. As of September 30, 2009, \$1,958,684 of internal service funds' compensated absences and \$42,970 of other post-employment benefits are included in the above amounts.

For the governmental activities, claims and compensated absences are liquidated by the general fund, internal service funds, and grant management fund.

## **Business-Type Activities:**

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within
<b>Business-type activities:</b>					
Bonds payable					
Revenue bonds	\$ 71,775,000	\$ -	\$ (920,000)	\$ 70,855,000	\$ 425,000
Revenue refunding bonds	550,000	-	(550,000)	-	-
Tax and revenue certificate of obligation	1,280,000	-	(1,280,000)	-	-
General obligation refunding bonds	27,520,000	-	(120,000)	27,400,000	1,535,000
Less deferred amounts:					
For premiums on issuance	2,118,315	-	(147,855)	1,970,460	-
On refunding					
For deferred loss on early retirement	(995,330)	-	92,604	(902,726)	-
For issuance discount	(3,509)	-	3,509	-	-
Rebatable arbitrage	137,374	-	(52,329)	85,045	-
Deferred water charges payable	283,970	-	(283,970)	-	-
Compensated absences	2,500,477	658,860	(497,760)	2,661,577	266,158
Other post-employment benefits	-	1,055,459	(242,732)	812,727	-
Business-type activity					
Long-term liabilities	\$ 105,166,297	\$ 1,714,319	\$ (3,998,533)	\$ 102,882,083	\$ 2,226,158

## **V. OTHER INFORMATION**

### **A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established the workers' compensation insurance fund, health insurance fund and the general liability insurance fund to account for and finance its uninsured risks and losses.

### **Liabilities/Property**

The City became fully insured in its liability and property risk effective December 1, 2004. Prior to this date, the City was self-insured. The City uses Arthur J. Gallagher and Company as its third-party administrator for claims incurred before November 30, 2004. The City purchases its liability and property insurance policies through Texas Municipal League Intergovernmental Risk Pool (TML-IRP). These policies encompass property, general and auto liability, public officials' errors and omissions, mobile equipment, boiler and machinery. The deductible ranges from \$1,000 to \$100,000 with limit on per occurrence or aggregate. The City has not had a significant reduction in insurance coverage in the last three years and the participation of the City in the TML-IRP is limited to the payment of premiums.

### **Workers' Compensation**

The City became fully insured in its workers' compensation program effective April 1, 2004. Prior to this date, the City was self-insured. The City used Employers General Insurance Group, Inc. as its third-party administrator for claims administration, investigation, subrogation and adjustment for all claims incurred before April 1, 2004 until December 31, 2006. As of January 1, 2007, Texas Municipal League (TML) became the City's third party administrator. Stop-loss insurance for individual claims had been purchased from Safety National Casualty and Midwest Employers; stop-loss attachment point is between \$300,000 through \$375,000 for each claim until the run-off is completed. After April 1, 2004 the City became a member of the Texas Municipal League Intergovernmental Risk Pool. The City pays a premium based on the City's total payroll and past loss experience. As a member of the pool, stop loss insurance is no longer needed. The City includes the Pasadena Volunteer Fire Department in its workers' compensation program.

### **Unemployment Insurance**

The City reimburses the Texas Workforce Commission for unemployment claims on a quarterly basis. By using this method, the City gives up certain appeal options, but it has only once paid

more than what its taxable rate would have been. Staff from the Human Resources Department represents the City in the appeal procedures.

### **Health and Dental Insurance**

The City is self insured in health coverage and purchases stop loss insurance from a commercial carrier. United Healthcare Service, Inc., (UMR) is the third party administrator as of January 1, 2008. The City has two health insurance plans and two dental insurance plans. The health insurance, plan A or B, offers a wide range of medical care, services, and supplies depending on the needs of the employees. One of the two dental insurance plans is a fully insured plan provided through CGLIC - Phoenix and the other is self insured with UMR as the third party administrator.

The City pays \$960 of the monthly premium for each employee, which includes health, dental, short-term and long-term disability income protection plan, life insurance and accident death and dismemberment insurance and the employees pay the remaining depending on which plan they choose. Dependent coverage is available for qualified dependents at the employee's option. If elected, the City pays a portion of the premium and the employee pays the remainder. A cafeteria style plan (e.g., health spending and dependent care) is available at the employee's election.

### **Unpaid Claims Liability**

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount of claims that have been incurred but not reported (IBNR). Claim liabilities are calculated based on past claim experiences, recent claim settlement trends and other economic and social factors. The City currently does not discount its unpaid claim liabilities.

Changes in the balances of claim liabilities during the fiscal year are as follows:

	Workers' Compensation	General Liabilities Insurance	Health/Dental Insurance
<b><u>Current Fiscal Year</u></b>			
<b>Unpaid claims and claim adjustment expenses at the beginning of the current fiscal year</b>	\$ 289,521	\$ 593,776	\$ 1,365,510
<b>Incurred claims and claim adjustment expenses:</b>			
Provisions for insured events of the current fiscal year	-	-	12,245,729
Increase (decrease) in provision for insured events prior years	18,872	113,522	(3,377,523)
Total incurred claims and claim adjustment expenses	18,872	113,522	8,868,206
<b>Payments:</b>			
Claims and claim adjustment expenses attributable to insured events-			
Current fiscal year	-	-	11,066,857
Prior fiscal years	96,760	175,059	(2,012,013)
Total payments	96,760	175,059	9,054,844
<b>Total unpaid claims and claim adjustment expenses at end of current fiscal year</b>	<b>\$ 211,633</b>	<b>\$ 532,239</b>	<b>\$ 1,178,872</b>
<b><u>Prior Fiscal Year</u></b>			
<b>Unpaid claims and claim adjustment expenses at the beginning of the prior fiscal year</b>	\$ 448,710	\$ 564,861	\$ 1,902,068
<b>Incurred claims and claim adjustment expenses:</b>			
Provisions for insured events of the current fiscal year	-	-	7,683,134
Increase (decrease) in provision for insured events prior years	13,095	88,223	(661,230)
Total incurred claims and claim adjustment expenses	13,095	88,223	7,021,904
<b>Payments:</b>			
Claims and claim adjustment expenses attributable to insured events-			
Current fiscal year	-	-	6,547,737
Prior fiscal years	172,284	59,308	1,010,725
Total payments	172,284	59,308	7,558,462
<b>Total unpaid claims and claim adjustment expenses at end of prior fiscal year</b>	<b>\$ 289,521</b>	<b>\$ 593,776</b>	<b>\$ 1,365,510</b>

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

## **B. Commitments and Contingent Liabilities**

### **1. Commitments**

Construction commitments are discussed in note IV. E.

### **2. Litigation**

The City is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its municipal and enterprise activities, certain of which seek substantial damages. These litigations include lawsuits and claims alleging that the City caused personal injuries and wrongful deaths and claims alleging practices and certain civil rights violations and various other liability claims. The status of these litigations ranges from an early discovery stage to various levels of appeal of judgments both for and against the City. The amount of damages is limited in certain cases under the Texas Tort Claims Act and unlimited in certain Civil Rights and other cases. The City intends to defend itself vigorously against these lawsuits. There are other threatened litigations for which an amount cannot be determined.

### **3. Federal and State Grants**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

## **C. Other Post-Employment Benefits – (“OPEB”)**

The City provides certain healthcare benefits for retired employees. Substantially all of the City's employees become eligible for the health benefits including dental if they reach normal retirement age while working for the City. The City is currently following a pay-as-you-go approach, paying an amount each year equal to the claims paid. Retired healthcare is accounted for in the health insurance fund, an internal service fund. For the fiscal year ended September 30, 2009, two hundred and thirty retirees participated in and received OPEB.

In fiscal year 2009, retirees made contributions totaling \$526,158, while the City paid \$3,340,775 in claims on behalf of retirees, their spouses, and dependents. The City recovered stop loss insurance revenue associated with the retirees in the amount of \$1,628,145 during this fiscal year. Effective January 1, 2004, retirees and their spouses age 65 or older, whom are no longer eligible for the City's health plan, were enrolled in a Medicare Supplement plan. For this plan the City paid \$302.25 from October to December 2008 and \$339.21 from January to September 2009 per person, per month, at a cost of \$542,597 for fiscal year 2009.

### **Funding Policy and Annual OPEB Cost**

The City's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB Statement No. 45. The ARC represents an amount that is projected to recognize the normal cost each year and amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City had its first OPEB actuarial valuation performed for the fiscal year beginning October 1, 2008 as required by GASB.

The City's annual OPEB cost for the fiscal year ending September 30, 2009 is as follows:

	<u>OPEB</u>
Annual required contribution	\$ 7,518,419
Interest on OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost (expense) end of year	7,518,419
Net estimated employer contributions	<u>(1,729,069)</u>
Increase in net OPEB obligation	5,789,350
Net OPEB obligation - beginning	-
Net OPEB obligation - end of year	\$ 5,789,350

### **Funding Status and Funding Progress**

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2006 is as follows:

Actuarial Valuation Date as of December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
2006	-	82,305,117	82,305,117	0%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$82,305,117 at December 31, 2006.

### **Actuarial Methods and Assumption**

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and pattern of sharing benefits costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assts. Significant methods and assumptions were as follows:

Investment rate of return -	4.5%, net of expenses
Actuarial cost method -	Projected Unit Credit Cost Method
Amortization method -	Level as a percentage of payroll
Growth Rate -	3.0% per annum

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented here in the notes provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Schedule of Funding Progress**

Fiscal Year Ended	Employer Annual Required Contribution	Employer Amount Contributed (estimated)	Interest on NOO (9)x4.5%	ARC Adjustment (9)/(6)	Amortization Factor	OPEB Cost (2)+(4)-(5)	Change in NOO (7)-(3)	NOO Balance NOO+(8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
September 30, 2009	\$ 7,518,419	\$ 1,729,069	\$ -	\$ -	24.1663	\$ 7,518,419	\$ 5,789,350	\$ 5,789,350

The schedule of funding progress is required to present the current actuarial valuation and the two preceding valuations; only the current year is available at this time.

Under COBRA, the City provides continuation of health coverage to its eligible former employees and their eligible dependents. The federal government outlines certain requirements, such as coverage periods, notification responsibilities, and premiums. There is no associated cost to the City under this program.

**D. Employee Retirement Systems and Pension Plans**

**1. Texas Municipal Retirement System**

**Plan Description**

The City provides pension benefits for all of its full-time employees, other than volunteer firemen, through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows:

- Deposit Rate: **7%**
- Matching Ratio (City to Employee): **2 to 1**
- A member is vested after **5 yrs**

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the City are: **5 yrs/age 60, 20 yrs/any age**, updated service credit is; **100% repeating, transfers** and the annuity increase to retirees is; **40% of CPI repeating.**

## **Contribution**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2008 valuation is effective for rates beginning January 2009).

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

## **Trend Information - Schedule of Actuarial Liabilities and Funding Progress**

Actuarial Valuation Date	<u>12/31/2006</u>	<u>12/31/2007</u>	<u>12/31/2008</u>
Actuarial Value of Assets	\$ 131,242,404	\$ 135,115,802	\$ 141,622,930
Actuarial Accrued Liability	173,298,075	192,637,872	202,996,809
Percentage Funded	75.73%	70.14%	69.77%
Unfunded Actuarial Accrued Liability (UAAL)	42,055,671	57,522,070	61,373,879
Annual Covered Payroll	42,637,154	44,805,836	50,092,474
UAAL as a Percentage of Covered Payroll	<u>98.64%</u>	<u>128.40%</u>	<u>122.50%</u>
Net Pension Obligation at the Beginning of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Annual Pension Cost:			
Annual required contribution (ARC)	\$ 6,298,021	\$ 6,829,065	\$ 7,696,904
Contributions Made (1)	<u>6,298,021</u>	<u>6,829,065</u>	<u>7,696,904</u>
Net Pension Obligation at the end of the period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Contribution Made - includes total City's contributions including SDBF.

## **Actuarial Assumptions**

Actuarial Cost Method -	Projected Unit Credit
Amortization Method -	Level Percent of Payroll
Remaining Amortization Period -	29 Years - Closed Period
Asset Valuation Method -	Amortized Cost (to accurately reflect the requirements of GASB stmt, No. 25, paragraphs 36e and 138)
Investment Rate of Return -	7.5%
Projected Salary Increase -	Varies by age and service
Includes Inflation At -	3.00%
Cost-of-Living Adjustments -	1.20%

## **Other Post Employment Benefits – Supplemental Death Benefits**

The City also contributes to the Supplemental Death Benefits Fund (SDBF), a cost sharing multiple-employer defined benefit post employment plan administered by TMRS. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers. The City's contributions to the TMRS SDBF for the years ended 2009, 2008 and 2007 are included in the total contribution made in the "Trend Information-Schedule of Actuarial Liabilities and Funding Progress," which equaled the required contributions each year. (1)

## **2. Volunteer Firemen's Relief and Retirement Pension Trust Fund/Texas Statewide Emergency Service Personnel Retirement Fund**

### **Plan Description**

The Fire Fighters' Pension Commission is the administrator of the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. TESRS is considered a component unit of the State of Texas financial reporting entity and is included in the State's financial reports as a pension trust fund. A report may be obtained by contacting the Texas Comptroller (Post Office Box 13528, Capitol Station, Austin, Texas 78711-3528). At August 31, 2008 there were 186 member fire or emergency services departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

At August 31, 2008, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,939
Terminated members entitled to benefits but not yet receiving them	1,975
Current active members (vested and nonvested)	<u>4,340</u>
	<u>8,254</u>

Senate Bill 411, 65<sup>th</sup> Legislature, Regular Session (1977), created TESRS, and established the applicable benefit provisions. The 79<sup>th</sup> Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contributions levels, benefit formulas and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, a vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

### **Funding Policy**

Contribution provisions were established by S.B. 411, 65<sup>th</sup> Legislature, Regular Session (1977) and were amended by board rule in 2006. No contributions are required by individual members of participating departments. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month for each active member and may contribute more. The City's contributions to the fund for the fiscal years ended September 30, 2009, 2008 and 2007 were \$431,140, \$386,664, and \$332,660 respectively, and have met the required contributions each year. Additional contributions may be made by a governing body to pay for granting credit for service before the department began participating in TESRS (prior service). The City's additional contributions to the fund for the fiscal year ended September 30, 2009, 2008 and 2007 were \$0, \$0 and \$61,812 respectively. The State may also be required to make annual contributions up a limited amount to make TESRS actuarially sound.

### **Annual Required Contributions**

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 2008 total contributions (dues and prior service) of \$2,439,339 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. In addition, the state appropriated \$8,800,000 for the fiscal year ending August 31, 2008. Total contributions made were equal to the contributions required by the state statute and were equal to the contributions required based on the revised August 31, 2006 actuarial valuation.

The purpose of the biennial actuarial valuation is to test the adequacy of the financing arrangement to determine if it is adequate to pay the benefits that are promised. The actuarial valuation as of August 31, 2008 revealed the adequacy of the expected contributions from the political subdivisions (dues and prior service contributions) together with the actual state appropriations for the fiscal year ending August 31, 2009 (\$415,405 to help pay for the System's administrative expenses) and with the assumed continuation of legislative appropriations of (1) the maximum state contributions amount in future years for up to 30 years as is necessary for the System to have a 30-year amortization period, and (2) approximately \$425,000 each year to help pay for the System's administrative expenses. Expected contributions for the fiscal year ending August 31, 2009 are equal to the contributions required.

### 3. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 as a separately administered trust. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The City provides neither administrative service to the plan nor investment advice for the plan.

As a result of legislative changes, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income contributed to those amounts are held in trust for the exclusive benefit of the participants and their beneficiaries. Consequently, the deferred compensation investments are no longer reported in the City's financial statements as an Agency Fund.

### E. Hurricane IKE

The City incurred substantial expenditures, planning and preparing for Hurricane IKE which hit landfall September 13, 2008 in Galveston, Texas. The City provided refuge and assistance to citizens of the area, managed emergency operations, and cleaned up debris. Many of these expenditures incurred by the City are expected to be reimbursed by the Federal Emergency Management Agency (FEMA) in the form of public assistance grants. The City has estimated the amount it anticipates to recover from FEMA for the portion of the expenditures incurred. However, FEMA's policies have and will likely change; therefore, the actual reimbursement could differ from the amount estimated based on the City's current understanding and interpretation of FEMA's policies.

### F. Restatement

In previous fiscal year, the City issued a \$55,400,000 Waterworks and Sewer System Revenue Bonds, Series 2008 to fund the expansion of Southeast Water Production Plant, which will increase the City share of plant's capacity from 23 ½ MGD to 40MGD. The restatement was to consider the impact of application of FASB No. 62 – capitalization on the net interest expense and related interest revenue.

	Statement of Net Assets - Proprietary Funds Water and Sewer System	Statement of Net Assets - Primary Government Business-type Activities
Net assets, previously reported	\$ 162,784,552	\$ 162,029,011
Add: Net effect of bond interest expenses and related interest revenue	1,190,729	1,190,729
Net assets, restated	<u>\$ 163,975,281</u>	<u>\$ 163,219,740</u>

The City received the notice of balance due from U.S. Department of Housing and Urban Development (HUD) based on their final funding and billing reconciliation of Disaster Housing Assistance Program (DHAP) for Katrina and Rita. This restatement was to correct overstatement of grant revenue recognized by the City based on HUD's notice.

	Statement of Balance Sheet Governmental Fund Grant Management	Statement of Net Assets - Primary Government Governmental Activities
Fund balances, previously reported	\$ 4,664,888	\$ 499,316,540
Less: Overstatement of grant revenues	(139,887)	(139,887)
Net assets, restated	<u>\$ 4,525,001</u>	<u>\$ 499,176,653</u>

**G. Subsequent Event**

On November 29, 2009 a settlement was reached with Kinsel Industries, Inc. over the construction of the New Vince Bayou Wastewater Treatment Plant. The City agreed to pay Kinsel Industries \$1,200,000 for the release of claims. That amount is recorded as a contingent liability in the water and sewer system fund as of September 30, 2009.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



## **GENERAL FUND**

**The General Fund is used to account for all financial resources  
except those required to be accounted for in another fund**



**CITY OF PASADENA, TEXAS  
GENERAL FUND  
BALANCE SHEET  
SEPTEMBER 30, 2009**

**ASSETS**

Cash and cash equivalents	\$	1,309,857
Investments		
TexPool		12,740,483
LOGIC CLASS A CLASS		536,887
		14,965,838
		28,243,208
Receivables (net, where applicable, of allowances for uncollectible)		
General property taxes		538,195
Accounts receivable		4,517,259
		5,055,454
Due from other funds		2,930,608
Due from component unit		1,428
Restricted assets		
Receivables (net, where applicable, of allowances for uncollectible)		117,386
		117,386
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>37,657,941</b>

**LIABILITIES**

Accounts payable	\$	7,150,505
Accrued payroll payable		1,735,394
Due to other funds		708,490
Deferred revenue		2,508,573
		2,508,573
<b>TOTAL LIABILITIES</b>		<b>12,102,962</b>

**FUND BALANCES**

Unreserved, designated for, reported in:		
Encumbrances		399,441
Encumbrances - capital improvements		5,110
Capital improvements		2,578,002
Election, recall and charter revision		15,000
Unreserved, undesignated		22,557,426
		22,557,426
<b>TOTAL FUND BALANCES</b>		<b>25,554,979</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$</b>	<b>37,657,941</b>

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**CITY OF PASADENA, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR YEAR ENDED SEPTEMBER 30, 2009**

**REVENUES**

General property taxes	\$ 21,227,982
Business taxes	
Industrial district fees	16,100,049
Sales taxes	17,389,808
Utility taxes	7,817,369
Other taxes	207,561
Total business taxes	41,514,787
Licenses and permits	2,381,701
Municipal court fines	5,633,088
Charges for services	9,547,090
Intergovernmental	5,821,714
Miscellaneous	614,335
Investment income	209,332

**TOTAL REVENUES**

**86,950,029**

**EXPENDITURES**

Current	
General government	13,046,236
Public safety	36,253,680
Public works	20,698,999
Health	2,880,092
Culture and recreation	13,941,565

**TOTAL EXPENDITURES**

**86,820,572**

**EXCESS OF REVENUES**

**OVER EXPENDITURES**

**129,457**

**OTHER FINANCING SOURCES (USES)**

Operating transfers in (out)	
Maintenance fund	(13,023)
Water and sewer system	2,000,000
Workers' compensation insurance fund	500,000
General liability insurance fund	(500,000)
Health insurance fund	500,000
Debt service fund	(166,440)
Insurance recovery	1,809,421
Sale of capital assets	6,868

**TOTAL OTHER FINANCING SOURCES (USES)**

**4,136,826**

**NET CHANGE IN FUND BALANCES**

**4,266,283**

**FUND BALANCES - BEGINNING**

**21,288,696**

**FUND BALANCES - ENDING**

**\$ 25,554,979**

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>General Property Taxes</b>				
Ad valorem taxes	\$ 18,915,655	\$ 18,915,655	\$ 20,879,359	\$ 1,963,704
Penalty and interest	359,000	359,000	348,623	(10,377)
<b>Total General Property Taxes</b>	<b>19,274,655</b>	<b>19,274,655</b>	<b>21,227,982</b>	<b>1,953,327</b>
<b>Business Taxes</b>				
Industrial district fees	15,889,000	15,289,000	16,100,049	811,049
Sales tax	16,180,000	17,005,000	17,389,808	384,808
Utility taxes	8,285,000	8,285,000	7,817,369	(467,631)
Other taxes				
Mixed drink tax	171,000	171,000	189,402	18,402
Bingo tax	49,000	49,000	18,159	(30,841)
<b>Total Business Taxes</b>	<b>40,574,000</b>	<b>40,799,000</b>	<b>41,514,787</b>	<b>715,787</b>
<b>Licenses and Permits</b>				
Business types	2,013,100	2,013,100	2,200,830	187,730
Occupational types	99,300	99,300	93,420	(5,880)
Non-business types	90,000	90,000	87,451	(2,549)
<b>Total Licenses and Permits</b>	<b>2,202,400</b>	<b>2,202,400</b>	<b>2,381,701</b>	<b>179,301</b>
<b>Municipal Court Fines and Fees</b>	<b>5,751,600</b>	<b>5,751,600</b>	<b>5,633,088</b>	<b>(118,512)</b>
<b>Charges for Services</b>				
Ellington municipal golf course	528,000	528,000	707,442	179,442
Recreational activities	192,000	192,000	221,511	29,511
Swimming pool	71,000	71,000	73,074	2,074
Tennis court	5,000	5,000	3,633	(1,367)
Civic center	334,000	334,000	242,103	(91,897)
Other centers	85,100	85,100	83,489	(1,611)
Miscellaneous	814,000	814,000	872,502	58,502
Solid waste collection	6,502,000	6,502,000	6,632,136	130,136
Health services	350,000	350,000	383,909	33,909
Library services	86,000	86,000	50,341	(35,659)
Property management	278,000	278,000	276,950	(1,050)
<b>Total Charges for Services</b>	<b>9,245,100</b>	<b>9,245,100</b>	<b>9,547,090</b>	<b>301,990</b>
<b>Intergovernmental</b>				
Fire protection	59,000	59,000	62,741	3,741
IKE - Disaster grant	-	4,417,500	5,481,372	1,063,872
Reimbursement from other agency	113,000	113,000	163,291	50,291
TxDOT - traffic signal maintenance	25,000	25,000	22,706	(2,294)
Emergency management performance grant	81,500	81,500	89,501	8,001
Restitution - Harris County	3,000	3,000	2,103	(897)
<b>Total Intergovernmental</b>	<b>281,500</b>	<b>4,699,000</b>	<b>5,821,714</b>	<b>1,122,714</b>
<b>Miscellaneous</b>	<b>398,000</b>	<b>424,000</b>	<b>614,335</b>	<b>190,335</b>
<b>Investment Income</b>	<b>613,000</b>	<b>621,027</b>	<b>209,332</b>	<b>(411,695)</b>
<b>TOTAL REVENUES</b>	<b>\$ 78,340,255</b>	<b>\$ 83,016,782</b>	<b>\$ 86,950,029</b>	<b>\$ 3,933,247</b>

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
<b><u>General Government</u></b>				
<b>City Council</b>				
Personnel services	\$ 81,163	\$ 87,163	\$ 86,286	\$ 877
Contractual services	41,300	29,300	16,123	13,177
Materials and supplies	8,400	14,400	7,150	7,250
Maintenance charges	37,443	34,343	34,202	141
	<b>168,306</b>	<b>165,206</b>	<b>143,761</b>	<b>21,445</b>
<b>Mayor</b>				
Personnel services	276,237	293,579	294,548	(969)
Contractual services	23,700	17,200	16,409	791
Materials and supplies	8,500	8,000	4,729	3,271
Maintenance charges	33,785	26,685	26,541	144
	<b>342,222</b>	<b>345,464</b>	<b>342,227</b>	<b>3,237</b>
<b>Budget and Financial Planning</b>				
Personnel services	190,878	208,178	210,095	(1,917)
Contractual services	6,200	4,355	4,008	347
Materials and supplies	2,990	295	187	108
Maintenance charges	13,140	13,140	13,140	-
	<b>213,208</b>	<b>225,968</b>	<b>227,430</b>	<b>(1,462)</b>
<b>Municipal Court</b>				
Personnel services	1,685,546	1,677,546	1,646,515	31,031
Contractual services	65,700	70,700	64,547	6,153
Materials and supplies	65,151	68,151	67,654	497
Maintenance charges	142,378	153,750	153,273	477
Capital outlay	-	20,695	20,695	-
	<b>1,958,775</b>	<b>1,990,842</b>	<b>1,952,684</b>	<b>38,158</b>
<b>City Controller</b>				
Personnel services	1,372,560	1,372,560	1,358,347	14,213
Contractual services	172,233	171,533	141,727	29,806
Materials and supplies	20,005	20,705	20,652	53
Maintenance charges	48,246	46,846	46,621	225
	<b>\$ 1,613,044</b>	<b>\$ 1,611,644</b>	<b>\$ 1,567,347</b>	<b>\$ 44,297</b>

Continued

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

<b>EXPENDITURES</b> <b>General Government, Continued</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Tax</b>				
Personnel services	\$ 61,324	\$ 62,424	\$ 63,378	\$ (954)
Contractual services	369,700	448,100	448,096	4
Materials and supplies	900	850	222	628
Maintenance charges	14,230	12,080	11,868	212
	<b>446,154</b>	<b>523,454</b>	<b>523,564</b>	<b>(110)</b>
<b>Purchasing</b>				
Personnel services	293,776	301,576	303,850	(2,274)
Contractual services	14,640	11,640	8,576	3,064
Materials and supplies	2,650	5,650	2,808	2,842
Maintenance charges	26,294	21,994	21,868	126
	<b>337,360</b>	<b>340,860</b>	<b>337,102</b>	<b>3,758</b>
<b>Legal</b>				
Personnel services	793,842	793,842	776,063	17,779
Contractual services	102,646	102,646	71,544	31,102
Materials and supplies	22,820	22,820	22,404	416
Maintenance charges	39,266	37,287	37,172	115
	<b>958,574</b>	<b>956,595</b>	<b>907,183</b>	<b>49,412</b>
<b>City Secretary</b>				
Personnel services	223,853	223,853	224,002	(149)
Contractual services	62,650	67,650	67,163	487
Materials and supplies	7,850	9,750	8,528	1,222
Maintenance charges	32,136	28,036	27,927	109
	<b>326,489</b>	<b>329,289</b>	<b>327,620</b>	<b>1,669</b>
<b>Elections</b>				
Personnel services	13,242	6,242	2,866	3,376
Contractual services	54,300	58,900	54,400	4,500
Materials and supplies	1,900	4,300	3,710	590
	<b>69,442</b>	<b>69,442</b>	<b>60,976</b>	<b>8,466</b>
<b>Human Resources</b>				
Personnel services	504,338	521,899	523,482	(1,583)
Contractual services	104,000	103,000	75,670	27,330
Materials and supplies	25,800	26,800	26,648	152
Maintenance charges	42,392	44,469	44,341	128
	<b>\$ 676,530</b>	<b>\$ 696,168</b>	<b>\$ 670,141</b>	<b>\$ 26,027</b>

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>City Marshal</b>				
Personnel services	\$ 553,987	\$ 548,987	\$ 471,206	\$ 77,781
Contractual services	5,500	7,500	5,940	1,560
Materials and supplies	7,040	10,040	7,671	2,369
Maintenance charges	100,783	94,401	94,058	343
	<b>667,310</b>	<b>660,928</b>	<b>578,875</b>	<b>82,053</b>
<b>Community Relations</b>				
Personnel services	606,801	616,801	620,562	(3,761)
Contractual services	101,290	66,290	61,467	4,823
Materials and supplies	65,400	55,400	43,701	11,699
Maintenance charges	64,518	60,692	60,573	119
	<b>838,009</b>	<b>799,183</b>	<b>786,303</b>	<b>12,880</b>
<b>Pasadena Action Line</b>				
Personnel services	271,894	271,894	262,573	9,321
Contractual services	3,050	3,050	840	2,210
Materials and supplies	1,800	1,800	1,091	709
Maintenance charges	29,839	31,539	31,494	45
	<b>306,583</b>	<b>308,283</b>	<b>295,998</b>	<b>12,285</b>
<b>Planning</b>				
Personnel services	203,092	190,892	187,349	3,543
Contractual services	13,060	15,260	14,455	805
Materials and supplies	4,050	4,050	2,752	1,298
Maintenance charges	68,066	59,838	59,656	182
	<b>288,268</b>	<b>270,040</b>	<b>264,212</b>	<b>5,828</b>
<b>Planning/Development Administration</b>				
Personnel services	144,873	153,273	154,429	(1,156)
Contractual services	800	800	409	391
Materials and supplies	1,050	1,050	94	956
Maintenance charges	544	594	552	42
	<b>147,267</b>	<b>155,717</b>	<b>155,484</b>	<b>233</b>
<b>Economic Development Liaison</b>				
Personnel services	142,453	142,453	142,684	(231)
Contractual services	1,600	2,200	1,631	569
Materials and supplies	4,500	3,900	2,918	982
Maintenance charges	4,679	4,679	3,094	1,585
	<b>\$ 153,232</b>	<b>\$ 153,232</b>	<b>\$ 150,327</b>	<b>\$ 2,905</b>

Continued

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

<b>EXPENDITURES</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>General Government, Continued</b>				
<b>Neighborhood Network</b>				
Personnel services	\$ 103,566	\$ 103,566	\$ 99,156	\$ 4,410
Contractual services	83,430	153,430	138,914	14,516
Materials and supplies	58,150	33,150	23,895	9,255
Maintenance charges	15,665	16,265	16,220	45
	<b>260,811</b>	<b>306,411</b>	<b>278,185</b>	<b>28,226</b>
<b>Inspections</b>				
Personnel services	1,473,022	1,397,622	1,380,274	17,348
Contractual services	34,100	40,100	34,411	5,689
Materials and supplies	14,650	14,550	12,556	1,994
Maintenance charges	136,749	128,564	128,341	223
	<b>1,658,521</b>	<b>1,580,836</b>	<b>1,555,582</b>	<b>25,254</b>
<b>Property Management</b>				
Contractual services	263,575	493,384	452,379	41,005
Materials and supplies	26,875	250,948	226,668	24,280
Maintenance charges	335,103	330,408	329,781	627
Capital outlay	1,976,071	505,360	386,013	119,347
	<b>2,601,624</b>	<b>1,580,100</b>	<b>1,394,841</b>	<b>185,259</b>
<b>Technology</b>				
Contractual services	23,500	23,500	-	23,500
Materials and supplies	10,000	10,000	-	10,000
	<b>33,500</b>	<b>33,500</b>	<b>-</b>	<b>33,500</b>
<b>Other Charges</b>				
Personnel services	969,580	632	555	77
Contractual services	77,500	234,493	229,678	4,815
Materials and supplies	100	160,227	160,128	99
Other charges	31,282	41,282	24,648	16,634
Other uses	101,500	111,500	111,385	115
	<b>1,179,962</b>	<b>548,134</b>	<b>526,394</b>	<b>21,740</b>
<b>Total General Government</b>	<b>\$ 15,245,191</b>	<b>\$ 13,651,296</b>	<b>\$ 13,046,236</b>	<b>\$ 605,060</b>

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Public Safety</b>				
<b>Emergency Preparedness</b>				
Personnel services	\$ 265,345	\$ 275,045	\$ 277,065	\$ (2,020)
Contractual services	54,008	41,492	40,129	1,363
Materials and supplies	12,900	14,198	13,212	986
Maintenance charges	43,427	36,351	36,191	160
	<b>375,680</b>	<b>367,086</b>	<b>366,597</b>	<b>489</b>
<b>Fire Fighting</b>				
Personnel services	275,453	275,453	256,661	18,792
Contractual services	1,141,381	1,109,070	1,089,156	19,914
Materials and supplies	389,816	444,816	387,324	57,492
Maintenance charges	2,081,854	1,848,434	1,848,193	241
Capital outlay	60,000	60,000	55,765	4,235
	<b>3,948,504</b>	<b>3,737,773</b>	<b>3,637,099</b>	<b>100,674</b>
<b>Fire Prevention</b>				
Personnel services	852,484	852,484	790,534	61,950
Contractual services	29,500	26,500	23,666	2,834
Materials and supplies	21,192	24,192	24,104	88
Maintenance charges	137,503	130,772	129,651	1,121
	<b>1,040,679</b>	<b>1,033,948</b>	<b>967,955</b>	<b>65,993</b>
<b>Police</b>				
Personnel services	26,194,145	27,327,021	27,357,765	(30,744)
Contractual services	842,792	1,033,162	1,027,960	5,202
Materials and supplies	312,763	300,995	292,265	8,730
Maintenance charges	2,803,317	2,637,001	2,592,039	44,962
Capital outlay	-	12,000	12,000	-
	<b>30,153,017</b>	<b>31,310,179</b>	<b>31,282,029</b>	<b>28,150</b>
<b>Total Public Safety</b>	<b>\$ 35,517,880</b>	<b>\$ 36,448,986</b>	<b>\$ 36,253,680</b>	<b>\$ 195,306</b>

Continued

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Public Works</b>				
<b>Public Works Administration</b>				
Personnel services	\$ 433,252	\$ 433,252	\$ 413,095	\$ 20,157
Contractual services	7,800	68,752	66,999	1,753
Materials and supplies	300	2,955	2,800	155
Maintenance charges	18,278	18,328	18,289	39
	<b>459,630</b>	<b>523,287</b>	<b>501,183</b>	<b>22,104</b>
<b>Engineering</b>				
Personnel services	1,441,862	1,421,862	1,385,248	36,614
Contractual services	84,750	104,750	100,490	4,260
Materials and supplies	40,250	40,249	31,630	8,619
Maintenance charges	146,706	149,447	149,383	64
Capital outlay	10,000	-	-	-
	<b>1,723,568</b>	<b>1,716,308</b>	<b>1,666,751</b>	<b>49,557</b>
<b>Street Lighting and Signals</b>				
Contractual services	1,790,000	1,505,850	1,384,956	120,894
	<b>1,790,000</b>	<b>1,505,850</b>	<b>1,384,956</b>	<b>120,894</b>
<b>Sanitation</b>				
Personnel services	2,507,245	2,632,245	2,597,297	34,948
Contractual services	5,550,645	7,891,842	7,800,647	91,195
Materials and supplies	1,451,000	1,652,552	1,384,618	267,934
Maintenance charges	503,385	451,709	446,981	4,728
Capital outlay	-	7,000	6,908	92
	<b>10,012,275</b>	<b>12,635,348</b>	<b>12,236,451</b>	<b>398,897</b>
<b>Street and Bridge</b>				
Personnel services	2,286,010	2,346,010	2,148,240	197,770
Contractual services	182,850	182,850	70,485	112,365
Materials and supplies	358,700	398,700	357,933	40,767
Maintenance charges	777,277	707,169	707,042	127
	<b>3,604,837</b>	<b>3,634,729</b>	<b>3,283,700</b>	<b>351,029</b>
<b>Traffic and Transportation</b>				
Personnel services	926,500	853,500	826,590	26,910
Contractual services	105,200	118,200	97,397	20,803
Materials and supplies	202,299	295,264	269,189	26,075
Maintenance charges	116,794	109,198	105,890	3,308
Capital outlay	-	10,000	9,050	950
	<b>1,350,793</b>	<b>1,386,162</b>	<b>1,308,116</b>	<b>78,046</b>
<b>Environmental Services</b>				
Contractual services	292,705	292,705	281,740	10,965
Materials and supplies	21,250	21,250	18,433	2,817
Maintenance charges	13,750	13,750	11,201	2,549
Capital outlay	518	6,518	6,468	50
	<b>328,223</b>	<b>334,223</b>	<b>317,842</b>	<b>16,381</b>
<b>Total Public Works</b>	<b>\$ 19,269,326</b>	<b>\$ 21,735,907</b>	<b>\$ 20,698,999</b>	<b>\$ 1,036,908</b>

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Health</b>				
<b>Health</b>				
Personnel services	\$ 748,711	\$ 748,711	\$ 725,234	\$ 23,477
Contractual services	388,510	923,160	878,699	44,461
Materials and supplies	12,150	12,350	12,293	57
Maintenance charges	66,454	64,627	63,814	813
	<b>1,215,825</b>	<b>1,748,848</b>	<b>1,680,040</b>	<b>68,808</b>
<b>Animal Rescue and Assistance</b>				
Personnel services	838,024	899,730	907,886	(8,156)
Contractual services	150,892	155,681	155,681	-
Materials and supplies	76,607	74,477	71,873	2,604
Maintenance charges	56,489	64,792	64,612	180
	<b>1,122,012</b>	<b>1,194,680</b>	<b>1,200,052</b>	<b>(5,372)</b>
<b>Total Health</b>	<b>2,337,837</b>	<b>2,943,528</b>	<b>2,880,092</b>	<b>63,436</b>
<b>Culture and Recreation</b>				
<b>Parks</b>				
Personnel services	1,859,512	1,853,912	1,769,488	84,424
Contractual services	630,450	635,588	624,906	10,682
Materials and supplies	150,700	131,477	131,378	99
Maintenance charges	525,781	447,308	442,800	4,508
Capital outlay	50,000	43,337	43,337	-
	<b>3,216,443</b>	<b>3,111,622</b>	<b>3,011,909</b>	<b>99,713</b>
<b>Recreation</b>				
Personnel services	1,754,383	1,869,478	1,733,479	135,999
Contractual services	306,666	249,232	227,191	22,041
Materials and supplies	267,462	264,990	256,170	8,820
Maintenance charges	195,428	195,608	171,947	23,661
Other charges	67,000	74,000	59,847	14,153
Capital outlay	38,000	50,973	2,973	48,000
	<b>\$ 2,628,939</b>	<b>\$ 2,704,281</b>	<b>\$ 2,451,607</b>	<b>\$ 252,674</b>

Continued

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

<b>EXPENDITURES</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b><u>Culture and Recreation, Continued</u></b>				
<b>Clean Streets</b>				
Personnel services	\$ 1,394,775	\$ 1,429,775	\$ 1,378,360	\$ 51,415
Contractual services	17,950	27,950	18,833	9,117
Materials and supplies	69,150	99,150	77,423	21,727
Maintenance charges	154,333	139,344	139,138	206
	<b>1,636,208</b>	<b>1,696,219</b>	<b>1,613,754</b>	<b>82,465</b>
<b>Golf Course</b>				
Personnel services	546,249	584,525	568,567	15,958
Contractual services	52,813	94,213	92,388	1,825
Materials and supplies	102,920	97,220	84,090	13,130
Maintenance charges	37,042	35,065	27,015	8,050
Capital outlay	-	66,563	56,443	10,120
	<b>739,024</b>	<b>877,586</b>	<b>828,503</b>	<b>49,083</b>
<b>Multi-Purpose Center</b>				
Personnel services	454,623	454,623	392,641	61,982
Contractual services	37,149	39,101	39,092	9
Materials and supplies	38,922	51,668	35,078	16,590
Maintenance charges	25,592	27,535	27,431	104
Other charges	10,000	10,000	8,856	1,144
Capital outlay	-	13,800	6,000	7,800
	<b>566,286</b>	<b>596,727</b>	<b>509,098</b>	<b>87,629</b>
<b>Civic Center</b>				
Personnel services	488,291	494,791	465,515	29,276
Contractual services	142,945	143,317	143,480	(163)
Materials and supplies	5,896	5,583	2,629	2,954
Maintenance charges	151,652	149,493	148,540	953
Capital outlay	-	736,659	736,659	-
	<b>788,784</b>	<b>1,529,843</b>	<b>1,496,823</b>	<b>33,020</b>
<b>Senior Center - Madison Jobe</b>				
Personnel services	290,270	290,270	283,195	7,075
Contractual services	42,050	58,703	51,923	6,780
Materials and supplies	17,150	18,542	16,196	2,346
Maintenance charges	52,922	49,662	45,820	3,842
Other charges	20,000	20,000	17,716	2,284
	<b>\$ 422,392</b>	<b>\$ 437,177</b>	<b>\$ 414,850</b>	<b>\$ 22,327</b>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Library</b>				
Personnel services	\$ 2,702,356	\$ 2,647,356	\$ 2,603,368	\$ 43,988
Contractual services	349,259	373,152	355,029	18,123
Materials and supplies	114,787	146,237	142,999	3,238
Maintenance charges	278,425	331,311	330,982	329
Capital outlay	173,688	182,745	182,643	102
	<b>3,618,515</b>	<b>3,680,801</b>	<b>3,615,021</b>	<b>65,780</b>
<b>Total Culture and Recreation</b>	<b>13,616,591</b>	<b>14,634,256</b>	<b>13,941,565</b>	<b>692,691</b>
<b>TOTAL EXPENDITURES</b>	<b>85,986,825</b>	<b>89,413,973</b>	<b>86,820,572</b>	<b>2,593,401</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(7,646,570)</b>	<b>(6,397,191)</b>	<b>129,457</b>	<b>6,526,648</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)				
Maintenance fund	-	(13,023)	(13,023)	-
Water and sewer system fund	2,000,000	2,000,000	2,000,000	-
Worker's compensation insurance fund	500,000	500,000	500,000	-
General liability insurance fund	(500,000)	(500,000)	(500,000)	-
Health insurance fund	500,000	500,000	500,000	-
Debt service fund	(166,440)	(166,440)	(166,440)	-
Insurance recovery	-	1,809,421	1,809,421	-
Sale of capital assets	10,000	10,000	6,868	(3,132)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>2,343,560</b>	<b>4,139,958</b>	<b>4,136,826</b>	<b>(3,132)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(5,303,010)</b>	<b>(2,257,233)</b>	<b>4,266,283</b>	<b>6,523,516</b>
<b>FUND BALANCE - BEGINNING</b>	<b>19,599,386</b>	<b>21,288,696</b>	<b>21,288,696</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 14,296,376</b>	<b>\$ 19,031,463</b>	<b>\$ 25,554,979</b>	<b>\$ 6,523,516</b>

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## **MAJOR FUND**

### **DEBT SERVICE FUND**

**The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds**



**CITY OF PASADENA, TEXAS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes				
Ad valorem taxes	\$ 12,460,000	\$ 12,460,000	\$ 12,357,756	\$ (102,244)
Investment income	24,675	24,675	22,462	(2,213)
<b>TOTAL REVENUES</b>	<b>12,484,675</b>	<b>12,484,675</b>	<b>12,380,218</b>	<b>(104,457)</b>
<b>EXPENDITURES</b>				
Debt service				
Principal	6,666,440	6,666,441	6,571,441	95,000
Interest	5,341,972	5,360,430	4,959,105	401,325
Fiscal charges	15,000	15,000	5,255	9,745
Underwriter/issuance costs	-	196,034	196,034	-
<b>TOTAL EXPENDITURES</b>	<b>12,023,412</b>	<b>12,237,905</b>	<b>11,731,835</b>	<b>506,070</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>461,263</b>	<b>246,770</b>	<b>648,383</b>	<b>401,613</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in - general fund	166,440	166,440	166,440	-
Transfers in - capital projects fund	-	-	13,380	13,380
Premiums on bonds	-	196,034	180,403	(15,631)
Refunding bonds issued	-	6,725,000	6,725,000	-
Payment to refunded bond escrow agent	-	(8,725,000)	(8,709,369)	15,631
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>166,440</b>	<b>(1,637,526)</b>	<b>(1,624,146)</b>	<b>13,380</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>627,703</b>	<b>(1,390,756)</b>	<b>(975,763)</b>	<b>414,993</b>
<b>FUND BALANCES - BEGINNING</b>	<b>1,998,418</b>	<b>2,607,222</b>	<b>2,607,222</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 2,626,121</b>	<b>\$ 1,216,466</b>	<b>\$ 1,631,459</b>	<b>\$ 414,993</b>

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## **NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds**

**Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.**

**Special Charge Allocation Fund** – Established to account for the following:

Juvenile case manager fee not to exceed \$5.00 is imposed whenever a defendant is convicted of a misdemeanor offense. The funds generated from the fee may be used only to finance the salary and benefits of a juvenile case manager.

City's portion of child safety fees collected by the Harris County Tax Assessor, from auto license registrations and to be used for programs designed to enhance child safety, health, or nutrition, including child abuse, drug and alcohol abuse, prevention and intervention.

Security fees collected from the defendant convicted of a misdemeanor offense to be used for providing security services, such as the purchase of x-ray machines and conveying systems, walk-through metal detectors, and miscellaneous items for the municipal court building.

City's share of Law Enforcement Officer Standards and Education (LEOSE) fee collected by the State of Texas to be used for law enforcement education and training purposes.

Ten percent of "time payment fee" collected from a convicted defendant who seeks to pay a fine, court cost, or restitution over a period of time rather than immediately. The funds are used to improve the efficiency of the administration of justice in the City.

Technology fees collected as part of the municipal court fine to be used to finance technological enhancements including computer systems, networks, hardware and software, imaging systems, electronic kiosks and ticket writers, and docket management systems.

Preservation of vital statistics fees collected in addition to the standard fees by the Health Department at the City, which collects an additional \$1.00 for the preservation of vital statistic records under Texas Health and Safety Code 191.001(h).

Sign removal fee collected from sign permit applicants and licensed sign companies to be used for the removal of illegal signs.

**State Forfeited Property Fund** – Established to account for the City's share of cash and proceeds realized from the sale of forfeited property resulting from cases aided by the City's law enforcement and prosecuted through the Harris County District Attorney's Office. This fund is designated for law enforcement purposes.

**Hotel and Motel Tax Fund** – Established to account for the hotel and motel tax revenues that are restricted for enhancement and promotion of tourism, the convention and hotel industry of the City and its vicinity.

**Abandoned Motor Vehicle and Property Fund** – Established to account for auction proceeds of abandoned vehicles and property. Funds are designated to be used for law enforcement purposes.



**CITY OF PASADENA, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009**

	<u>Special Revenue</u>				<u>Totals</u>
	<u>Special Charge Allocation Fund</u>	<u>State Forfeited Property</u>	<u>Hotel and Motel Tax</u>	<u>Abandoned Motor Vehicles and Property</u>	
<b><u>ASSETS</u></b>					
Due from other funds	\$ 5,789	\$ 11,852	\$ 2,471	\$ -	\$ 20,112
Restricted assets					
Cash and cash equivalents	-	52,967	-	-	52,967
Investments	1,649,720	1,190,544	1,052,859	344,794	4,237,917
Receivables (net of allowances of uncollectibles)					
Intergovernmental	14,172	47,517	-	-	61,689
Accounts	-	-	69,211	-	69,211
<b>TOTAL ASSETS</b>	<b><u>\$1,669,681</u></b>	<b><u>\$1,302,880</u></b>	<b><u>\$1,124,541</u></b>	<b><u>\$ 344,794</u></b>	<b><u>\$4,441,896</u></b>
<b><u>LIABILITIES</u></b>					
Due to other funds	\$ -	\$ -	\$ -	\$ 144	\$ 144
Liabilities payable from restricted assets					
Accounts payable	65,269	39,826	78,316	26,448	209,859
Accrued payroll payable	13,044	-	3,175	-	16,219
	<u>78,313</u>	<u>39,826</u>	<u>81,491</u>	<u>26,448</u>	<u>226,078</u>
<b>TOTAL LIABILITIES</b>	<b><u>78,313</u></b>	<b><u>39,826</u></b>	<b><u>81,491</u></b>	<b><u>26,592</u></b>	<b><u>226,222</u></b>
<b><u>FUND BALANCES</u></b>					
Unreserved, designated for encumbrances	294,635	14,398	59,928	-	368,961
Unreserved, undesignated	1,296,733	1,248,656	983,122	318,202	3,846,713
<b>TOTAL FUND BALANCES</b>	<b><u>1,591,368</u></b>	<b><u>1,263,054</u></b>	<b><u>1,043,050</u></b>	<b><u>318,202</u></b>	<b><u>4,215,674</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$1,669,681</u></b>	<b><u>\$1,302,880</u></b>	<b><u>\$1,124,541</u></b>	<b><u>\$ 344,794</u></b>	<b><u>\$4,441,896</u></b>

**CITY OF PASADENA, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	Special Revenue				Total
	Special Charge Allocation Fund	State Forfeited Property	Hotel and Motel Tax	Abandoned Motor Vehicles and Property	
<b>REVENUES</b>					
Business taxes					
Other taxes					
Hotel and motel taxes	\$ -	\$ -	\$ 490,462	\$ -	\$ 490,462
Licenses and permits	2,954	-	-	-	2,954
Municipal court fines	439,516	-	-	-	439,516
Intergovernmental	289,492	853,076	6,463	-	1,149,031
Miscellaneous	10,884	-	2,000	269,423	282,307
Investment income	14,750	9,184	10,458	2,850	37,242
<b>TOTAL REVENUES</b>	<b>757,596</b>	<b>862,260</b>	<b>509,383</b>	<b>272,273</b>	<b>2,401,512</b>
<b>EXPENDITURES</b>					
Current					
General government					
Personnel services	255,882	-	-	-	255,882
Contractual services	178,949	-	-	-	178,949
Materials and supplies	35,577	-	-	-	35,577
Maintenance charges	76,272	-	-	-	76,272
Capital outlay	243,219	-	-	-	243,219
Public safety					
Personnel services	180,191	-	-	-	180,191
Contractual services	93,704	115,177	-	251,017	459,898
Materials and supplies	11,743	376,196	-	125,968	513,907
Other charges	-	-	-	16,725	16,725
Capital outlay	-	291,719	-	-	291,719
Culture and recreation					
Personnel services	-	-	108,699	-	108,699
Contractual services	-	-	112,076	-	112,076
Materials and supplies	-	-	101,722	-	101,722
Other charges	-	-	38,642	-	38,642
Capital outlay	-	-	241,620	-	241,620
<b>TOTAL EXPENDITURES</b>	<b>1,075,537</b>	<b>783,092</b>	<b>602,759</b>	<b>393,710</b>	<b>2,855,098</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(317,941)</b>	<b>79,168</b>	<b>(93,376)</b>	<b>(121,437)</b>	<b>(453,586)</b>
<b>FUND BALANCES - BEGINNING</b>	<b>1,909,309</b>	<b>1,183,886</b>	<b>1,136,426</b>	<b>439,639</b>	<b>4,669,260</b>
<b>FUND BALANCES - ENDING</b>	<b>\$1,591,368</b>	<b>\$1,263,054</b>	<b>\$1,043,050</b>	<b>\$ 318,202</b>	<b>\$4,215,674</b>

**CITY OF PASADENA, TEXAS  
SPECIAL CHARGE ALLOCATION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 2,954	\$ (1,046)
Municipal court fines	441,000	441,000	439,516	(1,484)
Intergovernmental	253,000	253,000	289,492	36,492
Miscellaneous	10,000	10,000	10,884	884
Investment income	53,182	53,182	14,750	(38,432)
<b>TOTAL REVENUES</b>	<b><u>761,182</u></b>	<b><u>761,182</u></b>	<b><u>757,596</u></b>	<b><u>(3,586)</u></b>
<b>EXPENDITURES</b>				
Current				
General government				
Personnel services	272,643	272,643	255,882	16,761
Contractual services	172,374	217,775	178,949	38,826
Materials and supplies	31,065	174,065	35,577	138,488
Maintenance charges	76,268	76,368	76,272	96
Capital outlay	192,451	577,131	243,219	333,912
Public safety				
Personnel services	154,100	179,100	180,191	(1,091)
Contractual services	59,800	99,800	93,704	6,096
Materials and supplies	16,600	16,100	11,743	4,357
<b>TOTAL EXPENDITURES</b>	<b><u>975,301</u></b>	<b><u>1,612,982</u></b>	<b><u>1,075,537</u></b>	<b><u>537,445</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>(214,119)</u></b>	<b><u>(851,800)</u></b>	<b><u>(317,941)</u></b>	<b><u>533,859</u></b>
<b>FUND BALANCE - BEGINNING</b>	<b><u>1,922,705</u></b>	<b><u>1,909,309</u></b>	<b><u>1,909,309</u></b>	<b><u>-</u></b>
<b>FUND BALANCE - ENDING</b>	<b><u>\$1,708,586</u></b>	<b><u>\$ 1,057,509</u></b>	<b><u>\$1,591,368</u></b>	<b><u>\$ 533,859</u></b>

**CITY OF PASADENA, TEXAS  
STATE FORFEITED PROPERTY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 82,000	\$ 358,722	\$ 853,076	\$ 494,354
Investment income	19,252	19,252	9,184	(10,068)
<b>TOTAL REVENUES</b>	<b><u>101,252</u></b>	<b><u>377,974</u></b>	<b><u>862,260</u></b>	<b><u>484,286</u></b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Contractual services	23,680	120,680	115,177	5,503
Materials and supplies	54,229	402,234	376,196	26,038
Capital outlay	238,638	298,638	291,719	6,919
<b>TOTAL EXPENDITURES</b>	<b><u>316,547</u></b>	<b><u>821,552</u></b>	<b><u>783,092</u></b>	<b><u>38,460</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(215,295)</b>	<b>(443,578)</b>	<b>79,168</b>	<b>522,746</b>
<b>FUND BALANCE - BEGINNING</b>	<b><u>1,051,593</u></b>	<b><u>1,183,886</u></b>	<b><u>1,183,886</u></b>	<b><u>-</u></b>
<b>FUND BALANCE - ENDING</b>	<b><u>\$ 836,298</u></b>	<b><u>\$ 740,308</u></b>	<b><u>\$1,263,054</u></b>	<b><u>\$ 522,746</u></b>

**CITY OF PASADENA, TEXAS  
HOTEL AND MOTEL TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Business taxes	\$ 385,000	\$ 385,000	\$ 490,462	\$ 105,462
Intergovernmental	-	-	6,463	6,463
Miscellaneous	-	-	2,000	2,000
Investment income	27,610	27,610	10,458	(17,152)
<b>TOTAL REVENUES</b>	<b>412,610</b>	<b>412,610</b>	<b>509,383</b>	<b>96,773</b>
<b>EXPENDITURES</b>				
Current				
Culture and recreation				
Personnel services	102,963	107,963	108,699	(736)
Contractual services	288,247	149,247	112,076	37,171
Materials and supplies	136,339	270,339	101,722	168,617
Other charges	43,637	43,637	38,642	4,995
Capital outlay	245,000	245,000	241,620	3,380
<b>TOTAL EXPENDITURES</b>	<b>816,186</b>	<b>816,186</b>	<b>602,759</b>	<b>213,427</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(403,576)</b>	<b>(403,576)</b>	<b>(93,376)</b>	<b>310,200</b>
<b>FUND BALANCE - BEGINNING</b>	<b>1,062,586</b>	<b>1,136,426</b>	<b>1,136,426</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 659,010</b>	<b>\$ 732,850</b>	<b>\$1,043,050</b>	<b>\$ 310,200</b>

**CITY OF PASADENA, TEXAS**  
**ABANDONED MOTOR VEHICLE AND PROPERTY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 252,000	\$ 252,000	\$ 269,423	\$ 17,423
Investment income	10,732	10,732	2,850	(7,882)
<b>TOTAL REVENUES</b>	<b><u>262,732</u></b>	<b><u>262,732</u></b>	<b><u>272,273</u></b>	<b><u>9,541</u></b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Contractual services	284,900	279,900	251,017	28,883
Materials and supplies	130,850	128,050	125,968	2,082
Other charges	9,000	16,800	16,725	75
Capital outlay	1,200	1,200	-	1,200
<b>TOTAL EXPENDITURES</b>	<b><u>425,950</u></b>	<b><u>425,950</u></b>	<b><u>393,710</u></b>	<b><u>32,240</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(163,218)</b>	<b>(163,218)</b>	<b>(121,437)</b>	<b>41,781</b>
<b>FUND BALANCE - BEGINNING</b>	<b><u>390,819</u></b>	<b><u>439,639</u></b>	<b><u>439,639</u></b>	<b><u>-</u></b>
<b>FUND BALANCE - ENDING</b>	<b><u>\$ 227,601</u></b>	<b><u>\$ 276,421</u></b>	<b><u>\$ 318,202</u></b>	<b><u>\$ 41,781</u></b>

## **INTERNAL SERVICE FUNDS**

**Internal Service Funds** are used to account for the financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis.

**Maintenance Fund** – This fund is used to account for the activities of telecommunication, warehouse, electrical, data processing, fleet, building and equipment repairs, maintenance, janitorial and mail room.

**Workers' Compensation Insurance Fund** – This fund is used to account for the worker's compensation insurance premiums charged to other funds and claims paid.

**General Liability Insurance Fund** – This fund is used to account for the general liability insurance premiums charged to other funds, insurance premiums and claims paid.

**Health Insurance Fund** – This fund is used to account for the self-insured health and the fully insured dental plan and premiums charged to other funds and claims paid.



**CITY OF PASADENA, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009**

<b>ASSETS</b>	<b>Maintenance</b>	<b>Workers' Compensation Insurance</b>	<b>General Liability Insurance</b>	<b>Health Insurance</b>	<b>Total</b>
<b>Current Assets</b>					
Investments - Texpool	\$ 2,790,808	\$ 917,545	\$ 994,962	\$ 12,330,341	\$ 17,033,656
Accounts receivable	262	76,753	33,043	-	110,058
Due from other funds					
General	-	19,791	-	53,952	73,743
Inventory, at cost	435,940	-	-	-	435,940
<b>Total Current Assets</b>	<b>3,227,010</b>	<b>1,014,089</b>	<b>1,028,005</b>	<b>12,384,293</b>	<b>17,653,397</b>
<b>Noncurrent Assets</b>					
<b>Deposits</b>	<b>-</b>	<b>23,000</b>	<b>-</b>	<b>250,000</b>	<b>273,000</b>
<b>Capital Assets</b>					
Land	602	-	-	-	602
Buildings and building improvements	2,086,911	-	-	-	2,086,911
Accumulated depreciation - buildings and building improvements	(1,663,178)	-	-	-	(1,663,178)
Facilities and other improvements	175,754	-	-	-	175,754
Accumulated depreciation - facilities and other improvements	(47,228)	-	-	-	(47,228)
Machinery and equipment	5,937,943	-	-	-	5,937,943
Accumulated depreciation - machinery and equipment	(4,079,655)	-	-	-	(4,079,655)
Infrastructure	41,746	-	-	-	41,746
Accumulated depreciation - infrastructure	(9,215)	-	-	-	(9,215)
Automotive equipment	32,809,015	-	-	-	32,809,015
Accumulated depreciation - automotive equipment	(20,966,541)	-	-	-	(20,966,541)
<b>Net Capital Assets</b>	<b>14,286,154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,286,154</b>
<b>Total Noncurrent Assets</b>	<b>14,286,154</b>	<b>23,000</b>	<b>-</b>	<b>250,000</b>	<b>14,559,154</b>
<b>TOTAL ASSETS</b>	<b>17,513,164</b>	<b>1,037,089</b>	<b>1,028,005</b>	<b>12,634,293</b>	<b>32,212,551</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	463,786	1,394	41,153	17,759	524,092
Accrued payroll payable	149,929	3,054	-	5,797	158,780
Due to other funds					
General	567,790	-	133,130	-	700,920
Claims payable	-	126,980	319,343	707,323	1,153,646
Compensated absences payable	195,868	-	-	-	195,868
<b>Total Current Liabilities</b>	<b>1,377,373</b>	<b>131,428</b>	<b>493,626</b>	<b>730,879</b>	<b>2,733,306</b>
<b>Noncurrent Liabilities</b>					
Claims payable	-	84,653	212,896	471,549	769,098
Compensated absences payable	1,762,816	-	-	-	1,762,816
Other post-employment benefits	42,970	-	-	-	42,970
<b>Total Noncurrent Liabilities</b>	<b>1,805,786</b>	<b>84,653</b>	<b>212,896</b>	<b>471,549</b>	<b>2,574,884</b>
<b>TOTAL LIABILITIES</b>	<b>3,183,159</b>	<b>216,081</b>	<b>706,522</b>	<b>1,202,428</b>	<b>5,308,190</b>
<b>NET ASSETS</b>					
Invested in capital assets	14,286,154	-	-	-	14,286,154
Unrestricted	43,851	821,008	321,483	11,431,865	12,618,207
<b>TOTAL NET ASSETS</b>	<b>\$ 14,330,005</b>	<b>\$ 821,008</b>	<b>\$ 321,483</b>	<b>\$ 11,431,865</b>	<b>\$ 26,904,361</b>

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**CITY OF PASADENA, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<b>Maintenance</b>	<b>Workers' Compensation Insurance</b>	<b>General Liability Insurance</b>	<b>Health Insurance</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 12,041,630	\$ 1,124,330	\$ 187,521	\$ 15,605,351	\$ 28,958,832
<b>OPERATING EXPENSES</b>					
Personnel services	5,545,210	97,201	-	-	5,642,411
Contractual services	1,273,128	20,538	-	42,939	1,336,605
Material and supplies	3,830,352	1,095	-	28	3,831,475
Maintenance charges	933,040	-	-	-	933,040
Insurance/reinsurance premiums	-	760,554	1,097,671	1,822,990	3,681,215
Claim and legal expenses	-	18,872	193,439	13,870,481	14,082,792
Administration fees	-	302	-	627,390	627,692
Miscellaneous	-	1,112	-	747,583	748,695
Depreciation	2,495,200	-	-	-	2,495,200
<b>TOTAL OPERATING EXPENSES</b>	<b>14,076,930</b>	<b>899,674</b>	<b>1,291,110</b>	<b>17,111,411</b>	<b>33,379,125</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(2,035,300)</b>	<b>224,656</b>	<b>(1,103,589)</b>	<b>(1,506,060)</b>	<b>(4,420,293)</b>
<b>NONOPERATING REVENUES</b>					
Gain on sale of capital assets	113,902	-	-	-	113,902
Investment income	23,299	5,947	10,495	114,455	154,196
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(1,898,099)</b>	<b>230,603</b>	<b>(1,093,094)</b>	<b>(1,391,605)</b>	<b>(4,152,195)</b>
CAPITAL CONTRIBUTIONS	2,052,078	-	-	-	2,052,078
TRANSFERS IN	13,023	-	800,000	-	813,023
TRANSFERS OUT	(321,935)	(500,000)	-	(500,000)	(1,321,935)
<b>CHANGES IN NET ASSETS</b>	<b>(154,933)</b>	<b>(269,397)</b>	<b>(293,094)</b>	<b>(1,891,605)</b>	<b>(2,609,029)</b>
<b>TOTAL NET ASSETS - BEGINNING</b>	<b>14,484,938</b>	<b>1,090,405</b>	<b>614,577</b>	<b>13,323,470</b>	<b>29,513,390</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 14,330,005</b>	<b>\$ 821,008</b>	<b>\$ 321,483</b>	<b>\$ 11,431,865</b>	<b>\$ 26,904,361</b>

**CITY OF PASADENA, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<b>Maintenance</b>	<b>Workers' Compensation Insurance</b>	<b>General Liability Insurance</b>	<b>Health Insurance</b>	<b>Total</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>					
Cash received from customers and users	\$ 12,115,416	\$ 1,091,627	\$ 187,521	\$ 15,551,399	\$ 28,945,963
Cash payments to suppliers for goods and services	(5,643,705)	-	-	-	(5,643,705)
Cash payments to employees for services	(5,214,139)	(97,722)	-	-	(5,311,861)
Cash payments for insurance premiums, liability claims and administration	-	(932,812)	(1,361,932)	(17,410,691)	(19,705,435)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>1,257,572</b>	<b>61,093</b>	<b>(1,174,411)</b>	<b>(1,859,292)</b>	<b>(1,715,038)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>					
Transfers from other funds					
General	13,023	(500,000)	500,000	(500,000)	(486,977)
Water and sewer system	-	-	300,000	-	300,000
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>13,023</b>	<b>(500,000)</b>	<b>800,000</b>	<b>(500,000)</b>	<b>(186,977)</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>					
Proceeds from sale of capital assets	331,798	-	-	-	331,798
Acquisition and construction of capital assets	(2,803,614)	-	-	-	(2,803,614)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(2,471,816)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,471,816)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Purchase of investments	(3,538,099)	(999,712)	(387,701)	(13,362,018)	(18,287,530)
Proceeds from sale and maturities of investments	4,716,021	1,432,672	751,617	15,606,855	22,507,165
Investment income received	23,299	5,947	10,495	114,455	154,196
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>1,201,221</b>	<b>438,907</b>	<b>374,411</b>	<b>2,359,292</b>	<b>4,373,831</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

	<u>Maintenance</u>	<u>Workers' Compensation Insurance</u>	<u>General Liability Insurance</u>	<u>Health Insurance</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	<u>\$ (2,035,300)</u>	<u>\$ 224,656</u>	<u>\$ (1,103,589)</u>	<u>\$ (1,506,060)</u>	<u>\$ (4,420,293)</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>					
Depreciation	2,495,200	-	-	-	2,495,200
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	2,416	(76,753)	(33,043)	-	(107,380)
Decrease (increase) in due from other funds	73,786	(19,791)	-	(53,952)	43
Decrease in inventory	109,803	-	-	-	109,803
Decrease in deposits	-	24,000	-	47,318	71,318
(Decrease) in accounts and claims payable	(287,194)	(78,698)	(90,882)	(298,904)	(755,678)
Increase in accrued payroll payable	6,195	591	-	440	7,226
Increase in compensated absences payable	281,906	-	-	-	281,906
Increase in other post employment benefits	42,970	-	-	-	42,970
Increase (decrease) in due to other funds	567,790	(12,912)	53,103	(48,134)	559,847
<b>Total Adjustments</b>	<u><b>3,292,872</b></u>	<u><b>(163,563)</b></u>	<u><b>(70,822)</b></u>	<u><b>(353,232)</b></u>	<u><b>2,705,255</b></u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><b>\$ 1,257,572</b></u>	<u><b>\$ 61,093</b></u>	<u><b>\$ (1,174,411)</b></u>	<u><b>\$ (1,859,292)</b></u>	<u><b>\$ (1,715,038)</b></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Contribution of capital assets from the government	\$ 2,052,078	\$ -	\$ -	\$ -	\$ 2,052,078

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# STATISTICAL SECTION

This part of the City of Pasadena, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

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### I. Financial Trends

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

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*These schedules contain trend information to help the reader assess the government's most significant local revenue source, which are water and sewer system-charges for services and the property tax.*

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*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

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**V. Operating Information**

*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**CITY OF PASADENA, TEXAS**  
**NET ASSETS BY COMPONENT**  
 Last Seven Fiscal Years (1)  
 (accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 378,334,323	\$ 387,778,628	\$ 370,470,916	\$ 403,974,440	\$ 412,109,172	\$ 431,100,171	\$ 452,908,289
Restricted	16,176,151	18,624,939	22,888,815	30,687,355	47,364,187	48,856,439	40,253,459
Unrestricted	14,901,279	9,571,244	3,579,793	4,719,202	15,953,388	19,220,043	9,591,105
<b>Total governmental activities net assets</b>	<b>\$ 409,411,753</b>	<b>\$ 415,974,811</b>	<b>\$ 396,939,524</b>	<b>\$ 439,380,997</b>	<b>\$ 475,426,747</b>	<b>\$ 499,176,653</b>	<b>\$ 502,752,853</b>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	\$ 156,229,230	\$ 154,149,232	\$ 184,638,432	\$ 154,352,867	\$ 154,799,229	\$ 155,671,798	\$ 156,432,077
Restricted	1,561,254	1,634,435	483,859	1,272,277	1,128,275	988,591	2,255,328
Unrestricted (deficit)	2,957,742	(681,964)	(1,229,867)	2,092,369	6,580,409	6,559,351	10,457,002
<b>Total business-type activities net assets</b>	<b>\$ 160,748,226</b>	<b>\$ 155,101,703</b>	<b>\$ 183,892,424</b>	<b>\$ 157,717,513</b>	<b>\$ 162,507,913</b>	<b>\$ 163,219,740</b>	<b>\$ 169,144,407</b>
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$ 534,563,553	\$ 541,927,860	\$ 555,109,348	\$ 558,327,307	\$ 566,908,401	\$ 586,771,969	\$ 609,340,366
Restricted	17,737,405	20,259,374	23,372,674	31,959,632	48,492,462	49,845,030	42,508,787
Unrestricted	17,859,021	8,889,280	2,349,926	6,811,571	22,533,797	25,779,394	20,048,107
<b>Total primary government net assets</b>	<b>\$ 570,159,979</b>	<b>\$ 571,076,514</b>	<b>\$ 580,831,948</b>	<b>\$ 597,098,510</b>	<b>\$ 637,934,660</b>	<b>\$ 662,396,393</b>	<b>\$ 671,897,260</b>

(1) The requirement for statistical data is ten years; only seven fiscal years are available at this time.

**CITY OF PASADENA, TEXAS**  
**CHANGES IN NET ASSETS**  
**Last Seven Fiscal Years (1)**  
**(accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities				
General government	\$ 12,990,439	\$ 12,499,970	\$ 14,760,376	\$ 11,958,225
Public safety	34,547,829	35,031,295	35,897,408	36,671,473
Public works	24,354,816	21,881,082	19,516,410	20,305,363
Health	2,237,933	2,300,482	2,481,836	2,322,840
Culture and recreation	12,584,629	12,277,865	12,676,655	13,022,789
Housing and community development	7,495,941	7,989,705	8,433,494	8,720,771
Interest and fiscal agent fees on long-term debt	3,332,080	2,578,646	4,252,445	4,231,769
Total governmental activities expenses	<u>97,543,667</u>	<u>94,559,045</u>	<u>98,018,624</u>	<u>97,233,230</u>
Business-type activities				
Water and sewer	31,368,154	30,641,552	29,491,431	29,117,047
Total business-type activities expenses	<u>31,368,154</u>	<u>30,641,552</u>	<u>29,491,431</u>	<u>29,117,047</u>
Total primary government expenses	<u>\$ 128,911,821</u>	<u>\$ 125,200,597</u>	<u>\$ 127,510,055</u>	<u>\$ 126,350,277</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 6,565,663	\$ 7,134,722	\$ 7,348,053	\$ 8,704,860
Public safety	6,506,737	6,106,518	6,312,465	6,936,436
Other activities	3,587,805	3,629,777	3,794,530	4,586,379
Operating grants and contributions	9,455,830	9,555,552	10,377,127	11,135,131
Capital grants and contributions	5,091,202	4,984,476	9,913,507	2,266,320
Total governmental activities program revenues	<u>31,207,237</u>	<u>31,411,045</u>	<u>37,745,682</u>	<u>33,629,126</u>
Business-type activities:				
Charges for services:				
Water and sewer	26,266,529	25,175,410	26,261,124	31,279,537
Capital grants and contributions	3,148,391	-	1,315,972	-
Total business-type activities program revenues	<u>29,414,920</u>	<u>25,175,410</u>	<u>27,577,096</u>	<u>31,279,537</u>
Total primary government program revenues	<u>\$ 60,622,157</u>	<u>\$ 56,586,455</u>	<u>\$ 65,322,778</u>	<u>\$ 64,908,663</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (66,336,430)	\$ (63,148,000)	\$ (60,272,942)	\$ (63,604,104)
Business-type activities	(1,953,234)	(5,466,142)	(1,914,335)	2,162,490
Total primary government net expense	<u>\$ (68,289,664)</u>	<u>\$ (68,614,142)</u>	<u>\$ (62,187,277)</u>	<u>\$ (61,441,614)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
General property taxes	\$ 23,147,891	\$ 24,889,552	\$ 26,630,894	\$ 27,210,647
Industrial district fees	15,516,488	15,175,399	15,064,575	14,971,745
Sales taxes	18,325,403	20,308,039	18,771,552	20,576,013
Utility taxes	7,712,646	6,938,968	7,132,803	7,148,517
Other taxes	477,992	528,727	478,159	579,428
Investment earnings				
Unrestricted	353,699	457,598	898,174	1,765,482
Restricted	874,893	607,827	1,656,818	3,201,891
Gain on sale of capital assets	820,959	58,456	-	-
Transfers	1,306,868	746,492	(29,395,320)	30,424,114
Total governmental activities	<u>68,536,839</u>	<u>69,711,058</u>	<u>41,237,655</u>	<u>105,877,837</u>
Business-type activities:				
Investment earnings				
Unrestricted	155,200	96,440	24,737	74,873
Restricted	546,194	469,671	1,284,999	2,011,840
Transfers	(1,306,868)	(746,492)	29,395,320	(30,424,114)
Total business-type activities	<u>(605,474)</u>	<u>(180,381)</u>	<u>30,705,056</u>	<u>(28,337,401)</u>
Total primary government	<u>\$ 67,931,365</u>	<u>\$ 69,530,677</u>	<u>\$ 71,942,711</u>	<u>\$ 77,540,436</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 2,200,409	\$ 6,563,058	\$ (19,035,287)	\$ 42,273,733
Business-type activities	(2,558,708)	(5,646,523)	28,790,721	(26,174,911)
Total primary government	<u>\$ (358,299)</u>	<u>\$ 916,535</u>	<u>\$ 9,755,434</u>	<u>\$ 16,098,822</u>

(1) The requirement for statistical data is ten years; only seven fiscal years are available at this time.

	2007	2008	2009
\$	11,200,559	\$ 12,819,859	\$ 17,416,706
	35,213,887	40,486,310	47,722,650
	19,851,288	24,938,059	28,834,077
	2,340,163	2,711,459	3,220,767
	12,687,318	13,647,614	16,320,999
	7,968,458	8,821,136	9,615,124
	4,478,707	4,711,542	4,990,590
	<u>93,740,380</u>	<u>108,135,979</u>	<u>128,120,913</u>
	25,729,728	28,593,719	29,019,384
	<u>25,729,728</u>	<u>28,593,719</u>	<u>29,019,384</u>
\$	<u>119,470,108</u>	<u>\$ 136,729,698</u>	<u>\$ 157,140,297</u>
\$	9,077,366	\$ 13,444,472	\$ 9,881,296
	7,845,825	7,769,911	8,236,156
	4,662,239	4,422,153	5,116,673
	9,499,817	15,960,153	16,102,417
	15,711,854	5,215,499	5,578,582
	<u>46,797,101</u>	<u>46,812,188</u>	<u>44,915,124</u>
	30,744,928	30,489,659	36,054,350
	-	-	35,000
	<u>30,744,928</u>	<u>30,489,659</u>	<u>36,089,350</u>
\$	<u>77,542,029</u>	<u>\$ 77,301,847</u>	<u>\$ 81,004,474</u>
\$	(47,294,485)	\$ (61,323,791)	\$ (83,205,789)
	5,015,200	1,895,940	7,069,966
\$	<u>(42,279,285)</u>	<u>\$ (59,427,851)</u>	<u>\$ (76,135,823)</u>
\$	28,855,714	\$ 31,071,723	\$ 33,728,265
	15,153,643	15,551,252	16,100,049
	23,088,652	23,835,369	26,084,712
	7,582,443	7,644,267	7,817,369
	604,342	691,263	698,023
	2,580,560	1,590,544	363,528
	3,839,946	2,748,233	685,824
	102,835	73,265	-
	1,180,894	1,867,781	1,304,219
	<u>82,989,029</u>	<u>85,073,697</u>	<u>86,781,989</u>
	386,097	363,757	95,551
	569,997	319,911	63,369
	(1,180,894)	(1,867,781)	(1,304,219)
	<u>(224,800)</u>	<u>(1,184,113)</u>	<u>(1,145,299)</u>
\$	<u>82,764,229</u>	<u>\$ 83,889,584</u>	<u>\$ 85,636,690</u>
\$	36,045,750	\$ 23,749,906	\$ 3,576,200
	4,790,400	711,827	5,924,667
\$	<u>40,836,150</u>	<u>\$ 24,461,733</u>	<u>\$ 9,500,867</u>

**CITY OF PASADENA, TEXAS**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
 Last Seven Fiscal Years (1)  
 (accrual basis of accounting)

Source	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General property taxes	\$ 23,147,891	\$ 24,889,552	\$ 26,630,894	\$ 27,210,647	\$ 28,855,714	\$ 31,071,723	\$ 33,728,265
Industrial district fees	15,516,488	15,175,399	15,064,575	14,971,745	15,153,643	15,551,252	16,100,049
Sales taxes	18,325,403	20,308,039	18,771,552	20,576,013 (2)	23,088,652	23,835,369	26,084,712
Utility taxes	7,712,646	6,938,968	7,132,803	7,148,517	7,582,443	7,644,267	7,817,369
Other taxes	477,992	528,727	478,159	579,428	604,342	691,263	698,023
	<u>\$ 65,180,420</u>	<u>\$ 67,840,685</u>	<u>\$ 68,077,983</u>	<u>\$ 70,486,350</u>	<u>\$ 75,284,794</u>	<u>\$ 78,793,874</u>	<u>\$ 84,428,418</u>

(1) The requirement for statistical data is ten years; only seven fiscal years are available at this time.

(2) Sales tax is reduced by \$957,031. This represents collections overpaid to the City by the State Comptroller's office.

**CITY OF PASADENA, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Seven Fiscal Years (1)  
(modified accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>							
Unreserved, designated for:							
Encumbrances	\$ 523,489	\$ 385,344	\$ 69,987	\$ 601,074	\$ 492,441	\$ 2,549,842	\$ 404,551
Capital and technology improvements	-	788,251 (2)	569,031	350,876	63,181	1,800,295	2,578,002
Recall, election, and charter revisions	-	15,000 (2)	15,000	15,000	15,000	15,000	15,000
Unreserved	15,995,503	13,649,372	11,549,567	13,605,764	16,869,064	16,923,559	22,557,426
Total general fund	<u>\$ 16,518,992</u>	<u>\$ 14,837,967</u>	<u>\$ 12,203,585</u>	<u>\$ 14,572,714</u>	<u>\$ 17,439,686</u>	<u>\$ 21,288,696</u>	<u>\$ 25,554,979</u>
<b>All Other Governmental Funds</b>							
Reserved	\$ 854,090	\$ 1,150,518	\$ 1,009,129	\$ 1,020,164	\$ 1,495,924	\$ 2,607,222	\$ 1,631,459
Unreserved, designated for:							
Encumbrances	194,606	123,091	93,979	114,054	147,250	1,219,237	66,671
Encumbrances for special revenue funds	22,854	161,441	125	119,060	46,048	379,634	368,961
Unreserved, reported in:							
Pasadena Second Century Corp fund	-	13,661,448 (2)	19,792,426	16,304,452	15,664,093	22,399,524	27,151,207
Capital project fund	36,422,758	28,809,896	49,254,465	44,028,810	57,023,939	37,863,806	36,959,612
Grant management fund	2,742,695	2,411,987	2,179,870	3,294,231	3,565,531	3,631,100	3,478,625
Special revenue funds	3,084,330	2,798,734	2,962,092	3,341,554	3,772,165	4,289,626	3,846,713
Total all other governmental funds	<u>\$ 43,321,333</u>	<u>\$ 49,117,115</u>	<u>\$ 75,292,086</u>	<u>\$ 68,222,325</u>	<u>\$ 81,714,950</u>	<u>\$ 72,390,149</u>	<u>\$ 73,503,248</u>

(1) The requirement for statistical data is ten years; only seven fiscal years are available at this time.

(2) First year amounts reported in these items.

**CITY OF PASADENA, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Seven Fiscal Years (1)**  
**(modified accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues</b>				
Taxes	\$ 65,001,344	\$ 69,644,124	\$ 68,147,386	\$ 71,417,369
Licenses and permits	1,925,525	2,023,198	1,987,726	2,325,452
Municipal court fines	5,522,614	5,314,119	5,475,669	5,843,318
Charges for services	7,203,857	7,270,872	7,592,005	9,071,205
Intergovernmental	12,775,333	13,814,294	13,179,191	13,183,434
Investment earnings	986,450	857,257	2,153,484	4,239,860
Miscellaneous	610,486	700,514	1,060,031	1,454,507
Total revenues	<u>94,025,609</u>	<u>99,624,378</u>	<u>99,595,492</u>	<u>107,535,145</u>
<b>Expenditures</b>				
General government	11,536,552	10,816,187	11,377,181	11,541,363
Public safety	31,559,299	34,596,834	34,095,458	32,789,587
Public works	15,980,154	15,104,816	14,264,010	14,368,742
Health	1,998,562	2,132,286	2,247,029	2,229,275
Culture and recreation	11,421,975	11,365,582	11,734,161	13,155,164
Housing and community development	9,261,335	10,620,479	10,350,263	9,240,567
Capital outlay	22,562,217	17,800,469	18,226,315	17,498,647
Debt service				
Principal	8,570,000	9,000,000	8,085,000	7,665,000
Interest	3,058,548	2,571,574	3,446,897	3,961,007
Other charges	127,333	567,609	1,112,801	4,771
Total expenditures	<u>116,075,975</u>	<u>114,575,836</u>	<u>114,939,115</u>	<u>112,454,123</u>
Excess (deficiency) of revenues over (under) expenditures	(22,050,366)	(14,951,458)	(15,343,623)	(4,918,978)
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	-	18,640,000	29,570,000	-
Payment to refunded bond escrow agent	-	(19,433,731)	(31,465,435)	-
Bonds issued	16,350,000	17,500,000	37,580,000	-
Premiums on bonds issued	1,046	1,259,946	3,254,647	-
Transfers in	1,193,932	4,582,177	3,623,734	10,015,507
Transfers out	(687,064)	(3,482,177)	(3,688,734)	(9,964,901)
Sale of capital assets	1,289,486	-	10,000	-
Insurance recovery	-	-	-	-
Total other financing sources (uses)	<u>18,147,400</u>	<u>19,066,215</u>	<u>38,884,212</u>	<u>50,606</u>
Net change in fund balances	<u>\$ (3,902,966)</u>	<u>\$ 4,114,757</u>	<u>\$ 23,540,589</u>	<u>\$ (4,868,372)</u>
Debt service as a percentage of noncapital expenditures	13.04%	13.30%	13.67%	12.59%

(1) The requirement for statistical data is ten years; only seven fiscal years are available at this time.

	<b>2007</b>	<b>2008</b>	<b>2009</b>
\$	75,298,799	\$ 78,823,699	\$ 84,285,891
	2,614,522	2,377,189	2,384,655
	6,478,333	6,318,981	6,072,604
	9,143,891	9,516,526	9,547,090
	12,963,551	19,748,247	20,601,837
	5,354,084	3,594,698	895,156
	12,762,352	1,514,999	1,057,115
	<u>124,615,532</u>	<u>121,894,339</u>	<u>124,844,348</u>
	13,063,869	12,461,993	14,144,783
	34,797,520	36,975,770	40,633,853
	14,826,289	19,038,620	21,178,029
	2,396,944	2,612,142	2,880,092
	13,011,143	13,441,738	14,690,854
	9,166,267	10,943,860	11,477,417
	21,539,329	34,743,955	25,765,715
	6,212,535	7,484,660	7,394,661
	5,953,074	4,666,601	5,035,933
	346,639	171,897	397,929
	<u>121,313,609</u>	<u>142,541,236</u>	<u>143,599,266</u>
	3,301,923	(20,646,897)	(18,754,918)
	2,415,000	-	6,725,000
	(2,364,119)	-	(8,709,369)
	12,450,000	13,665,000	21,635,000
	56,793	-	180,403
	8,976,878	1,800,190	3,741,587
	(8,476,878)	(800,190)	(1,254,610)
	-	-	6,868
	-	506,106	1,809,421
	<u>13,057,674</u>	<u>15,171,106</u>	<u>24,134,300</u>
\$	<u>16,359,597</u>	<u>\$ (5,475,791)</u>	<u>\$ 5,379,382</u>
	13.06%	11.93%	11.47%

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**CITY OF PASADENA, TEXAS**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
 Last Seven Fiscal Years (1)  
 (modified accrual basis of accounting)

Source	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General property taxes	\$ 23,065,814	\$ 25,099,303	\$ 26,639,546	\$ 27,184,635	\$ 28,869,719	\$ 31,101,548	\$ 33,585,738
Industrial district fees	15,329,998	15,175,399	15,064,576	14,971,745	15,153,643	15,551,252	16,100,049
Sales taxes	18,325,403	20,308,039	18,771,552	21,533,044	23,088,652	23,835,369	26,084,712
Utility taxes	7,777,466	8,528,068	7,181,942	7,148,517	7,582,443	7,644,267	7,817,369
Other taxes	502,663	533,315	489,770	579,428	604,342	691,263	698,023
	<u>\$ 65,001,344</u>	<u>\$ 69,644,124</u>	<u>\$ 68,147,386</u>	<u>\$ 71,417,369</u>	<u>\$ 75,298,799</u>	<u>\$ 78,823,699</u>	<u>\$ 84,285,891</u>

(1) The requirement for statistical data is ten years; only seven fiscal years are available at this time.

**CITY OF PASADENA, TEXAS**  
**WATER AND SEWER SYSTEM PRINCIPAL CUSTOMERS**  
 Current Fiscal Year and Two Fiscal Years Ago (1)

2009						
Consumers	Consumption (per 1,000 gallon)	Annualized Consumption	Billed Amount	Rank	% of Water/Sewer Revenues	% of All System Fund Revenues
City of Seabrook	14,741.0	176,891.9	\$ 671,749	1	1.86%	1.85%
Pasadena Independent School District	7,858.0	94,295.7	803,672	2	2.22%	2.22%
Brandywood Housing Corporation	5,179.9	62,159.3	450,655	3	1.25%	1.24%
Brighton Hill Apartments	4,109.9	49,318.7	361,066	4	1.00%	1.00%
San Jacinto College	2,994.6	35,934.8	471,582	5	1.30%	1.30%
Minh Food Company	2,820.6	33,847.6	262,507	6	0.73%	0.72%
Sandstone	2,534.8	30,417.9	217,341	7	0.60%	0.60%
Columbia Bayshore Hospital	2,445.1	29,340.9	288,977	8	0.80%	0.80%
Phillips Chemical	1,400.4	16,804.5	71,374	9	0.20%	0.20%
Air Products	928.9	11,146.2	100,950	10	0.28%	0.28%
<b>Total</b>	<b>45,013.2</b>	<b>540,157.5</b>	<b>\$ 3,699,873</b>		<b>10.24%</b>	<b>10.21%</b>

Source: Prepared by the City's Water Department.

(1) The requirement for statistical data is for current and nine years ago; only the current year and two years ago is available at this time.

**2007**

<b>Consumption (per 1,000 gallon)</b>	<b>Annualized Consumption</b>	<b>Billed Amount</b>	<b>Rank</b>	<b>% of Water/Sewer Revenues</b>	<b>% of All System Fund Revenues</b>
7,837.5	94,050.5	\$ 573,885	2	1.99%	1.84%
10,586.3	127,035.5	628,756	1	2.18%	2.02%
5,664.6	67,975.6	432,057	3	1.50%	1.39%
5,558.0	66,696.5	418,897	4	1.45%	1.35%
2,184.2	26,210.0	236,243	7	0.82%	0.76%
1,683.8	20,206.0	173,722	9	0.60%	0.56%
3,552.6	42,631.6	217,462	6	0.75%	0.70%
4,858.9	58,307.1	525,157	5	1.82%	1.69%
2,157.3	25,887.9	118,761	8	0.41%	0.38%
1,567.9	18,814.8	99,000	10	0.34%	0.32%
<b>45,651.1</b>	<b>547,815.5</b>	<b>\$ 3,423,940</b>		<b>11.86%</b>	<b>11.01%</b>

**CITY OF PASADENA, TEXAS  
WATER AND SEWER RATES  
Last Four Fiscal Years (1)**

	Cumulative Blocks (Gallons)	Usage Blocks (per 1,000 gallons)	2009		2008	
			Water Rates	Sewer Rates	Water Rates	Sewer Rates
Residential	2,000	up to 2.0	\$ 5.50	\$ 8.00	\$ 5.50	\$ 8.00
	7,500	next 5.5	2.75	2.75	2.75	2.75
	10,000	next 2.5	3.00	3.00	3.00	3.00
	12,000	next 2.0	3.25	3.50	3.25	3.50
	30,000	next 18.0	4.00	3.50	4.00	3.50
	30,001	over 30.0	4.50	3.50	4.50	3.50
Residential => 65	2,000	up to 2.0	3.59	4.99	3.59	4.99
	7,500	next 5.5	2.16	1.37	2.16	1.37
	10,000	next 2.5	2.16	3.00	2.16	3.00
	12,000	next 2.0	3.25	3.50	3.25	3.50
	30,000	next 18.0	4.00	3.50	4.00	3.50
	30,001	over 30.0	4.50	3.50	4.50	3.50
Commercial	2,000	up to 2.0	5.59	8.00	5.59	8.00
	10,000	next 8.0	2.75	3.00	2.75	3.00
	20,000	next 10.0	3.00	3.25	3.00	3.25
	30,000	next 10.0	3.25	3.50	3.25	3.50
	40,000	next 10.0	4.50	4.00	4.50	4.00
	50,000	next 10.0	4.50	4.15	4.50	4.15
	50,001	over 50.0	4.50	4.15	4.50	4.15
Apartments	2,000	up to 2.0	5.50	8.00	5.50	8.00
	4,500	next 2.5	2.75	2.75	2.75	2.75
	9,500	next 5.0	3.00	3.25	3.00	3.25
	11,500	next 2.0	3.25	3.50	3.25	3.50
	29,500	next 18.0	4.00	3.50	4.00	3.50
	29,501	over 29.5	4.50	3.50	4.50	3.50
Sprinklers	2,000	up to 2.0	4.59	-	4.59	-
	10,000	next 8.0	3.25	-	3.25	-
	28,000	next 18.0	4.00	-	4.00	-
	28,001	over 28.0	4.50	-	4.50	-

Source: Prepared by the City's Water Department.

(1) The requirement for statistical data is ten years; only four years are available at this time.

2007		2006	
Water Rates	Sewer Rates	Water Rates	Sewer Rates
\$ 5.50	\$ 8.00	\$ 5.50	\$ 8.00
2.75	2.75	2.75	2.75
3.00	3.00	3.00	3.00
3.25	3.50	3.25	3.50
4.00	3.50	4.00	3.50
4.50	3.50	4.50	3.50
3.59	4.99	3.59	4.99
2.16	1.37	2.16	1.37
2.16	3.00	2.16	3.00
3.25	3.50	3.25	3.50
4.00	3.50	4.00	3.50
4.50	3.50	4.50	3.50
5.59	8.00	5.59	8.00
2.75	3.00	2.75	3.00
3.00	3.25	3.00	3.25
3.25	3.50	3.25	3.50
4.50	4.00	4.50	4.00
4.50	4.15	4.50	4.15
4.50	4.15	4.50	4.15
4.59	8.00	4.59	8.00
2.75	2.75	2.75	2.75
3.00	3.25	3.00	3.25
3.25	3.50	3.25	3.50
4.00	3.50	4.00	3.50
4.50	3.50	4.50	3.50
4.59	-	4.59	-
3.25	-	3.25	-
4.00	-	4.00	-
4.50	-	4.50	-

**CITY OF PASADENA, TEXAS**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (1)**  
**Last Ten Fiscal Years**

Assessed Value of Taxable Property	Fiscal Year Ended September 30,			
	2009	2008	2007	2006
	2008 Tax Year	2007 Tax Year	2006 Tax Year	2005 Tax Year
<b>Real Property</b>				
Real Residential	\$ 4,232,641,041	\$ 3,999,177,768	\$ 3,779,716,024	\$ 3,610,874,137
Real Commercial	1,198,814,394	1,076,316,825	922,067,090	869,515,809
Real Industrial	147,127,450	134,299,360	131,759,087	118,187,838
Real Agriculture	229,086	668,106	624,222	634,834
Real Vacant	107,109,632	93,398,249	100,398,134	73,973,512
Real Acreage Undeveloped	34,480,311	36,458,789	45,515,120	50,408,184
<b>Total Real Property</b>	<b>5,720,401,914</b>	<b>5,340,319,097</b>	<b>4,980,079,677</b>	<b>4,723,594,314</b>
<b>Less: Exemptions</b>	<b>(841,604,642)</b>	<b>(819,227,558)</b>	<b>(797,405,237)</b>	<b>(765,632,990)</b>
<b>Net Total Real Property</b>	<b>4,878,797,272</b>	<b>4,521,091,539</b>	<b>4,182,674,440</b>	<b>3,957,961,324</b>
<b>Other Property</b>				
Oil Gas and Mineral Reserves	9,270,819	10,807,745	8,334,609	1,603,070
Real and Tangible Personal - Utility	331,940	371,338	363,865	252,591
Gas Companies	7,961,540	8,145,690	8,434,840	8,022,960
Electric Companies	54,628,038	58,450,652	60,799,352	61,266,427
Telephone Companies	20,113,792	23,762,316	23,570,812	23,452,876
Railroad	347,390	318,730	308,110	308,280
Pipelines	29,628,470	29,088,230	28,640,460	27,800,375
Inventory	30,451,933	28,715,903	20,656,653	5,554,061
Major Cable TV Systems	10,181,107	11,926,584	5,960,690	5,063,930
Tangible Personal Commercial	532,377,581	458,779,115	446,580,327	458,136,790
Tangible Personal Industrial	675,428,776	555,453,193	515,099,420	407,988,270
Tangible Personal Other - Mobile Homes	18,689,409	17,697,725	18,514,607	18,363,900
Residential Inventory - Vacant	-	-	-	-
Governmental Exemption	496,046,506	356,709,579	373,205,856	312,682,653
Charitable Exemption	32,977,016	30,959,147	27,948,364	27,158,235
Religious Exemption	113,848,612	108,956,786	114,620,604	101,908,422
Private School Exempt	16,771,140	17,364,543	17,331,096	17,011,007
Miscellaneous Exempt	494,967	408,198	387,520	387,520
Agricultural	-	-	-	-
Low-Moderate Income Housing	184,120	72,341	-	19,746
Unknown	-	-	-	-
<b>Total Other Property</b>	<b>2,049,733,156</b>	<b>1,717,987,815</b>	<b>1,670,757,185</b>	<b>1,476,981,113</b>
<b>Less: Exemptions</b>	<b>(918,569,343)</b>	<b>(813,195,895)</b>	<b>(820,663,243)</b>	<b>(669,872,733)</b>
<b>Net Total Other Property</b>	<b>1,131,163,813</b>	<b>904,791,920</b>	<b>850,093,942</b>	<b>807,108,380</b>
<b>Total Property</b>	<b>7,770,135,070</b>	<b>7,058,306,912</b>	<b>6,650,836,862</b>	<b>6,200,575,427</b>
<b>Less: Total Exemptions</b>	<b>(1,760,173,985)</b>	<b>(1,632,423,453)</b>	<b>(1,618,068,480)</b>	<b>(1,435,505,723)</b>
<b>Total Assessed Value of Taxable Property</b>	<b>\$ 6,009,961,085</b>	<b>\$ 5,425,883,459</b>	<b>\$ 5,032,768,382</b>	<b>\$ 4,765,069,704</b>
<b>Total Actual Value of Taxable Property</b>	<b>\$ 6,009,961,085</b>	<b>\$ 5,425,883,459</b>	<b>\$ 5,032,768,382</b>	<b>\$ 4,765,069,704</b>
<b>Total Direct Tax Rate Per \$ 100</b>	<b>\$ 0.562</b>	<b>\$ 0.567</b>	<b>\$ 0.567</b>	<b>\$ 0.567</b>

Source: Harris County Appraisal District Certified Tax Roll

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value.  
Tax rates are per \$100 of assessed value.

<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
<b>2004 Tax Year</b>	<b>2003 Tax Year</b>	<b>2002 Tax Year</b>	<b>2001 Tax Year</b>	<b>2000 Tax Year</b>	<b>1999 Tax Year</b>
\$ 3,440,020,230	\$ 3,266,300,400	\$ 3,020,674,720	\$ 2,795,295,314	\$ 2,487,071,955	\$ 2,244,033,222
810,536,290	788,524,850	783,413,430	742,959,700	668,640,790	618,811,650
123,296,580	127,572,470	148,983,490	167,075,240	101,709,310	91,098,900
930,250	219,820	1,164,750	1,446,380	1,195,670	809,170
66,377,580	68,388,720	223,850	125,470	67,220,490	60,806,650
51,182,580	54,660,110	50,581,620	53,123,640	54,821,910	48,992,820
<b>4,492,343,510</b>	<b>4,305,666,370</b>	<b>4,005,041,860</b>	<b>3,760,025,744</b>	<b>3,380,660,125</b>	<b>3,064,552,412</b>
<b>(741,233,200)</b>	<b>(718,866,840)</b>	<b>(675,272,370)</b>	<b>(635,160,980)</b>	<b>(585,940,770)</b>	<b>(530,756,910)</b>
<b>3,751,110,310</b>	<b>3,586,799,530</b>	<b>3,329,769,490</b>	<b>3,124,864,764</b>	<b>2,794,719,355</b>	<b>2,533,795,502</b>
1,546,720	3,468,740	2,989,570	4,273,360	2,823,660	2,944,490
464,650	513,290	522,490	482,080	10,630	473,620
8,118,090	8,255,430	8,215,010	8,171,670	8,099,210	8,090,720
61,042,420	59,291,710	55,211,110	53,815,990	50,937,690	45,690,140
23,967,470	22,956,210	30,924,600	28,223,330	29,886,370	34,988,100
310,450	262,600	227,060	191,960	177,960	118,520
25,554,840	24,829,790	24,646,050	24,761,010	25,360,930	25,485,780
-	-	-	-	-	-
5,135,200	12,036,930	12,052,890	10,703,550	8,941,790	6,271,090
446,662,770	435,964,970	424,731,170	411,480,130	379,196,750	347,492,600
302,988,360	285,370,390	211,614,770	134,520,780	157,443,170	121,127,060
18,725,010	18,001,500	19,262,240	19,860,610	19,646,900	17,544,030
8,765,750	4,153,050	8,449,970	10,930,910	4,128,910	1,570,910
665,870	5,715,590	53,260	1,903,050	158,840	475,170
14,700	455,900	182,790	83,100	-	1,305,500
681,920	4,962,650	3,265,120	308,550	940,350	3,614,770
-	-	-	-	-	-
-	-	-	-	-	-
-	17,598,310	18,212,120	19,559,300	20,242,400	-
-	104,400	-	-	-	-
139,750	-	-	-	-	-
<b>904,783,970</b>	<b>903,941,460</b>	<b>820,560,220</b>	<b>729,269,380</b>	<b>707,995,560</b>	<b>617,192,500</b>
<b>(127,855,460)</b>	<b>(144,102,394)</b>	<b>(107,797,050)</b>	<b>(65,411,040)</b>	<b>(60,216,650)</b>	<b>(37,824,000)</b>
<b>776,928,510</b>	<b>759,839,066</b>	<b>712,763,170</b>	<b>663,858,340</b>	<b>647,778,910</b>	<b>579,368,500</b>
<b>5,397,127,480</b>	<b>5,209,607,830</b>	<b>4,825,602,080</b>	<b>4,489,295,124</b>	<b>4,088,655,685</b>	<b>3,681,744,912</b>
<b>(869,088,660)</b>	<b>(862,969,234)</b>	<b>(783,069,420)</b>	<b>(700,572,020)</b>	<b>(646,157,420)</b>	<b>(568,580,910)</b>
<b>\$ 4,528,038,820</b>	<b>\$ 4,346,638,596</b>	<b>\$ 4,042,532,660</b>	<b>\$ 3,788,723,104</b>	<b>\$ 3,442,498,265</b>	<b>\$ 3,113,164,002</b>
<b>\$ 4,528,038,820</b>	<b>\$ 4,346,638,596</b>	<b>\$ 4,042,532,660</b>	<b>\$ 3,788,723,104</b>	<b>\$ 3,442,498,265</b>	<b>\$ 3,113,164,002</b>
<b>\$ 0.567</b>	<b>\$ 0.579</b>				

**CITY OF PASADENA, TEXAS  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
Last Ten Fiscal Years  
(Per \$100 of assessed value)**

Fiscal Year Ended September 30,	Tax Year	City Direct Rates			Clear Lake	Clear
		General Fund	Debt Service Fund	Total Direct	City Water Authority	Creek Creek ISD
2000	1999	\$ 0.3110	\$ 0.2680	\$ 0.5790	\$ 0.3300	\$ 1.6415
2001	2000	0.3088	0.2582	0.5670	0.3300	1.6415
2002	2001	0.3060	0.2610	0.5670	0.3300	1.7250
2003	2002	0.3060	0.2610	0.5670	0.3100	1.7400
2004	2003	0.3170	0.2500	0.5670	0.2900	1.7300
2005	2004	0.3333	0.2337	0.5670	0.2900	1.7450
2006	2005	0.3426	0.2244	0.5670	0.2900	1.7750
2007	2006	0.3414	0.2256	0.5670	0.2800	1.6300
2008	2007	0.3461	0.2209	0.5670	0.2800	1.3200
2009	2008	0.3553	0.2067	0.5620	0.2800	1.3600

Source: Harris County Appraisal District.

(1) Overlapping rates are those of local and county governments that apply within the City of Pasadena. Not all overlapping rates apply to all City of Pasadena property owners (e.g., the rates for certain school/college district and water authority apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the school/college district or water authority).

(2) Harris County tax rates includes Harris County, Harris County Flood District, Port of Houston Authority and Harris County Hospital District.

**Overlapping Rates (1)**

<b>Deer Park ISD</b>	<b>La Porte ISD</b>	<b>Pasadena ISD</b>	<b>(2) Harris County</b>	<b>Harris County Department of Education</b>	<b>San Jacinto College District</b>	<b>Total Direct and Overlapping Rates</b>
\$ 1.6700	\$ 1.6500	\$ 1.5200	\$ 0.6417	\$ 0.0063	\$ 0.1100	\$ 8.1485
1.6900	1.6300	1.5200	0.6417	0.0063	0.1100	8.1365
1.6898	1.6300	1.6649	0.6399	0.0063	0.1260	8.3789
1.8035	1.6800	1.6875	0.6399	0.0063	0.1307	8.5649
1.8071	1.6800	1.7750	0.6399	0.0063	0.1307	8.6260
1.8055	1.7335	1.7750	0.6400	0.0063	0.1391	8.7014
1.8055	1.7335	1.8050	0.6400	0.0063	0.1454	8.7676
1.6623	1.6350	1.6900	0.6463	0.0063	0.1454	8.2623
1.3177	1.3050	1.3500	0.6358	0.0059	0.1454	6.9268
1.3367	1.3250	1.3500	0.3892	0.0058	0.1634	6.7721

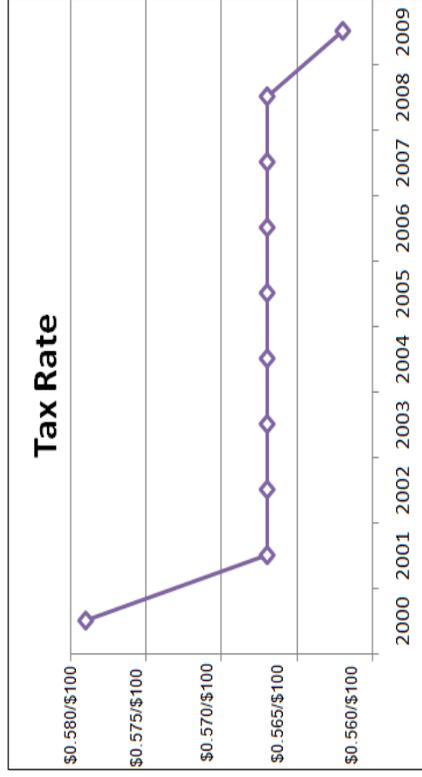
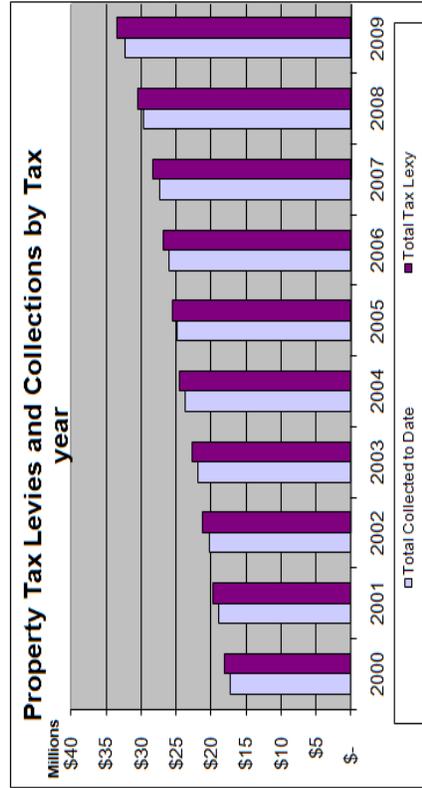
**CITY OF PASADENA, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
September 30, 2009**

Property Taxpayer	Fiscal Year Ended September 30, 2009			Fiscal Year Ended September 30, 2000		
	2008 Tax Year		% of Taxable Assessed Value	1999 Tax Year		% of Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Coral Energy Resources	\$ 143,950,120	1	2.40%			
Valareo Energy Corp	142,461,724	2	2.37%			
Shell Oil Co.	63,827,442	3	1.06%			
CenterPoint Energy, Inc	62,658,411	4	1.04%			
KIR Pasadena II, LP	57,789,491	5	0.96%			
The Boeing Co.	48,935,753	6	0.81%			
GATX Terminals - Kinder	43,295,600	7	0.72%			
Wal Mart	39,648,562	8	0.66%			
Tejas Gas	39,159,082	9	0.65%			
CHCA Bayshore LP	32,562,584	10	0.54%			
Houston Lighting & Power	-		-	\$ 34,969,100	1	1.12%
HCBA Bayshore LP	-		-	32,887,500	2	1.06%
Stevens Creek Assoc.	-		-	32,000,000	3	1.03%
Southwestern Bell Telephone	-		-	30,812,060	4	0.99%
General American Transport	-		-	23,475,400	5	0.75%
Crown Central Petroleum	-		-	21,185,960	6	0.68%
SSE Manufacturing, Inc.	-		-	17,462,850	7	0.56%
Park Armand Bayou Ltd.	-		-	15,912,670	8	0.51%
Phillips 66 Company	-		-	14,324,800	9	0.46%
Park at Fairmont Apts LP	-		-	14,321,500	10	0.46%
Subtotal	\$ 674,288,769		11.22%	\$ 237,351,840		7.62%
Other Taxpayers	5,335,672,316		88.78%	2,875,812,162		92.38%
Total	\$ 6,009,961,085		100.00%	\$ 3,113,164,002		100.00%

Source: Prepared by Harris County Tax Office using values provided by Harris County Appraisal District.

**CITY OF PASADENA, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	Percentage of Levy
				Amount	Percentage of Levy			
2000	1999	\$0.5790/\$100	\$ 18,021,569	\$ 17,328,875	96.16%	\$ 636,344	\$ 17,965,219	99.69%
2001	2000	\$0.5670/\$100	19,776,558	18,940,979	95.77%	758,512	19,699,491	99.61%
2002	2001	\$0.5670/\$100	21,225,628	20,271,340	95.50%	820,616	21,091,956	99.37%
2003	2002	\$0.5670/\$100	22,792,115	21,830,521	95.78%	779,000	22,609,521	99.20%
2004	2003	\$0.5670/\$100	24,594,297	23,677,426	96.27%	716,265	24,393,692	99.18%
2005	2004	\$0.5670/\$100	25,618,487	24,842,437	96.97%	558,728	25,401,165	99.15%
2006	2005	\$0.5670/\$100	26,904,256	25,952,663	96.46%	668,142	26,620,825	98.95%
2007	2006	\$0.5670/\$100	28,347,892	27,297,253	96.29%	749,889	28,047,142	98.94%
2008	2007	\$0.5670/\$100	30,459,363	29,614,437	97.23%	439,705	30,054,142	98.67%
2009	2008	\$0.5620/\$100	33,397,521	32,386,497	96.97%	-	32,386,497	96.97%



**CITY OF PASADENA, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
Last Ten Fiscal Years

<b>Fiscal Year Ended September 30,</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Governmental Activities</b>				
General Obligation Bonds	\$ 74,535,000	\$ 57,725,000	\$ 46,750,000	\$ 46,800,000
General Obligation Refunding Bonds	8,525,000	4,440,000	7,255,000	11,422,875
General Obligation and Refunding Bonds	28,020,000	28,165,000	28,275,000	19,380,000
Certificates of Obligation	5,840,000	5,895,000	5,950,000	-
Combination Tax and Revenue Certificates of Obligation	1,780,000	8,755,000	9,605,000	11,910,000
Other Long-Term Debt				
Volunteer Fireman Prior Service Costs Note	-	-	-	59,233
Tax Notes, 2000	-	-	-	1,005,000
Long Term Notes	-	-	-	-
Overpaid Sales Tax Note	138,700	305,140	471,581	638,020
Blended Component Unit - Pasadena Second Century Corporation				
Sales Tax Notes	-	-	-	-
Sales Tax Revenue Bonds	1,575,000	2,315,000	3,030,000	3,715,000
Overpaid Sales Tax Note	69,350	152,571	235,790	319,011
	<b>120,483,050</b>	<b>107,752,711</b>	<b>101,572,371</b>	<b>95,249,139</b>
<b>Business Activities</b>				
Waterworks and Sewer System Revenue Bonds	70,855,000	71,775,000	17,120,000	18,625,000
Waterworks and Sewer System Revenue Refunding Bonds	-	550,000	1,550,000	2,565,000
Combination Tax and Revenue Certificates of Obligation	-	1,280,000	2,495,000	3,405,000
General Obligation Refunding Bonds	17,430,000	17,550,000	17,675,000	17,675,000
General Obligation and Refunding Bonds	9,970,000	9,970,000	9,970,000	9,970,000
Deferred Water Charges Debt	-	283,970	851,912	1,419,854
	<b>98,255,000</b>	<b>101,408,970</b>	<b>49,661,912</b>	<b>53,659,854</b>
<b>Total Primary Government</b>	<b>\$ 218,738,050</b>	<b>\$ 209,161,681</b>	<b>\$ 151,234,283</b>	<b>\$ 148,908,993</b>
Percentage of Personal Income	7.52%	7.29%	5.55%	6.41%
Per Capita	\$ 1,457	\$ 1,397	\$ 1,030	\$ 1,045
(1) Population	150,180	149,704	146,769	142,526
(1) Per Capita personal income	\$ 19,359	\$ 19,167	\$ 18,558	\$ 16,301
(1) Personal Income (amount expressed in thousands)	\$ 2,907,336	\$ 2,869,426	\$ 2,723,739	\$ 2,323,319

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

(1) See the Schedule of Demographic and Economic Statistics on page 133 for personal income and population data.

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 46,850,000	\$ 34,175,000	\$ 18,750,000	\$ 2,925,000	\$ 4,325,000	\$ 4,700,000
35,797,875	22,807,875	26,787,875	32,977,875	37,862,875	42,472,875
29,350,000	-	-	-	-	-
-	-	-	-	-	-
11,945,000	13,885,000	13,915,000	13,945,000	-	-
115,185	168,038	217,965	265,127	309,677	351,761
1,225,000	1,515,000	3,445,000	4,225,000	4,950,000	5,295,000
-	-	-	-	-	1,330,000
-	-	-	-	-	-
-	-	1,095,000	2,140,000	3,135,000	4,090,000
4,375,000	-	-	-	-	-
-	-	-	-	-	-
<b><u>129,658,060</u></b>	<b><u>72,550,913</u></b>	<b><u>64,210,840</u></b>	<b><u>56,478,002</u></b>	<b><u>50,582,552</u></b>	<b><u>58,239,636</u></b>
18,625,000	28,265,000	29,730,000	31,150,000	32,535,000	32,615,000
3,590,000	4,630,000	5,680,000	6,740,000	7,480,000	9,470,000
33,665,000	54,400,000	55,975,000	57,460,000	16,115,000	16,940,000
-	-	-	-	-	-
-	-	-	-	-	-
1,987,795	2,555,736	2,714,418	2,210,058	1,056,817	-
<b><u>57,867,795</u></b>	<b><u>89,850,736</u></b>	<b><u>94,099,418</u></b>	<b><u>97,560,058</u></b>	<b><u>57,186,817</u></b>	<b><u>59,025,000</u></b>
<b><u>\$ 187,525,855</u></b>	<b><u>\$ 162,401,649</u></b>	<b><u>\$ 158,310,258</u></b>	<b><u>\$ 154,038,060</u></b>	<b><u>\$ 107,769,369</u></b>	<b><u>\$ 117,264,636</u></b>
7.31%	6.40%	7.03%	8.03%	5.64%	5.08%
\$ 1,317	\$ 1,142	\$ 1,114	\$ 1,085	\$ 760	\$ 828
142,384	142,242	142,099	141,957	141,816	141,674
\$ 18,008	\$ 17,830	\$ 15,856	\$ 13,519	\$ 13,479	\$ 16,301
\$ 2,564,090	\$ 2,536,167	\$ 2,253,129	\$ 1,919,123	\$ 1,911,533	\$ 2,309,428

**CITY OF PASADENA, TEXAS**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended September 30,</b>	<b>(1) General Bonded Debt</b>	<b>Less: Amounts Restricted to Repaying Principal</b>	<b>Total</b>	<b>(2) Assessed Value of Property</b>	<b>Percentage of Assessed Value of Property</b>	<b>(3) Population</b>	<b>(3) Per Capita</b>
2000	\$ 53,797,875	\$ (1,392,559)	\$ 52,405,316	\$ 3,113,164,002	1.68%	141,674	\$ 370
2001	47,137,875	(1,171,532)	45,966,343	3,442,498,265	1.34%	141,816	324
2002	54,072,875	(470,871)	53,602,004	3,788,723,104	1.41%	141,957	378
2003	62,897,875	(603,760)	62,294,115	4,042,532,660	1.54%	142,099	438
2004	72,382,875	(1,103,283)	71,279,592	4,346,638,596	1.64%	142,242	501
2005	125,167,875	(1,009,129)	124,158,746	4,528,038,820	2.74%	142,384	872
2006	118,162,875	(1,020,164)	117,142,711	4,765,069,704	2.46%	142,526	822
2007	125,480,000	(1,495,924)	123,984,076	5,032,768,382	2.46%	146,769	845
2008	132,500,000	(2,607,222)	129,892,778	5,425,883,459	2.39%	149,704	868
2009	146,100,000	(1,631,459)	144,468,541	6,009,961,085	2.40%	150,180	962

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

(1) Includes all general obligation bonds, regardless of the specific financing sources used by the City and other long-term debt to be paid from ad valorem taxes levied on taxable property located within the City.

(2) See the Schedule of Legal Debt Margin information for assessed value of property.

(3) See the Schedule of Demographic and Economic Statistics for population and per capita.

**CITY OF PASADENA, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**For the Fiscal Year Ended September 30, 2009**

<b>Government Unit</b>	<b>Taxing Body (as of)</b>	<b>Outstanding Principal Debt</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes</b>				
Harris County	2/28/2007	\$ 2,000,191,354	2.08%	\$ 41,603,980
Harris County Flood Control District	2/28/2007	100,023,775	2.08%	2,080,495
Port of Houston Authority	12/31/2007	350,487,517	2.08%	7,290,140
Clear Lake City Water Authority	1/31/2008	61,352,633	17.76%	10,896,228
Clear Creek ISD	10/31/2008	626,425,000	6.91%	43,285,968
Deer Park Independent School District	10/31/2008	179,255,000	18.81%	33,717,866
La Porte Independent School District	3/31/2008	179,787,887	5.83%	10,481,634
Pasadena Independent School District	8/31/2007	463,905,094	38.85%	180,227,129
San Jacinto College District	10/31/2008	145,950,000	18.51%	27,015,345
Harris County WC & ID #156	8/31/2006	4,597,344	44.26%	2,034,784
<b>Subtotal, overlapping debt</b>				<b>358,633,568</b>
<b>Add - City direct debt (2)</b>				<b>118,700,000</b>
<b>Total direct and overlapping debt</b>				<b>\$ 477,333,568</b>

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas and RBC Dan Raischer, Inc.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government taxable assessed value that is within the City's boundaries and dividing it by the City's total taxable assessed value.

(2) Excludes portions of the General Obligation Bonds, Series 2005 and 2005A, that the debt service payments are being paid from enterprise fund (water and sewer) revenues.

**CITY OF PASADENA, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years**

<u>Fiscal Year Ended September 30,</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Debt limit</b>					
Assessed value based on tax year	2008	2007	2006	2005	2004
	\$ 6,009,961,085	\$ 5,425,883,459	\$ 5,032,768,382	\$ 4,765,069,704	\$ 4,528,038,820
10% of assessed value	<u>600,996,109</u>	<u>542,588,346</u>	<u>503,276,838</u>	<u>476,506,970</u>	<u>452,803,882</u>
<b>Less: net debt applicable to limit</b>					
Debt to be repaid from ad valorem tax	118,700,000	104,980,000	97,835,000	90,517,875	125,167,875
Less: amount available in debt service fund	<u>(1,631,459)</u>	<u>(2,607,222)</u>	<u>(1,495,924)</u>	<u>(1,020,164)</u>	<u>(1,009,129)</u>
	<u>117,068,541</u>	<u>102,372,778</u>	<u>96,339,076</u>	<u>89,497,711</u>	<u>124,158,746</u>
<b>Legal Debt Margin</b>	<u>\$ 483,927,568</u>	<u>\$ 440,215,568</u>	<u>\$ 406,937,762</u>	<u>\$ 387,009,259</u>	<u>\$ 328,645,136</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>19.48%</b>	<b>18.87%</b>	<b>19.14%</b>	<b>18.78%</b>	<b>27.42%</b>

Note: Under Article IX, Section 14 of the City Home Rule Charter states that the maximum bonded indebtedness of the City outstanding at any one time and payable solely from ad valorem taxes shall not exceed ten percent (10%) of the assessed valuation of all taxable property on the City's tax roll.

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
2003	2002	2001	2000	1999
\$ 4,346,638,596	\$ 4,042,532,660	\$ 3,788,723,104	\$ 3,442,498,265	\$ 3,113,164,002
<b>434,663,860</b>	<b>404,253,266</b>	<b>378,872,310</b>	<b>344,249,827</b>	<b>311,316,400</b>
72,382,875	62,897,875	54,072,875	47,137,875	53,797,875
(1,103,283)	(603,760)	(470,871)	(1,171,532)	(1,392,559)
<b>71,279,592</b>	<b>62,294,115</b>	<b>53,602,004</b>	<b>45,966,343</b>	<b>52,405,316</b>
<b>\$ 363,384,268</b>	<b>\$ 341,959,151</b>	<b>\$ 325,270,306</b>	<b>\$ 298,283,484</b>	<b>\$ 258,911,084</b>
<b>16.40%</b>	<b>15.41%</b>	<b>14.15%</b>	<b>13.35%</b>	<b>16.83%</b>

**CITY OF PASADENA, TEXAS**  
**PLEDGED-REVENUE COVERAGE**  
 Last Ten Fiscal Years

Fiscal Year Ended September 30,	Water and Sewer Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 25,492,939	\$ 15,188,159	\$ 10,304,780	\$ 2,740,000	\$ 2,394,232	2.01
2001	23,495,100	17,362,099	6,133,001	2,895,000	2,483,310	1.14
2002	27,126,094	19,723,404	7,402,690	3,000,000	3,294,487	1.18
2003	26,746,577	20,746,358	6,000,219	3,965,000	4,350,940	0.72
2004	25,741,521	20,111,558	5,629,963	4,373,971	4,163,660	0.66
2005	27,570,860	19,826,965	7,743,895	3,752,941	3,309,641	1.10
2006	33,366,250	19,651,324	13,714,926	1,722,941	4,053,927	2.37
2007	31,701,022	19,949,788	11,751,234	3,430,000	2,240,280	2.07
2008	31,173,327	22,366,958	8,806,369	3,085,000	3,496,105	1.34
2009	36,213,270	21,836,170	14,377,100	2,870,000	4,660,119	1.91

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
 Gross Revenues includes operating revenues and investment earnings. Operating expenses do not include depreciation.

**CITY OF PASADENA, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 Last Ten Fiscal Years

<b>Fiscal Year Ended September 30,</b>	<b>Population(1)</b>	<b>Personal Income (amounts expressed in thousands)</b>	<b>Per Capita Personal Income(2)</b>	<b>Median Age (2)</b>	<b>School Enrollment(3)</b>	<b>Unemployment Rate(4)</b>
2000	141,674	\$ 2,309,428	\$ 16,301	29.0	40,935	4.6%
2001	141,816	1,911,533	13,479	29.1	43,414	5.0%
2002	141,957	1,919,123	13,519	29.3	44,420	6.2%
2003	142,099	2,253,129	15,856	29.9	50,374	7.5%
2004	142,242	2,536,167	17,830	28.9	46,100	5.9%
2005	142,384	2,564,090	18,008	29.0	45,038	5.3%
2006	142,526	2,323,319	16,301	29.1	43,976	4.7%
2007	146,769 *	2,723,739	18,558	31.1	43,713	4.8%
2008	149,704	2,869,426	19,167	29.2	45,038	5.6%
2009	150,180	2,907,336	19,359	31.6	46,434	8.1%

Data sources:

- (1) Bureau of the Census and Pasadena Chamber of Commerce.
- (2) Bureau of the Census.
- (3) Bureau of the Census and Pasadena Chamber of Commerce.
- (4) Texas Workforce Commission.

\* Population increase is due to resettlement of evacuees from Hurricane Katrina and the impact of new additional jobs from the recent opening of the Bayport Container Terminal - Phase 1, a major marine terminal complex being developed by The Port of Houston Authority.

**CITY OF PASADENA, TEXAS  
PRINCIPAL EMPLOYERS  
Current and Four Years Ago (1)**

<u>Employer</u>	<u>2009</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Mundy Company	6,683	1	5.18%	1,047	6	0.87%
SGS Petroleum Service Corp.	4,308	2		-	-	-
University of Houston-Clear Lake	2,671	3	2.07%	590	9	0.49%
San Jacinto College District	1,968	4	1.52%	-	-	-
Chevron Phillips - Pasadena Plastics	1,581	5	1.22%	693	8	0.57%
Pasadena Independent School District	1,550	6	1.20%	4,946	1	4.10%
City of Pasadena	1,532	7	1.19%	-	-	-
Bayshore Medical Center	1,528	8	1.18%	1,058	5	0.88%
Lyondell Basell Houston Refinery (2)	1,441	9	1.12%	850	7	0.70%
Ref-Chem, LP	1,433	10	1.11%	-	-	-
The Boeing Company	-	-	-	2,300	2	1.91%
Shell - Deer Park	-	-	-	1,058	4	0.88%
Lyondell-Citgo, Refining LP (2)	-	-	-	1,080	3	0.90%
Albemarle	-	-	-	280	10	0.23%
	<u>24,695</u>		<u>5.80%</u>	<u>11,572</u>		<u>9.60%</u>

Source: Pasadena Chamber of Commerce

(1) The requirement for statistical data is current year and nine years ago; only current and four years ago are available at this time.

(2) In 2005 Lyondell Chemical and Lyondell Houston Refinery were one company, Lyondell-Citgo, Refining LP.

**CITY OF PASADENA, TEXAS**  
**CITY GOVERNMENT EMPLOYEES BY FUNCTION (1)**  
 Last Ten Years

Function	Number of Employees as of September 30,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Government</b>										
City Council	9	9	8	8	8	8	8	8	8	8
Mayor	3	4	4	4	4	4	3	3	3	3
Budget and Financial Planning	2	2	2	2	2	2	2	2	2	2
Municipal Court	32	31	31	33	32	31	31	33	35	33
City Controller	13	12	14	15	15	12	13	15	16	16
Tax	5	5	4	5	5	4	1	-	1	1
Purchasing	2	2	3	2	3	3	3	3	4	4
Legal	9	9	8	11	9	8	8	8	8	8
City Secretary	3	3	4	3	3	3	3	4	4	4
Human Resources	9	11	11	8	9	9	8	7	8	7
City Marshal	6	6	4	6	6	6	6	7	7	6
Community Relation	5	4	6	6	7	6	6	6	7	7
Pasadena Action Line	3	3	3	3	5	4	3	5	5	4
Planning	3	3	5	4	4	5	4	3	3	4
Planning/Development Administration	-	-	1	1	1	2	2	1	1	1
Neighborhood Network	-	-	-	2	1	1	1	1	1	1
Inspections	18	20	26	27	24	23	21	21	20	21
Property Management	-	-	-	2	2	2	1	-	-	-
Economic Development Liaison	-	-	-	-	-	-	-	-	1	1
<b>Public Safety</b>										
Emergency Preparedness	2	2	2	3	3	2	2	2	3	3
Fire Fighting	11	9	11	12	10	4	4	3	3	3
Fire Prevention	9	10	12	12	11	9	11	10	11	11
Police	319	330	324	329	329	330	327	362	340	369
<b>Public Works</b>										
Public Works Administration	-	1	3	3	3	1	2	2	3	4
Engineering	12	14	18	21	20	20	19	20	19	17
Sanitation	57	50	48	54	48	49	44	43	44	43
Street and Bridge	41	39	48	54	51	49	44	36	36	34
Traffic and Transportation	13	14	16	14	11	13	11	11	12	12
Environmental Services	-	-	-	-	-	-	-	-	5	6
<b>Health</b>										
Health	14	11	13	15	14	13	12	12	11	11
Animal Rescue and Assistance	7	9	13	16	14	14	14	15	13	17
<b>Culture and Recreation</b>										
Leisure Services Administration	-	1	2	3	2	2	2	1	-	-
Parks	46	47	50	47	42	42	42	41	33	35
Recreation	36	41	34	40	43	51	33	36	38	55
Clean Streets	8	7	8	9	11	12	12	12	17	21
Golf Course	9	7	8	10	10	9	10	10	10	16
Multi-Purpose Center	9	6	7	7	7	14	7	9	5	13
Civic Center	8	6	7	9	9	9	9	7	8	9
Senior Center - Madison Jobe	8	7	9	8	8	6	5	4	6	5
Library	44	46	53	51	50	50	46	47	47	45
Water and Sewer System	121	120	129	139	136	125	114	110	119	123
Maintenance	80	89	90	98	87	81	74	75	76	82
Health Insurance	-	-	-	-	4	-	3	1	1	1
Grant Management	12	12	16	19	17	18	18	20	20	19
Nonmajor Special Revenue Funds	-	1	4	1	2	2	2	2	3	3
<b>TOTAL CITY POSITIONS</b>	<b>988</b>	<b>1,003</b>	<b>1,059</b>	<b>1,116</b>	<b>1,082</b>	<b>1,058</b>	<b>991</b>	<b>1,018</b>	<b>1,017</b>	<b>1,088</b>

Source: City's Payroll department.

Note: This schedule is prepared based on City Employees Home Organization report.

(1) Based on the payroll records as of the last month of the fiscal year.

**CITY OF PASADENA, TEXAS**  
**OPERATING INDICATORS BY FUNCTION**  
Last Ten Fiscal Years

	Fiscal Year Ended September 30,				
	2000	2001	2002	2003	2004
<b>Function</b>					
Public Safety					
Police					
Arrests	10,040	11,625	12,883	12,913	12,073
Accident reports	4,296	4,439	3,685	3,681	4,056
Citations issued	92,166	86,354	88,562	88,650	76,448
Calls for service	78,985	80,511	80,726	78,800	85,119
Public Works					
Refuse collection					
Refuse collected Type 1 (tons/day)	(1)	(1)	(1)	(1)	107
Refuse collected Type 2 (cubic yards/day)	(1)	(1)	(1)	(1)	236
Mulching collected (cubic yards/day)	(1)	(1)	(1)	(1)	68
Recyclables collected (tons/day)	(1)	(1)	(1)	(1)	1.26
Health					
Number of food permits issued	1,053	799	1,003	943	1,004
Number of health inspections	733	2,275	2,390	2,458	2,626
Culture and Recreation					
Convention Center					
Number of Events	(1)	(1)	(1)	(1)	137
Library					
Visitors	(1)	(1)	(1)	(1)	673,081
Water and Sewer System					
Average daily consumption					
(millions of gallons)	22.47	21.26	20.84	18.65	17.49
Total Consumption (millions of gallons)	8,202.24	7,760.88	6,960.36	6,806.97	6,384.79
Average daily Waste Water Plant Flow					
(millions of gallons)	8.13	16.64	16.20	16.15	14.36
Total Waste Water Plant Flow					
(millions of gallons)	2,968.13	6,075.24	5,911.65	5,895.33	5,239.80

Source: Various City departments.

Note: Indicators are not available for the General Government and Housing and Community Development functions.

(1) Information unavailable.

(2) Library was under renovation during this year.

2005	2006	2007	2008	2009
13,768	13,197	14,142	12,853	12,552
3,827	3,812	4,139	3,549	3,635
76,132	83,967	79,708	78,789	82,153
88,770	85,492	83,599	82,603	82,949
97	120	123	136	120
195	273	202	251	492
71	91	64	146	104
1.57	2.84	2.65	2.29	1.13
1,132	1,135	893	1,081	1,120
2,184	1,925	2,604	2,180	2,344
133	157	169	145	138
762,135	710,297	812,357	324,983	241,891 (2)
18.92	18.51	17.50	17.60	19.30
6,906.26	6,754.82	6,500.00	6,800.00	7,043.30
11.54	10.38	14.54	12.39	11.22
4,213.41	3,786.63	5,110.09	4,500.66	4,095.21

**CITY OF PASADENA, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
 Last Five Fiscal Years (1)

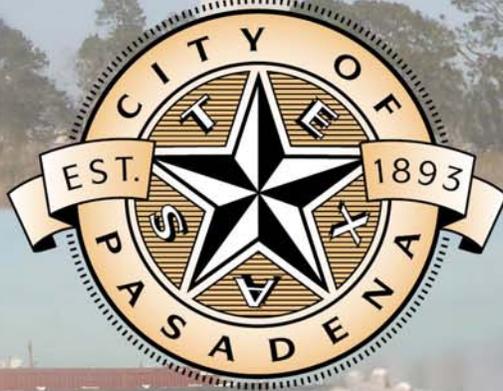
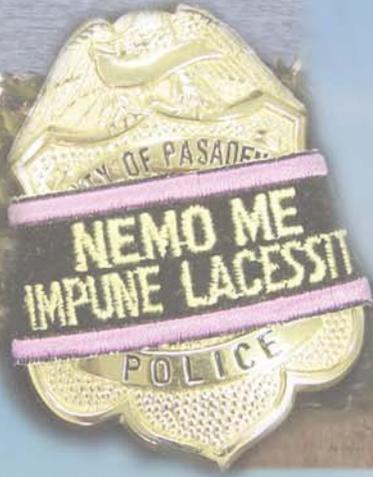
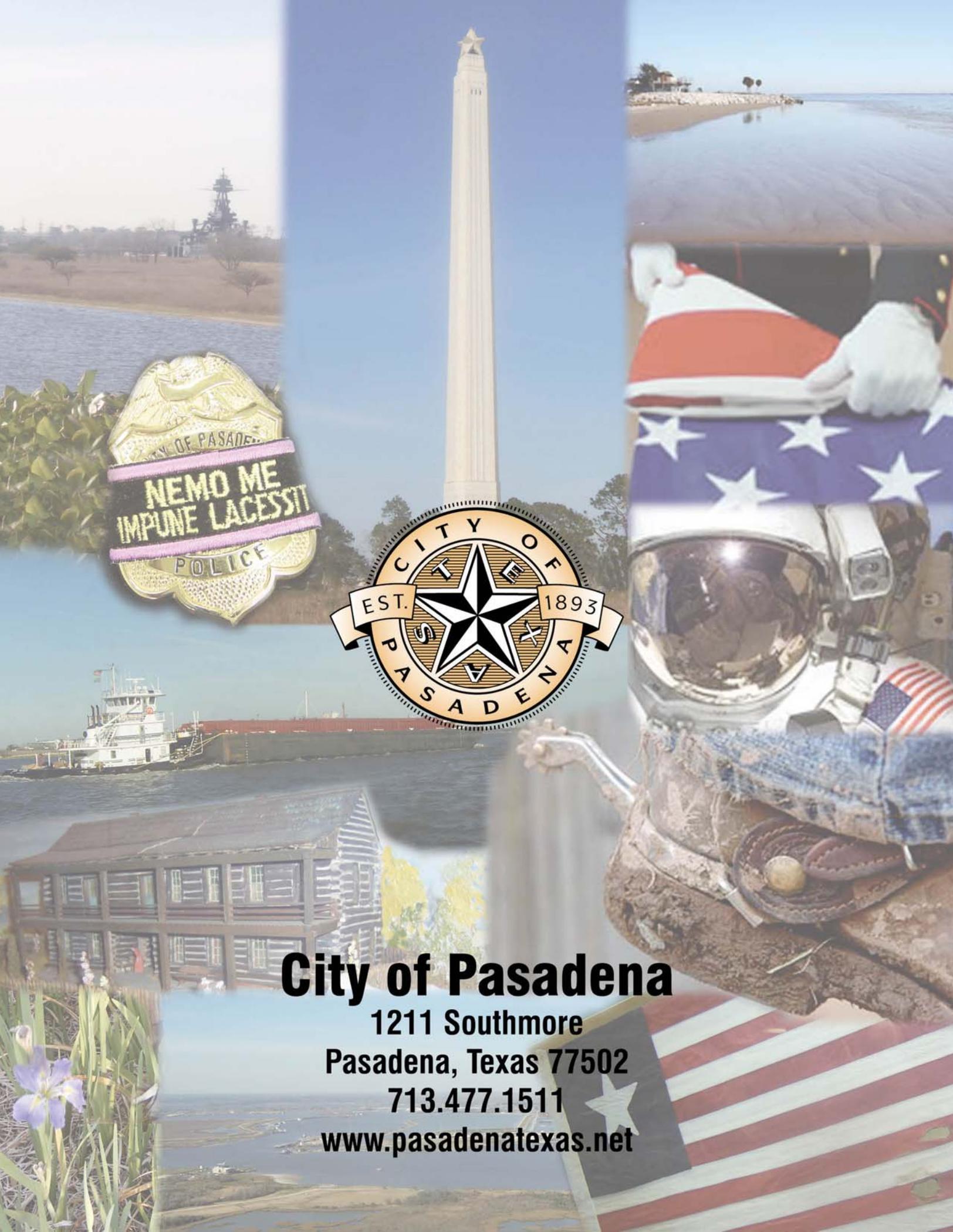
Function / Program	Fiscal Year Ended September 30,				
	2005	2006	2007	2008	2009
<b>Public Safety</b>					
Police					
Stations	2	2	2	2	2
Patrol units	152	145	153	167	199
Fire stations	10	10	10	10	10
<b>Public Works</b>					
Streets (miles)	534	539	520	524	526
Streetlights	7,027	7,092	7,426	7,504	7,493
Traffic signals	185	195	196	194	192
Sanitation					
Collection trucks	37	33	24	28	28
<b>Culture and Recreation</b>					
Parks	48	47	47	47	47
Parks acreage	768	819	1,084	1,084	1,084
Swimming pools	5	5	5	5	5
Tennis courts	15	15	15	15	15
Community centers	8	8	8	8	9
<b>Water and Sewer System</b>					
Water					
Water mains (miles)	463	465	465	481	471
Fire hydrants	2,150	2,190	2,150	2,154	2,203
Maximum daily capacity (millions of gallons)	27	22	26	24	25
Sewer					
Sanitary sewers (miles)	386	386	387	388	392
Storm sewers (miles)	216	217	217	217	228
Maximum daily treatment capacity (millions of gallons)	18.5	24.0	24.0	24.0	24.0

Source: Various City departments.

Note: No capital asset indicators are available for the General Government, Health, or Housing and Community Development.

(1) The requirement for statistical data is ten years; only five fiscal years are available at this time.





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