

City of Pasadena, Texas  
Comprehensive Annual  
Financial Report

For the Fiscal Year Ended  
September 30, 2010





**CITY OF PASADENA, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2010**

**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, 2010**

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## **INTRODUCTORY SECTION**





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# CITY OF PASADENA

## OFFICE OF THE CITY CONTROLLER

March 4, 2011

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, 2010, 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 Pechacek, LLLP, Certified Public Accountants, issued an unqualified (clean) opinion on the City of Pasadena, Texas' financial statements for the fiscal year ended September 30, 2010. 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 the fifteenth largest city in Texas and the largest suburban city in the Houston metropolitan area. Pasadena is located in southeast Texas, along the Houston Ship Channel and currently has a land area of 59.2 total square miles divided into 15.5 square miles of industrial area and 43.7 square miles of residential/commercial area. Pasadena's estimated 2010 population is 146,265 (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. 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. 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. The two-year election for Council members of all districts is in 2011 and changes in City Council members could slightly alter the City's direction in early summer but soon after, the new Council members will be ready to continue with the City's future plans.

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/softball fields, 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 175<sup>th</sup> Anniversary of Texas' Independence is in 2011 and the City of Pasadena is an area rich with the history. Pasadena's leaders have taken a combination of abundant natural resources, an advantageous location and a determination to succeed to build a community of strong families and successful 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 helps to stabilize the down swings of the nation's current economy. The City also has strong connections to other industries such as petrochemicals and construction materials. The City of Pasadena borders the Houston Ship Channel with its influence of international trade in the area.

It was expected that the Houston metropolitan area would feel the effects of the world-wide economic slowdown late and probably the last of the metropolitan areas to experience the recession. Also, it is expected to be among the last to recover. This appears to be the case but the City of Pasadena is weathering better than most cities by doing its best to mitigate the rising costs and falling revenues that are the unwelcome result of the world-wide financial crisis. Pasadena is suffering an impact with decreases in sales tax revenue, property taxes due to a decline in property values, industrial district fees, and fewer permits being issued. A significant indicator that impacts the economic condition is the employment and unemployment statistics. In December 2009, the unemployment rate was 8.1 percent. In December 2010, the Texas Workforce Commission reported the local unemployment rate increasing to 10.5 percent, with the National average rate at 9.1 percent.

The metropolitan area's growth advantage, oil and natural gas, has been on a rollercoaster ride since late 2008 fluctuating from \$150 a barrel then declining to \$36 a barrel. In November 2009, oil prices began a surprising comeback, rising and leveling out to \$74 a barrel. Natural gas prices have not rebounded as oil prices have, remaining at a steady rate through the year. The bulk of exploration in the past three years has been in natural gas but shifting to oil exploration now that oil has rebounded. The long term effects of the BP disaster in the Gulf of Mexico are unknown; certainly there will be increased regulation probably having a positive effect on employment and the overall energy sector economy which is strong in the Pasadena area.

The City's property and sales tax revenues in FY 2011 are showing an increase, this is a positive outlook compared to FY 2010 when the City posted a decrease in fund balance of \$869,676 (3.4%) in the General Fund. The City's property tax collection report in January 2011 from the Harris County Tax Office is indicating the tax billings and tax collections are up by 2.8% and 8.3% respectively when compared to January 2010. The State Comptroller of Texas reported an increase in sales tax revenue by 10.4% in January 2011 when compared to January 2010. The amount of local sales tax they will be sending to Texas cities is up 5.9% when compared to distributions to local governments in February 2010. All indicating not only retail trade is up

but also increased activity in almost all major sectors and the strongest growth from sectors fueled by business spending, such as oil and gas activity.

Housing and real estate sales are another indicator of our local economic conditions and the metropolitan area real estate market continues to experience slower sales coupled with strong pricing. That combination still creates an enviable position compared to many other markets around the country. The anticipated property sales slowdown set in the real estate market in July following the expiration of the federal homebuyer tax credit. The median price for housing in Pasadena fell from approximately \$108,100 in 2009 to ending 2010 at \$95,000. Home sales have decreased considerably to less than 100 at the end of 2010 compared to early 2010 at over 250 home sales. While home sale numbers are still off from the pace this time last year, pricing is turning around and climbing and foreclosures are heading down, a situation that many other communities still have not seen.

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. For the property owners, renting is a cash business that reflects what people can really pay, not how much they can borrow. Rents and occupancy rates in both residential and commercial properties are following the housing market and decreased in 2010 but signs of recovery are apparent early in the 2011 estimates.

Our rate of growth has slowed considerably but we are continuing to grow by attracting new industry and development, and continuing to position ourselves to increase our attractiveness as a destination of choice for businesses, such as Portagas, Water and Power Technologies, and Nestle Waters North America. These are just a few of the companies that have relocated to Pasadena due to location and services provided. Portagas traded a 10-month permit wait for a two-week process that allows them to work on growing their business. Water and Power Technologies is bringing 25 jobs to our community and Nestle Waters North America chose our community in part on reliance on our ability to deliver the significant amount of quality water they use in the production.

### ***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. The City anticipates maintaining a level of work consistent with past years while holding back the proposed vote of tax-supported bonds to ensure that projects underway are completed. The long term planned Capital Improvement Plan (CIP) 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.

Pasadena Second Century Corporation (PSCC), a legally separate entity, functions as a component of the City and therefore has been blended as an integral part of the City of Pasadena's financial statements. The City also is financially accountable for the Pasadena Crime Control and Prevention District (the District), another legally separate entity, which is reported as a discretely presented component unit within the City of Pasadena's financial statements. The District helps fund 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).

PSCC funds many of the City's capital improvement projects. Some of the funded street projects are planned in several phases of completion and over 14,000 linear feet of sewer line installation is planned through 2011. In fiscal year 2010, PSCC transferred over \$13 million to the City's CIP fund to supplement these improvements happening in Pasadena. Projects funded by PSCC are in various stages of completion including the North Pasadena Redevelopment Project with sidewalks, street improvements, landscaping, historical street signs, and many other improvements to promote the City's economy. These public works projects are intended to encourage residential as well as industrial relocation to Pasadena.

Early in 2011, Pasadena Second Century Corporation issued \$4.96 million in sales tax revenue bonds with a plan to improve the area located around Pasadena's Convention Center. This project is in the early planning stage but will help to attract more events to Pasadena by providing nearby lodging and creating amenities for entertainment to patrons.

Health insurance rates will remain steady but with a decrease in the amount provided by the City on the flexible spending account to each employee from \$1,000 in 2010 to \$250 in 2011. This benefit card is to be used for co-pays and prescription drugs, but over-the-counter medication purchases are no longer allowed due to newly implemented tax laws. The City is self insured but contracts with UMR as the administrator of health insurance. Employees will benefit with a \$10/month discount by participating in the Health Awareness Program provided by the City in hopes to reduce health insurance costs by keeping employees aware of health issues. The City also provides its employees and their families with a health clinic to assist with medical needs from prescriptions to minor medical services.

The City provides healthcare benefits to retirees. Providing this benefit requires the City to implement the Governmental Accounting Standards Board (GASB) Statement 45. This statement establishes standards for the measurement and recognition for other post employment benefits (OPEB). The City's annual required contribution for OPEB as of the end of fiscal year 2010 is \$5,316,733 with the total actuarial accrued liability of \$77,067,727 as of December 31, 2009, down from the last actuarial by 6.4% due to the long-term planning to reduce the liability.

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

This past year has been difficult and there are still challenges ahead that will test our determination to succeed. There is no way to know how long we will be facing tough times but the City policies have built character in this time of turmoil and provided guidance to continue on community improvements to attract industry, retail, and residents. Pasadena, along with PSCC, are funding an urban street beautification project that will create an atmosphere that motivates people to come, see, and shop, thus leaving their money in Pasadena.

The State's deep budget cuts will shift more financial burden to local governments and Pasadena has not escaped some of the effect. Grant funds are either being cut completely or decreased, for example, the Lone Star Library Grant Program and the Texas Automobile Burglary and Theft Prevention Authority. As grant funds decrease, the City will have to provide a plan for these costs from the general fund and fiscal year 2011's budget adjusted to cover the expense of these services for them to continue.

City officials' policy at this time is to keep taxes down, but to maintain the fiscal budget some new fees have been created or others slightly increased. The policy of providing the convenience of accepting the citizens' credit or debit card for payment has become overwhelming. To ease some of this burden, City Council passed an ordinance to charge a small fee on credit or debit card transactions. These fees are passed on to the user of the service and not a burden on all the City's constituents as a tax increase would do.

Implementing policies such as a hiring freeze that has been in place for over a year, offering an incentive retirement package, and, unfortunately, some layoffs, the administration was able to cut City staff by about 6%. Most of these cuts came from a one time Voluntary Retirement Incentive Program (VRIP) which City Council approved by ordinance in July 2010. The purpose of the VRIP is to reduce the personnel costs for fiscal year 2011 and forward. The City budgeted \$2,606,366 for VRIP, but the actual cost for final checks is \$2,286,952 and the incentive pay cost the City \$1,239,015.

### ***Major Initiatives***

Departments throughout the City have been suggesting ways to help save money to keep the City sustained through these difficult financial times. Two examples of these are: City Council approved ordinances to recover hazardous materials response costs and to lease our fire training facilities to outside agencies; and scheduling changes in Municipal Court that has resulted in a 75% reduction in overtime costs.

Another major initiative for the City of Pasadena is the new pilot program for garbage collection services. For 40 years, the City has been purchasing high quality paper garbage bags at a cost of about \$1.6 million a year and recently added a "tipping fee" to bury the bags along with the garbage. In the pilot program, the City has purchased rollable totes and placed them in an experimental area to analyze the savings to the City and so far this has proved to be a good business decision for the City.

A focus on North Pasadena's Redevelopment is still in the City's future planning. The plan includes many redevelopment options and implementation procedures to enhance the appearance and increase investment in 23 square miles of northern Pasadena. Improvements are happening all around this area, with streets, sidewalks, and business improvements. Being conveniently located in close proximity to major employers such as the Port of Houston, numerous refineries, and the City of Houston, makes North Pasadena more attractive to middle-income residents who will help lure retailers and developers alike. This will increase the sustainability of the City's tax base for North Pasadena.

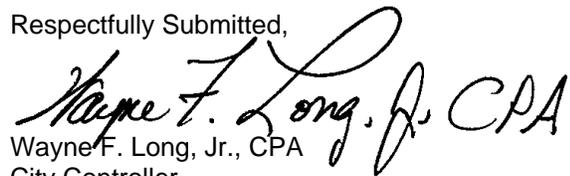
### ***Awards and Acknowledgements***

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, 2009. This was the sixteenth 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, 2009

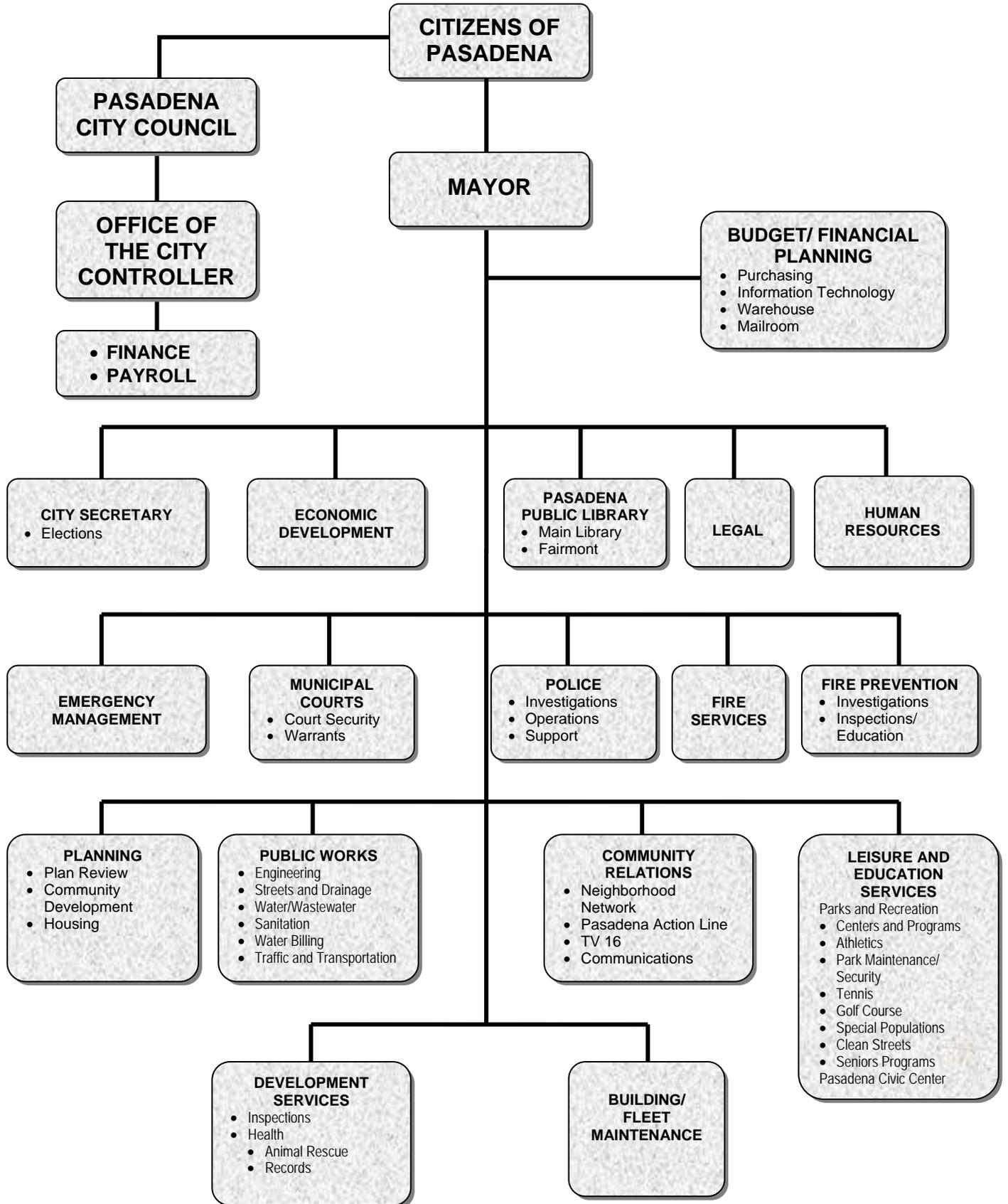
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

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	ORNALDO YBARRA
DISTRICT B	JACKIE WELCH
DISTRICT C	DON HARRISON
DISTRICT D	PAT VAN HOUTE
DISTRICT E	ERV BRANNON
DISTRICT F	PHIL CAYTEN (MAYOR PRO-TEM)
DISTRICT G	STEVE COTE
DISTRICT H	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

**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  
City Council Members of the  
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, 2010, 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, 2010, 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 4, 2011, 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.

### Partners

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Stephanie E. Harris, CPA  
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The Management's Discussion and Analysis 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. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
March 4, 2011

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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, 2010. This discussion and analysis includes comparative data for fiscal year 2009. 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, 2010 are as follows:

#### Government-Wide Financial Statements

The City's assets exceeded its liabilities by \$687,789,533 (net assets), showing an increase of \$12,346,402 (1.8%) compared to the prior fiscal year of \$675,443,131. Total net assets of the City are comprised of the following:

Capital assets, net of related debt, of \$620,350,544 (90.2%) 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 \$37,992,652 (5.5%) are restricted by constraints imposed from outside the City such as debt covenants, laws, and regulations.

Net assets of \$29,446,337 (4.3%) 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 \$82,452,865. This compares to the prior fiscal year combined fund balances of \$99,058,227, showing a decrease of \$16,605,362 (16.8%). Approximately 91.6% of the fund balances, \$75,561,100, 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 \$24,685,303. The unreserved and designated portion of the fund balance was \$3,174,202. The unreserved, undesignated portion of the fund balance was \$21,511,101 or 25.7% of total general fund expenditures of \$83,850,954. The City has a policy which requires the unreserved, undesignated portion of the fund balance to be the equivalent of two months of regular general fund operating expenditures. At the end of September 30, 2010, the unreserved, undesignated fund balance exceeded this required balance by \$7,535,942.

### 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 statements 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 governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Pasadena maintains 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 47-77.

**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 \$687,789,533 at fiscal year ended September 30, 2010.

#### CITY OF PASADENA'S Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 125,227,362	\$ 137,633,720	\$ 29,732,692	\$ 35,969,707	\$ 154,960,054	\$ 173,603,427
Capital assets	553,510,033	537,276,151	248,024,172	244,295,058	801,534,205	781,571,209
<b>Total assets</b>	<b>678,737,395</b>	<b>674,909,871</b>	<b>277,756,864</b>	<b>280,264,765</b>	<b>956,494,259</b>	<b>955,174,636</b>
Long-term liabilities, outstanding	136,957,373	152,195,874	96,951,907	102,485,654	233,909,280	254,681,528
Other liabilities	26,472,565	15,853,736	8,322,881	9,196,241	34,795,446	25,049,977
<b>Total liabilities</b>	<b>163,429,938</b>	<b>168,049,610</b>	<b>105,274,788</b>	<b>111,681,895</b>	<b>268,704,726</b>	<b>279,731,505</b>
Net assets:						
Invested in capital assets, net of debt	463,105,305	451,397,477	157,245,239	154,942,535	620,350,544	606,340,012
Restricted	36,063,307	40,253,459	1,929,345	2,255,328	37,992,652	42,508,787
Unrestricted	16,138,845	15,209,325	13,307,492	11,385,007	29,446,337	26,594,332
<b>Total net assets</b>	<b>\$ 515,307,457</b>	<b>\$ 506,860,261</b>	<b>\$ 172,482,076</b>	<b>\$ 168,582,870</b>	<b>\$ 687,789,533</b>	<b>\$ 675,443,131</b>

By far the largest portion of the City's net assets, \$620,350,544 (90.2%), 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 \$14,010,532 (2.3%) compared to prior fiscal year of \$606,340,012. The increase was due to the start and completion of numerous capital project activities including the police complex, which was capitalized during the year.

The second portion of the City's net assets, \$37,992,652 (5.5%), represents resources that are subject to external restrictions on how they may be used. This compared to the prior fiscal year of \$42,508,787, showing a decrease of \$4,516,135 (10.6%) due primarily because the City continues to use bond proceeds to carry out capital projects specified in the bond covenants.

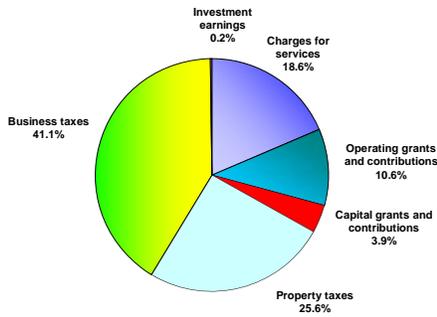
The third and final portion of the City's net assets, \$29,446,337 (4.3%) represents unrestricted resources that can be used to meet the City's ongoing obligations to citizens and creditors. This portion of net assets increased by \$2,852,005 (10.7%) compared to the prior fiscal year of \$26,594,332. This increase was a combination of positive and negative results from (1) the City received a one-time \$5,000,000 from Port of Houston in exchange for City to forgo its privilege in collecting certain tax, (2) continued profits from water and sewer business activities and (3) an increase in actuarial post employment benefit expenses.

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'S  
Changes in Net Assets**

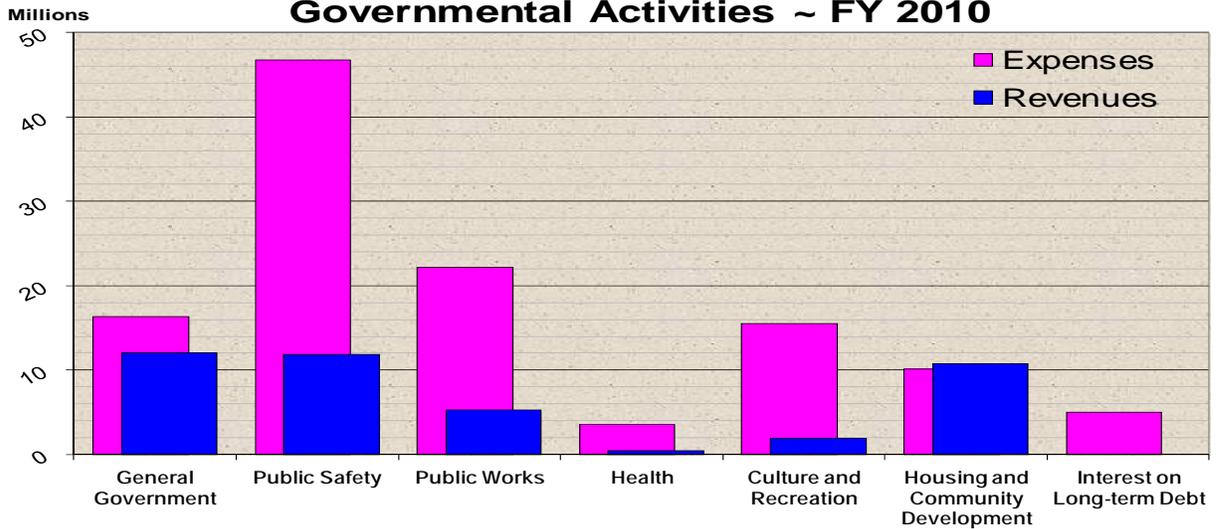
	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 23,708,863	\$ 23,234,125	\$ 33,419,961	\$ 35,096,384	\$ 57,128,824	\$ 58,330,509
Operating grants and contributions	13,576,536	16,102,417	-	-	13,576,536	16,102,417
Capital grants and contributions	4,999,237	5,578,582	-	35,000	4,999,237	5,613,582
General revenues						
Property taxes	32,609,811	33,728,265	-	-	32,609,811	33,728,265
Business taxes	46,938,969	50,002,130	-	-	46,938,969	50,002,130
Other taxes/fees	5,523,330	698,023	-	-	5,523,330	698,023
Investment earnings	280,127	1,049,352	51,820	158,920	331,947	1,208,272
<b>Total Revenues</b>	<u>127,636,873</u>	<u>130,392,894</u>	<u>33,471,781</u>	<u>35,290,304</u>	<u>161,108,654</u>	<u>165,683,198</u>
<b>Expenses:</b>						
General government	16,369,013	16,735,291	-	-	16,369,013	16,735,291
Public safety	46,743,243	44,930,012	-	-	46,743,243	44,930,012
Public works	22,194,436	28,489,685	-	-	22,194,436	28,489,685
Health	3,543,536	3,170,468	-	-	3,543,536	3,170,468
Culture and recreation	15,533,525	16,082,335	-	-	15,533,525	16,082,335
Housing and community development	10,102,166	9,615,124	-	-	10,102,166	9,615,124
Interest on long-term debt	5,002,086	4,990,590	-	-	5,002,086	4,990,590
Water and sewer	-	-	29,274,247	28,622,955	29,274,247	28,622,955
<b>Total Expenses</b>	<u>119,488,005</u>	<u>124,013,505</u>	<u>29,274,247</u>	<u>28,622,955</u>	<u>148,762,252</u>	<u>152,636,460</u>
<b>Increase in net assets before transfers</b>	8,148,868	6,379,389	4,197,534	6,667,349	12,346,402	13,046,738
<b>Transfers</b>	298,328	1,304,219	(298,328)	(1,304,219)	-	-
<b>Increase in net assets</b>	8,447,196	7,683,608	3,899,206	5,363,130	12,346,402	13,046,738
<b>Net assets - beginning</b>	506,860,261	499,176,653	168,582,870	163,219,740	675,443,131	662,396,393
<b>Net assets - ending</b>	<u>\$ 515,307,457</u>	<u>\$ 506,860,261</u>	<u>\$ 172,482,076</u>	<u>\$ 168,582,870</u>	<u>\$ 687,789,533</u>	<u>\$ 675,443,131</u>

**Revenues by Source  
Governmental Activities ~ FY 2010**



**Governmental Activities.** Governmental activities increased the City's net assets by \$8,447,196 (1.7%). This was impacted by the current economic downturn; the City has seen overall revenues decrease by \$3,761,912 (2.9%). In general revenues, there were decreases in property taxes and industrial fees of \$1,441,028 (2.9%) due to decline in tax base, and a decrease of \$2,871,651 (11%) in sales tax. However, the City benefited from a one-time payment of \$5,000,000 that was received from the Port of Houston and finished most of the Hurricane Ike repairs in the last fiscal year, thus further reducing public work expenses. The City has also moved aggressively to reduce expenses. The overall expenses decreased by \$4,525,500 (3.6%) from \$124,013,505 to \$119,488,005, with the largest decreases in public works.

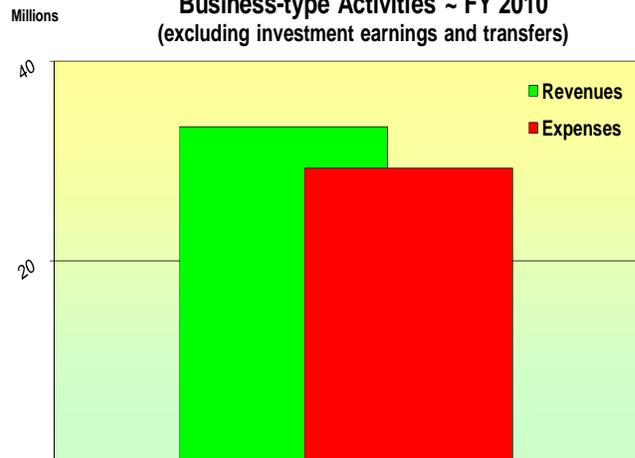
**Expenses and Program Revenues  
Governmental Activities ~ FY 2010**



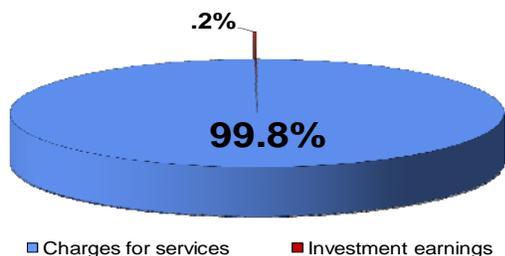
**Business-type Activities.** Business-type activities increased the City's net assets by \$3,899,206. The key elements of this increase include:

There was a reduction in water consumption which translated into \$508,770 (2.7%) less water being purchased. The upgraded City water pumping facilities further able the City to increase the water purchase from the South East Water Purification Plant (SEWPP) from 93% to 99.7% and decrease the water purchase from the East Water Purification Plant (East Plant) from 7% to 0.3%. Since the City is a co-participant of the SEWPP, the per 1,000 gallon water cost is 77% lower than the East Plant, thus resulting in a tremendous savings to the City. Both plants are operated by the City of Houston. Another material decrease in expenses was seen in contractual services by \$775,765 (12.3%), since the meter repairs and replacements were completed in previous fiscal year.

**Expenses and Program Revenues  
Business-type Activities ~ FY 2010  
(excluding investment earnings and transfers)**



**Revenues by Source  
Business-type Activities ~ FY 2010**



Revenue including interest earnings had a decrease of \$1,783,523. The revenues in charges for sales and services decreased by \$1,676,423 (4.8%) compared to last fiscal year, primarily due to an increase in average rain fall, which reduced the customers' consumption in 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 \$82,452,865; approximately 91.6% of this amount of \$75,561,100 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 (\$3,000,797 or 3.6%)
2. pay debt service (\$2,284,607 or 2.8%)
3. pay for certain capital and technological improvements and recall, election, and charter revision (\$1,606,361 or 2.0%)

The general fund is the principal operating fund of the City of Pasadena. As of September 30, 2010, the general fund reported fund balance of \$24,685,303. This compared to the prior fiscal year of \$25,554,979, showing a decrease of \$869,676 (3.4%).

The unreserved, undesignated portion of the general fund balance was \$21,511,101. 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 \$90,061,654 (23.9%) versus the total fund balance to the same amount (27.4%) compare to last year (26.0% and 29.2%, respectively).

The debt service fund has a total fund balance of \$2,284,607, all of which is reserved for the payment of debt service. The increase in fund balance of \$653,148 or 40.0% compared to prior fiscal year of \$1,631,459 was due to the amount of property taxes collected exceeding the required debt service payments.

The Pasadena Second Century Corporation fund has a total fund balance of \$13,421,401, all of which is restricted for economic development capital projects. The decrease in fund balance of \$13,729,806 or 50.6% compared to prior fiscal year of \$27,151,207 was attributed to economic downturn; drop in sales tax collections and a large increase in capital project expenditures. Pasadena Second Century Corporation financed numerous major capital projects in cooperation with the City during the current fiscal year.

The capital projects fund has a total fund balance of \$33,772,974, all of which is restricted for capital improvement projects. The decrease in fund balance amounted to \$3,234,941 or 8.7% compared to prior fiscal year of \$37,007,915. This downward trend will continue as the City had completed the issuance of the entire 2002 voters' authorization \$102,000,000 in Public Improvement Bonds. The capital outlay

expenditures in the amount of \$17,082,509 had decreased by \$6,328,760 or 27.0% compared to the prior fiscal year with the majority of expenditures concentrated on public works projects totaling \$9,618,668.

The grant management fund has a total fund balance of \$5,330,596, all of which is restricted for specific grant purposes. The increase in fund balance of \$1,833,603 or 52.4% compared to the prior fiscal year in the amount of \$3,496,993. The increase was primarily due to City receiving funding on numerous recovery type grants such as Disaster Recovery Texas Community Development Block Grant Program and Homelessness Prevention and Rapid Housing Program, both from the U.S. Department of Housing and Urban Development. The City also received a large amount of equity share from the U.S. Department of Justice in the current fiscal year.

**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 \$93,558,333, including transfers out, was \$9,529,894 (11.3%) more than the original budget of \$84,028,439.

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

- \$459,136 increase for General Government - included an increase of \$271,900 in community relations, mainly in capital outlay with an increase of \$293,752.
- \$1,493,850 increase for Public Safety - included increased costs in various salary accounts due to the voluntary retirement incentive program.
- \$478,104 increase for Public Works - included two major components: (1) an increase in public works administration in the amount of \$987,080 to provide build out and renovation expenses, converting the old police building into the municipal building, housing displaced employees from Hurricane Ike, and (2) a decrease in other departments in the amount of \$508,976 attributed to management's decision to a 5% reduction in the original budget to meet anticipated shortfall in revenues due to sluggish economy.
- \$381,070 increase in Health - included an increase in animal rescue services in the amount of \$337,916, mainly due to the increase in personnel services of \$73,700 and \$242,816 in capital outlay.
- \$1,145,734 increase in Culture and Recreation - included an increase in capital outlay of \$840,870 for the urban streets project which was being funded by Pasadena Second Century Corporation.
- \$5,572,000 increase in transfers out - included transfers of \$5,572,000 to the general liability insurance fund, mainly to set aside \$5,000,000 to fund the deductible portion in the City's property and equipment insurance policy.

Even with the above mentioned amendments, total actual expenditures, including transfers out totaling \$90,061,654, were \$3,496,679 (3.8%) below the final budget. Culture and recreation had the largest variance \$1,227,598, specifically in capital outlay due to several projects were delayed or unfinished at the end of current fiscal year.

Actual revenues, including the transfers in, totaled \$87,698,628, which was over the final budgeted amount of \$81,816,070 by \$5,882,558 (7.2%). The largest favorable variance was on business taxes/fees in the amount of \$5,000,000, which the City received a one-time payment from the Port of Houston in exchange for certain City's tax collecting rights. This one-time payment was not amended to the original budget.

### **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, 2010, amounted to \$801,534,205 (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 \$19,962,996 (2.6%) compared to prior fiscal year of \$781,571,209, a 3.0% increase for governmental activities and a 1.5% increase for business-type activities.

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

- Started the El Carey Drainage Improvements (D004) - \$36,139 design and engineering costs in progress at the end of the fiscal year.
- Started the Cotton Patch Drainage Improvements Ph I (D010) - \$8,703 design and engineering costs in progress at the end of the fiscal year.
- Continued with the Regional Detention Pond (D011) - \$185,823 pre-evaluation/survey costs in progress at the end of the fiscal year.
- Started with Beltway 8 Feeder Drainage Improvements (D014) - \$2,243 engineering costs in progress at the end of the fiscal year.
- Continued with Vista Drainage Ph III (D022) - \$2,616,341 construction costs in progress at the end of the fiscal year.
- Started the Finrock/Mobile Ditch Drainage (D024) - \$101,208 design and engineering costs in progress at the end of the fiscal year.
- Started the Beverly St. Drainage Improvements (D025) - \$100,258 design and engineering costs in progress at the end of the fiscal year.
- Started the 2010 Annual Storm Sewer Improvement (D028) - \$684,337 construction costs in progress at the end of the fiscal year.
- Completed the 2009 Annual Storm Sewer Improvements (D034) – with the final capitalized project cost in the amount of \$677,625.
- Started the El Jardin Drainage Improvements (D041) - \$79,247 design and engineering costs in progress at the end of the fiscal year.
- Started the Rebuilding of Fire Station #5 (F004) - \$1,900 preliminary evaluation costs in progress at the end of the fiscal year.
- Completed the Rebuilding of Fire Station #4 (F005) – with the final capitalized project cost in the amount of \$2,260,574.
- Completed the Rebuilding of Fire Station #3 (F006) – with the final capitalized project cost in the amount of \$2,005,309.
- Started the Renovation of Fire Station #7 (F013) - \$72,837 constructions costs in progress at the end of the fiscal year.
- Completed the Fire Training Facility (FZ002) – with the final capitalized project cost in the amount of \$612,236.
- Continued with Convention Center Renovation (M003) - \$809,107 construction costs in progress at the end of the fiscal year.
- Continued with Gun Range Baffles (PZ002) - \$123,616 construction costs in progress at the end of the fiscal year.
- Completed the Ballfield Renovations (R002) – with the final capitalized project cost in the amount of \$5,611,464.
- Continued with Strawberry Master Plan (R006) - \$181,241 design and engineering costs in progress at the end of the fiscal year.
- Completed the Memorial Park Renovations (R007) – with the final capitalized project cost in the amount of \$3,176,868.
- Started the Parks Spray Grounds (R027) - \$280,037 construction costs in progress at the end of the fiscal year.
- Continued with Vince Bayou Trail, Ph I (R031) - \$716,232 design and acquisition costs in progress at the end of the fiscal year.
- Started the Strawberry Park Exercise Equipment (R049) - \$129,747 equipment costs in progress at the end of the fiscal year.
- Continued with Fairmont; Preston to Pansy (S033) - \$4,503,698 costs in progress at the end of the fiscal year.
- Started the Shaw Ph II (S034) - \$243,039 design and engineering costs in progress at the end of the fiscal year.

- Started the Genoa-Red Bluff Ph III (S036) - \$401,379 construction costs in progress at the end of the fiscal year.
- Started the Burke Ph III (S038) - \$420,972 construction costs in progress at the end of the fiscal year.
- Started the Southmore Ph I (S041) - \$1,694,558 construction costs in progress at the end of the fiscal year.
- Continued with Preston Extension (S049) - \$258,488 design and engineering costs in progress at the end of the fiscal year.
- Continued with Main St; SH 225 to Southmore (S051) - \$82,810 design and engineering costs in progress at the end of the fiscal year.
- Completed the Pasadena Blvd Overlay (S060) – with the final capitalized project cost in the amount of \$2,290,730.
- Started the 2010 Annual Sidewalk Replacement (S063) - \$389,826 construction costs in progress at the end of the fiscal year.
- Started the Albemarle Bridge Improvement (S066) - \$96,130 construction and design/engineering costs in progress at the end of the fiscal year.
- Started the 2010 Annual Pavement Replacement (S070) - \$868,640 construction costs in progress at the end of the fiscal year.
- Completed the West Harris Bridge Reconstruction (S078) – with the final capitalized project cost in the amount of \$96,073.
- Started the Southmore-Little Vince Bayou to Red Bluff (S081) - \$80,342 design and engineering costs in progress at the end of the fiscal year.
- Started the N Pasadena Redevelopment (S088) - \$342,515 construction costs in progress for sidewalks at the end of the fiscal year and capitalized \$928,541 for overlay.
- Started the N Pasadena Overlay (S089) - \$660,738 costs in progress at the end of the fiscal year.
- Started the Urban St Design (S090) - \$30,293 design and engineering costs in progress at the end of the fiscal year.
- Started the Sanitary Sewer Design; Genoa Red Bluff/Red Bluff (S094) - \$25,000 design and engineering costs in progress at the end of the fiscal year.
- Completed the Thermo Pavement Markings (T05B) – with the final capitalized project cost in the amount of \$175,877.
- Completed the Lights on Highway 225 (T013) – with the final capitalized project cost in the amount of \$31,113.
- Completed the Red Bluff Pump Station (W005) – with the final capitalized project cost in the amount of \$377,477.
- Started the Tulip Water Well and Ground Storage (W007) - \$103,453 design and engineering costs in progress at the end of the fiscal year.
- Started the Westside Water Well (W010) - \$52,981 design and engineering costs in progress at the end of the fiscal year.
- Continued with SE Water Plant Pump Station Improvement (W012) - \$329,698 engineering costs in progress at the end of the fiscal year.
- Continued with Loop Completion of Distribution System (W014) - \$1,544,436 costs in progress at the end of the fiscal year.
- Started the El Jardin Groundwater Storage Tank (W019) - \$49,712 design and engineering costs in progress at the end of the fiscal year.
- Started the Cascade Water Well (W037) - \$136,126 design and engineering costs in progress at the end of the fiscal year.
- Continued with Richey Trunkline (WW014) - \$2,781,303 costs in progress at the end of the fiscal year.
- Started the Lift Station Replacement (WW024) - \$134,690 design and engineering costs in progress at the end of the fiscal year.
- Completed the Vista Trunk Line (WW028) – with the final capitalized project cost in the amount of \$1,054,503.
- Completed the Wastewater Rehab; Belmont St (WW029) – with the final capitalized project cost in the amount of \$181,065.
- Continued with Golden Acres WWTP Improvements Ph II (WW032) - \$5,228,788 costs in progress at the end of the fiscal year.
- Continued with Golden Acres WWPT (WW033) - \$196,000 preliminary evaluation costs in progress at the end of the fiscal year.

- Started the Manhole Rehabilitation (WW034) - \$26,838 design and engineering costs in progress at the end of the fiscal year.
- Completed the Pinnacle Project; Hernandez St (WW035) – with the final capitalized project cost in the amount of \$180,613.
- Started the Llano St Lift Station (WW036) - \$564,271 construction costs in progress at the end of the fiscal year.
- Started the Lift Station Rehabilitation (WW039) - \$65,320 design and engineering costs in progress at the end of the fiscal year.
- Started the TCEQ Sanitary Sewer Overflow Action Plan (WW040) - \$18,888 design and engineering costs in progress at the end of the fiscal year.
- Started the Prep Application TDRA Grant Round 2 (Z002) - \$77,726 pre-evaluation costs in progress at the end of the fiscal year.
- Started the LED Monument Signs (Z012) - \$138,478 costs in progress at the end of the fiscal year.

**Capital Assets  
(net of depreciation)  
September 30, 2010**

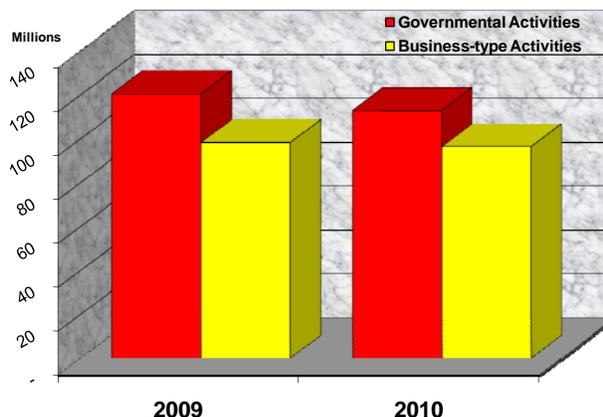
	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Land	\$ 136,154,154	\$ 135,790,148	\$ 2,276,074	\$ 1,898,597	\$ 138,430,228	\$ 137,688,745
Buildings and building improvements	62,944,261	58,316,056	1,818,259	1,928,830	64,762,520	60,244,886
Facilities and other improvements	3,242,162	3,175,477	3,782,443	3,878,271	7,024,605	7,053,748
Machinery and equipment	10,640,511	10,259,964	3,827,778	3,782,878	14,468,289	14,042,842
Infrastructure	284,034,156	278,268,217	172,344,970	174,448,243	456,379,126	452,716,460
Automotive equipment	11,577,557	11,842,474	58,680	70,961	11,636,237	11,913,435
Construction in progress	44,917,232	39,623,815	63,915,968	58,287,278	108,833,200	97,911,093
<b>Totals</b>	<b>\$ 553,510,033</b>	<b>\$ 537,276,151</b>	<b>\$ 248,024,172</b>	<b>\$ 244,295,058</b>	<b>\$ 801,534,205</b>	<b>\$ 781,571,209</b>

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 \$209,125,000. Of this amount, \$137,890,000 represents debt backed by the full faith and credit of the City, \$805,000 represents debt secured by the sales tax revenues, and \$70,430,000 represents debt secured solely by the net revenues of the City's water and sewer operations.

The overall debt decreased by \$9,613,050 (4.4%), attributable to the principal payments as the City did not issue any new debt during the current fiscal year. 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 ~ 2009 vs. 2010**



**City of Pasadena's Long Term Debt**  
September 30, 2010

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
General and certificate obligation bonds including refunding	\$ 112,025,000	\$ 118,700,000	\$ 25,865,000	\$ 27,400,000	\$ 137,890,000	\$ 146,100,000
Other long-term debt	805,000	1,783,050	-	-	805,000	1,783,050
Revenue bonds	-	-	70,430,000	70,855,000	70,430,000	70,855,000
<b>Total</b>	<b>\$ 112,830,000</b>	<b>\$ 120,483,050</b>	<b>\$ 96,295,000</b>	<b>\$ 98,255,000</b>	<b>\$ 209,125,000</b>	<b>\$ 218,738,050</b>

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

**Tax Supported Debt:**

Standard & Poors – "AA-"  
Moody's Investor Services – "Aa2"  
Fitch Ratings – "AA"

**Utility Supported Debt:**

Standard & Poors – "AA-"  
Moody's Investor Services – "A1"  
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 \$579,503,182, 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 2010) was 10.5%, up from 8.1% for the previous December per the Texas Workforce Commission.
- Assessed value for property tax used for the fiscal year 2011 budget preparation is down approximately \$151 million (2.8%) from fiscal year 2010 and is expected to bring in an increase of \$691,800 in revenues due to the change in the tax rate including new property added to the tax roll this year.
- The revenue per the fiscal year 2011 adopted budget is expected to decline by 5.8% over fiscal year 2010, reflecting the decline in the region's energy base, and local economy district fee revenue.
- Sales tax revenue is expected to be flat even though the national economy is still somewhat declining.
- The fiscal year 2011 adopted budget anticipates a slight decrease in industrial revenue of 4.7%. This small decrease can be traced to the industrial district declined assessed values.
- The 2011 budget includes a decrease in water and sewer operating revenues of approximately \$809,751 (2.4%) compared to the actual amount in fiscal year 2010. Still, 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 2011. Revenues in the general fund are budgeted in the amount of \$79,102,250, a decrease of 5.4% over the final fiscal year 2010 budget of \$83,609,115 (including transfer in) mainly due to the revenue reduction in other tax/fees revenue in which the City received a one-time payment of \$5,000,000 from the Port of Houston in fiscal year 2010.

Expenditures are budgeted to decrease by 11.8%, or \$11,021,585, in comparison to the final budgeted expenditures of fiscal year 2010. Again, this decrease is due to the non-repeating transfer to the general liability insurance fund in fiscal year 2010 in the amount of \$5,572,000. This includes \$5,000,000 for the designated balance for a possible disaster deductible per the property liability insurance policy, additional amount of \$572,000 of property liability insurance premium for fiscal year 2010, and a budgeted reduction in personnel services of \$3,177,662 (5.3%) from the final budgeted amount.

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

This financial report is designed to provide our citizens, taxpayers, customers, 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, 2010**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Pasadena Crime Control and Prevention District</b>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,438,997	\$ 591,847	\$ 2,030,844	\$ -
Investments	49,467,909	14,685,311	64,153,220	1,567,576
Receivables (net of allowances for uncollectible)	8,328,081	5,579,066	13,907,147	1,278,410
Due from component unit	16,198	-	16,198	-
Internal balances	1,446,477	(1,446,477)	-	-
Inventories	413,857	-	413,857	-
Deposits	266,000	-	266,000	-
Deferred charges	1,388,450	1,424,420	2,812,870	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	531,377	-	531,377	-
Investments	59,471,932	8,898,525	68,370,457	-
Intergovernmental receivables	2,458,084	-	2,458,084	-
Capital assets not being depreciated:				
Land	136,154,154	2,276,074	138,430,228	-
Construction in progress	44,917,232	63,915,968	108,833,200	-
Capital assets net of accumulated depreciation:				
Buildings and building improvements	62,944,261	1,818,259	64,762,520	-
Facilities and other improvements	3,242,162	3,782,443	7,024,605	-
Machinery and equipment	10,640,511	3,827,778	14,468,289	-
Infrastructure	284,034,156	172,344,970	456,379,126	-
Automotive	11,577,557	58,680	11,636,237	-
<b>TOTAL ASSETS</b>	<b>678,737,395</b>	<b>277,756,864</b>	<b>956,494,259</b>	<b>2,845,986</b>
<b><u>LIABILITIES</u></b>				
Accounts payable and other current liabilities	7,750,641	1,056,532	8,807,173	17,881
Accrued payroll payable	2,170,866	422,084	2,592,950	130,030
Accrued interest payable	606,453	-	606,453	-
Due to primary government	-	-	-	16,198
Liabilities payable from restricted assets	3,968,257	444,656	4,412,913	-
Customer deposits	-	2,706,705	2,706,705	-
Unearned revenue	766,954	-	766,954	-
Noncurrent liabilities:				
Due within one year	11,209,394	3,692,904	14,902,298	-
Due in more than one year	136,957,373	96,951,907	233,909,280	-
<b>TOTAL LIABILITIES</b>	<b>163,429,938</b>	<b>105,274,788</b>	<b>268,704,726</b>	<b>164,109</b>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	463,105,305	157,245,239	620,350,544	-
Restricted for:				
Capital projects	24,094,639	-	24,094,639	-
Grant and special revenue activities	9,266,152	-	9,266,152	-
Public safety	-	-	-	2,681,877
Debt service	2,702,516	1,929,345	4,631,861	-
Unrestricted	16,138,845	13,307,492	29,446,337	-
<b>TOTAL NET ASSETS</b>	<b>\$ 515,307,457</b>	<b>\$ 172,482,076</b>	<b>\$ 687,789,533</b>	<b>\$ 2,681,877</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, 2010**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				Pasadena Crime Control and Prevention District
					Governmental Activities	Business-type Activities	Total		
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 16,369,013	\$ 11,802,432	\$ 75,171	\$ 148,049	\$ (4,343,361)	\$ -	\$ (4,343,361)	\$ -	
Public safety	46,743,243	7,685,606	2,594,711	1,591,651	(34,871,275)	-	(34,871,275)	-	
Public works	22,194,436	1,965,202	666,551	2,647,060	(16,915,623)	-	(16,915,623)	-	
Health	3,543,536	416,180	-	-	(3,127,356)	-	(3,127,356)	-	
Culture and recreation	15,533,525	1,774,910	125,943	-	(13,632,672)	-	(13,632,672)	-	
Housing and community development	10,102,166	64,533	10,114,160	612,477	689,004	-	689,004	-	
Interest on long-term debt	5,002,086	-	-	-	(5,002,086)	-	(5,002,086)	-	
Total governmental activities	119,488,005	23,708,863	13,576,536	4,999,237	(77,203,369)	-	(77,203,369)	-	
Business-type activities:									
Water and sewer system	29,274,247	33,419,961	-	-	-	4,145,714	4,145,714	-	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 148,762,252</b>	<b>\$ 57,128,824</b>	<b>\$ 13,576,536</b>	<b>\$ 4,999,237</b>	<b>(77,203,369)</b>	<b>4,145,714</b>	<b>(73,057,655)</b>	<b>-</b>	
<b>Component unit:</b>									
Pasadena Crime Control and Prevention District	<b>\$ 7,785,097</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,785,097</b>	
General revenues:									
General property taxes					32,609,811	-	32,609,811	-	
Business taxes									
Industrial district fees					15,777,475	-	15,777,475	-	
Sales taxes					23,213,061	-	23,213,061	7,393,982	
Utility taxes					7,948,433	-	7,948,433	-	
Other taxes/fees					5,523,330	-	5,523,330	-	
Total business taxes					52,462,299	-	52,462,299	7,393,982	
Investment earnings									
Unrestricted					125,652	26,823	152,475	-	
Restricted					154,475	24,997	179,472	4,447	
Transfers					298,328	(298,328)	-	-	
<b>Total general revenues and transfers</b>					<b>85,650,565</b>	<b>(246,508)</b>	<b>85,404,057</b>	<b>7,398,429</b>	
<b>CHANGE IN NET ASSETS</b>					<b>8,447,196</b>	<b>3,899,206</b>	<b>12,346,402</b>	<b>(386,668)</b>	
<b>NET ASSETS - BEGINNING</b>					<b>506,860,261</b>	<b>168,582,870</b>	<b>675,443,131</b>	<b>3,068,545</b>	
<b>NET ASSETS - ENDING</b>					<b>\$ 515,307,457</b>	<b>\$ 172,482,076</b>	<b>\$ 687,789,533</b>	<b>\$ 2,681,877</b>	

**CITY OF PASADENA, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010**

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,438,997	\$ -	\$ -	\$ -
Investments	29,008,470	-	-	-
Receivables (net of allowance for uncollectible)	5,501,147	392,856	1,338,160	4,007
Due from other funds	1,073,795	-	609	-
Due from component unit	16,198	-	-	-
Restricted assets				
Cash and cash equivalents	-	-	-	-
Investments	-	2,309,660	12,559,963	36,104,712
Receivables (net of allowance for uncollectible)	89,501	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 37,128,108</b>	<b>\$ 2,702,516</b>	<b>\$ 13,898,732</b>	<b>\$ 36,108,719</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 7,346,340	\$ -	\$ -	\$ -
Accrued payroll payable	1,809,441	-	-	-
Intergovernmental payable	-	-	-	-
Due to other funds	58,438	76,509	-	9,024
Compensated absences payable	-	-	-	-
Deferred revenue	3,228,586	341,400	-	-
Liabilities payable from restricted assets	-	-	477,331	2,326,721
<b>TOTAL LIABILITIES</b>	<b>12,442,805</b>	<b>417,909</b>	<b>477,331</b>	<b>2,335,745</b>
<b><u>FUND BALANCES</u></b>				
Reserved for:				
Debt service	-	2,284,607	-	-
<b>Total reserved</b>	<b>-</b>	<b>2,284,607</b>	<b>-</b>	<b>-</b>
Unreserved, designated for, reported in:				
Encumbrances	1,567,841	-	-	1,414,244
Encumbrances for special revenue funds	-	-	-	-
General fund				
Capital and technology improvements	1,591,361	-	-	-
Recall, election, and charter revisions	15,000	-	-	-
<b>Total unreserved and designated</b>	<b>3,174,202</b>	<b>-</b>	<b>-</b>	<b>1,414,244</b>
Unreserved, undesignated for, reported in:				
General fund	21,511,101	-	-	-
Pasadena Second Century Corporation fund	-	-	13,421,401	-
Capital projects fund	-	-	-	32,358,730
Grant management fund	-	-	-	-
Special revenue funds	-	-	-	-
<b>Total unreserved, undesignated</b>	<b>21,511,101</b>	<b>-</b>	<b>13,421,401</b>	<b>32,358,730</b>
<b>TOTAL FUND BALANCES</b>	<b>24,685,303</b>	<b>2,284,607</b>	<b>13,421,401</b>	<b>33,772,974</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 37,128,108</b>	<b>\$ 2,702,516</b>	<b>\$ 13,898,732</b>	<b>\$ 36,108,719</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**

<u>Grant Management</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 1,438,997
-	-	29,008,470
-	-	7,236,170
-	1,823	1,076,227
-	-	16,198
478,410	52,967	531,377
5,528,588	2,969,009	59,471,932
2,274,627	93,956	2,458,084
<b>\$ 8,281,625</b>	<b>\$ 3,117,755</b>	<b>\$ 101,237,455</b>
\$ -	\$ -	\$ 7,346,340
-	-	1,809,441
26,149	-	26,149
885,028	4,866	1,033,865
169,195	-	169,195
766,954	-	4,336,940
1,103,703	154,905	4,062,660
<b>2,951,029</b>	<b>159,771</b>	<b>18,784,590</b>
-	-	2,284,607
-	-	<b>2,284,607</b>
-	-	2,982,085
-	18,712	18,712
-	-	1,591,361
-	-	15,000
-	<b>18,712</b>	<b>4,607,158</b>
-	-	21,511,101
-	-	13,421,401
-	-	32,358,730
5,330,596	-	5,330,596
-	2,939,272	2,939,272
<b>5,330,596</b>	<b>2,939,272</b>	<b>75,561,100</b>
<b>5,330,596</b>	<b>2,957,984</b>	<b>82,452,865</b>
<b>\$ 8,281,625</b>	<b>\$ 3,117,755</b>	
		539,637,100
		4,598,820
		32,512,924
		<u>(143,894,252)</u>
		<b>\$ 515,307,457</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, 2010**

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects
<b>REVENUES</b>				
General property taxes	\$ 20,286,331	\$ 12,273,132	\$ -	\$ -
Business taxes and fees				
Industrial district fees	15,777,475	-	-	-
Sales taxes	15,475,309	-	7,737,752	-
Utility taxes	7,948,433	-	-	-
Other taxes/fees	5,193,254	-	-	-
Total business taxes and fees	44,394,471	-	7,737,752	-
Licenses and permits	2,045,279	-	-	-
Municipal court fines	5,622,312	-	-	-
Charges for services	9,241,590	-	-	-
Intergovernmental	843,393	-	-	-
Program income	-	-	-	-
Contribution from outside sources	-	-	-	1,769,137
Miscellaneous	851,036	-	-	-
Investment income	94,679	5,309	35,431	96,187
<b>TOTAL REVENUES</b>	<b>83,379,091</b>	<b>12,278,441</b>	<b>7,773,183</b>	<b>1,865,324</b>
<b>EXPENDITURES</b>				
Current:				
General government	12,923,433	-	-	-
Public safety	38,033,602	-	-	-
Public works	15,683,013	-	473,482	-
Health	3,343,040	-	-	-
Culture and recreation	13,867,866	-	-	-
Housing and community development	-	-	-	-
Debt Service:				
Principal	-	6,813,700	839,350	-
Interest	-	4,947,027	47,005	120,552
Fiscal charges	-	5,016	-	-
Capital Outlay:				
Public safety	-	-	-	2,301,676
Public works	-	-	6,742,206	9,618,668
Culture and recreation	-	-	-	5,162,165
<b>TOTAL EXPENDITURES</b>	<b>83,850,954</b>	<b>11,765,743</b>	<b>8,102,043</b>	<b>17,203,061</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(471,863)</b>	<b>512,698</b>	<b>(328,860)</b>	<b>(15,337,737)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,319,537	140,450	-	12,104,546
Transfers out	(6,210,700)	-	(13,400,946)	(1,750)
Insurance recovery	1,102,601	-	-	-
Sale of capital assets	390,749	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(397,813)</b>	<b>140,450</b>	<b>(13,400,946)</b>	<b>12,102,796</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(869,676)</b>	<b>653,148</b>	<b>(13,729,806)</b>	<b>(3,234,941)</b>
<b>FUND BALANCES, BEGINNING</b>	<b>25,554,979</b>	<b>1,631,459</b>	<b>27,151,207</b>	<b>37,007,915</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 24,685,303</b>	<b>\$ 2,284,607</b>	<b>\$ 13,421,401</b>	<b>\$ 33,772,974</b>

<b>Grant Management</b>	<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 32,559,463
-	-	15,777,475
-	-	23,213,061
-	-	7,948,433
-	330,076	5,523,330
-	330,076	52,462,299
-	3,180	2,048,459
-	461,379	6,083,691
-	-	9,241,590
14,464,636	632,758	15,940,787
132,894	-	132,894
-	-	1,769,137
-	219,948	1,070,984
10,352	7,256	249,214
<b>14,607,882</b>	<b>1,654,597</b>	<b>121,558,518</b>
100,993	852,047	13,876,473
921,736	1,714,708	40,670,046
1,060,822	-	17,217,317
-	-	3,343,040
123,007	345,532	14,336,405
10,544,584	-	10,544,584
-	-	7,653,050
-	-	5,114,584
-	-	5,016
-	-	2,301,676
-	-	16,360,874
-	-	5,162,165
<b>12,751,142</b>	<b>2,912,287</b>	<b>136,585,230</b>
<b>1,856,740</b>	<b>(1,257,690)</b>	<b>(15,026,712)</b>
-	-	16,564,533
(23,137)	-	(19,636,533)
-	-	1,102,601
-	-	390,749
<b>(23,137)</b>	<b>-</b>	<b>(1,578,650)</b>
<b>1,833,603</b>	<b>(1,257,690)</b>	<b>(16,605,362)</b>
<b>3,496,993</b>	<b>4,215,674</b>	<b>99,058,227</b>
<b>\$ 5,330,596</b>	<b>\$ 2,957,984</b>	<b>\$ 82,452,865</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, 2010**

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)	\$ (16,605,362)
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.	17,100,289
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfer and donations) is a decrease to net assets	(420,536)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	744,166
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.	7,653,050
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.	(4,173,154)
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.	4,148,743
<b>Change in net assets of governmental activities (page 29)</b>	<b><u>\$ 8,447,196</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, 2010**

	<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	\$ 20,679,000	\$ 20,479,000	\$ 20,286,331	\$ (192,669)
Business taxes				
Industrial district fees	16,044,000	15,894,000	15,777,475	(116,525)
Sales taxes	16,431,745	15,423,831	15,475,309	51,478
Utility taxes	7,775,000	7,575,000	7,948,433	373,433
Other taxes	198,000	198,000	193,254	(4,746)
Fees	-	-	5,000,000	5,000,000
Total business taxes	<u>40,448,745</u>	<u>39,090,831</u>	<u>44,394,471</u>	<u>5,303,640</u>
Licenses and permits	2,036,000	1,836,000	2,045,279	209,279
Municipal court fines	5,849,000	5,374,000	5,622,312	248,312
Charges for services	9,453,900	9,453,900	9,241,590	(212,310)
Intergovernmental	312,500	387,671	843,393	455,722
Miscellaneous	885,000	813,162	851,036	37,874
Investment income	251,000	105,106	94,679	(10,427)
<b>TOTAL REVENUES</b>	<b><u>79,915,145</u></b>	<b><u>77,539,670</u></b>	<b><u>83,379,091</u></b>	<b><u>5,839,421</u></b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
City council	197,761	182,286	149,633	32,653
Mayor	367,702	360,327	353,091	7,236
Budget and financial planning	266,124	294,024	289,541	4,483
Municipal court	1,893,043	1,890,843	1,888,147	2,696
City controller	1,653,331	1,599,331	1,597,167	2,164
Tax	510,167	506,131	496,795	9,336
Purchasing	356,002	337,002	325,468	11,534
Legal	974,883	956,908	951,139	5,769
City secretary	334,214	321,814	302,290	19,524
Elections	2,000	2,000	216	1,784
Human resources	576,806	585,306	579,650	5,656
City marshal	623,998	592,998	590,944	2,054
Community relations	832,152	1,104,052	1,066,512	37,540
Pasadena action line	317,755	231,755	223,220	8,535
Planning	368,510	471,861	463,722	8,139
Planning/development administration	158,040	158,045	156,901	1,144
Economic development liaison	154,315	154,315	151,410	2,905
Neighborhood network	204,924	196,924	165,581	31,343
Inspections	1,619,807	1,555,857	1,535,179	20,678
Property management	744,055	738,300	497,150	241,150
Impound/storage	320,768	504,219	499,869	4,350
Technology	52,000	52,000	-	52,000
Other charges	578,000	769,195	639,808	129,387
<b>Total General Government</b>	<b><u>13,106,357</u></b>	<b><u>13,565,493</u></b>	<b><u>12,923,433</u></b>	<b><u>642,060</u></b>
<b>Public Safety</b>				
Emergency preparedness	366,753	355,803	341,033	14,770
Fire fighting	3,562,465	3,591,263	3,432,859	158,404
Fire prevention	1,067,050	1,028,550	1,024,138	4,412
Police	31,830,582	33,345,084	33,235,572	109,512
<b>Total Public Safety</b>	<b><u>36,826,850</u></b>	<b><u>38,320,700</u></b>	<b><u>38,033,602</u></b>	<b><u>287,098</u></b>
<b>Public Works</b>				
Public works administration	481,003	1,468,083	1,464,838	3,245
Engineering	1,494,371	1,490,431	1,468,097	22,334
Street lighting and signals	1,500,000	1,351,000	1,350,951	49
Sanitation	8,150,123	8,023,651	7,326,512	697,139
Street and bridge	3,283,025	3,066,771	2,930,211	136,560
Traffic and transportation	1,237,407	1,224,097	1,142,404	81,693
<b>Total Public Works</b>	<b><u>\$ 16,145,929</u></b>	<b><u>\$ 16,624,033</u></b>	<b><u>\$ 15,683,013</u></b>	<b><u>\$ 941,020</u></b>

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Health</b>				
Health	\$ 2,102,103	\$ 2,145,257	\$ 1,981,567	\$ 163,690
Animal rescue and assistance	1,258,770	1,596,686	1,361,473	235,213
<b>Total Health</b>	<b>3,360,873</b>	<b>3,741,943</b>	<b>3,343,040</b>	<b>398,903</b>
<b>Culture and Recreation</b>				
Parks	2,758,265	3,724,364	2,945,950	778,414
Recreation	2,769,978	2,693,403	2,606,043	87,360
Clean streets	2,139,029	1,931,929	1,818,363	113,566
Golf course	701,537	680,357	601,135	79,222
Multi-purpose center	625,657	483,157	450,923	32,234
Civic center	811,353	1,309,051	1,243,660	65,391
Senior center - Madison Jobe	459,096	452,095	427,005	25,090
Library	3,684,815	3,821,108	3,774,787	46,321
<b>Total Culture and Recreation</b>	<b>13,949,730</b>	<b>15,095,464</b>	<b>13,867,866</b>	<b>1,227,598</b>
<b>TOTAL EXPENDITURES</b>	<b>83,389,739</b>	<b>87,347,633</b>	<b>83,850,954</b>	<b>3,496,679</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,474,594)</b>	<b>(9,807,963)</b>	<b>(471,863)</b>	<b>9,336,100</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,000,000	4,276,400	4,319,537	43,137
Transfers out	(638,700)	(6,210,700)	(6,210,700)	-
Insurance recovery	3,758,017	1,783,045	1,102,601	(680,444)
Sale of capital assets	10,000	10,000	390,749	380,749
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>6,129,317</b>	<b>(141,255)</b>	<b>(397,813)</b>	<b>(256,558)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,654,723</b>	<b>(9,949,218)</b>	<b>(869,676)</b>	<b>9,079,542</b>
<b>FUND BALANCES - BEGINNING</b>	<b>26,872,693</b>	<b>25,554,979</b>	<b>25,554,979</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 29,527,416</b>	<b>\$ 15,605,761</b>	<b>\$ 24,685,303</b>	<b>\$ 9,079,542</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 BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 200,000	\$ 461,565	\$ 1,436,852	\$ 975,287
Program income	5,935	5,935	795	(5,140)
<b>TOTAL REVENUES</b>	<u>205,935</u>	<u>467,500</u>	<u>1,437,647</u>	<u>970,147</u>
<b>EXPENDITURES</b>				
Current				
Public safety				
Materials and supplies	-	375	375	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>375</u>	<u>375</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>205,935</b>	<b>467,125</b>	<b>1,437,272</b>	<b>970,147</b>
<b>FUND (PROGRAM) BALANCE - BEGINNING</b>	<u>61,657</u>	<u>20,878</u>	<u>20,878</u>	<u>-</u>
<b>FUND (PROGRAM) BALANCE - ENDING</b>	<u><u>\$ 267,592</u></u>	<u><u>\$ 488,003</u></u>	<u><u>\$ 1,458,150</u></u>	<u><u>\$ 970,147</u></u>

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 TREASURY DEPARTMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND (PROGRAM) BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 75,000	\$ 265,942	\$ 318,126	\$ 52,184
Program income	4,811	4,811	1,099	(3,712)
<b>TOTAL REVENUES</b>	<b><u>79,811</u></b>	<b><u>270,753</u></b>	<b><u>319,225</u></b>	<b><u>48,472</u></b>
<b>EXPENDITURES</b>				
Public safety				
Contractual services	52,000	62,000	50,138	11,862
Materials and supplies	43,900	43,900	13,319	30,581
Capital outlay	75,000	65,000	6,600	58,400
<b>TOTAL EXPENDITURES</b>	<b><u>170,900</u></b>	<b><u>170,900</u></b>	<b><u>70,057</u></b>	<b><u>100,843</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(91,089)</b>	<b>99,853</b>	<b>249,168</b>	<b>149,315</b>
<b>FUND (PROGRAM) BALANCE - BEGINNING</b>	<b><u>469,915</u></b>	<b><u>487,916</u></b>	<b><u>487,916</u></b>	<b><u>-</u></b>
<b>FUND (PROGRAM) BALANCE - ENDING</b>	<b><u>\$ 378,826</u></b>	<b><u>\$ 587,769</u></b>	<b><u>\$ 737,084</u></b>	<b><u>\$ 149,315</u></b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2010**

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Water and Sewer System</b>	<b>Governmental Activities - Internal Service Funds</b>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 591,847	\$ -
Investments		
TexPool	14,641,493	20,459,439
CLASS	43,818	-
Receivables (net of allowances for uncollectible)	5,579,066	63,077
Due from other funds	-	56,006
Inventory, at cost	-	413,857
Restricted assets		
Investments		
Texpool	2,090,143	-
CLASS	6,808,382	-
<b>Total Current Assets</b>	<b><u>29,754,749</u></b>	<b><u>20,992,379</u></b>
<b>Noncurrent Assets</b>		
Deposits	-	<b><u>266,000</u></b>
Deferred charges - revenue bond issuance costs, bond insurance premium and administrative cost recovery fees	<b><u>1,424,420</u></b>	<b><u>-</u></b>
Capital assets		
Land	2,276,074	602
Buildings and building improvements	6,024,998	2,097,496
Accumulated depreciation - buildings and building improvements	(4,206,739)	(1,674,242)
Facilities and other improvements	6,128,514	175,754
Accumulated depreciation - facilities and other improvements	(2,346,071)	(50,567)
Machinery and equipment	11,009,588	5,968,609
Accumulated depreciation - machinery and equipment	(7,181,810)	(4,253,082)
Infrastructure	252,867,866	41,746
Accumulated depreciation - Infrastructure	(80,522,896)	(10,940)
Automotive	600,428	33,658,823
Accumulated depreciation - automotive	(541,748)	(22,081,266)
Construction in progress	63,915,968	-
Net capital assets	<b><u>248,024,172</u></b>	<b><u>13,872,933</u></b>
<b>Total Noncurrent Assets</b>	<b><u>249,448,592</u></b>	<b><u>14,138,933</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 279,203,341</u></b>	<b><u>\$ 35,131,312</u></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	\$ 1,056,532	\$ 404,301
Accrued payroll payable	422,084	361,425
Revenue bonds payable - current	1,525,655	-
Due to other funds	59,435	38,933
Claims payable	-	1,348,153
Compensated absences payable	175,886	93,256
Customer deposits	2,706,705	-
Liabilities payable from restricted assets		
Accounts payable	222,423	-
Retainage payable	61,435	-
Accrued interest payable	160,798	-
Revenue bonds payable	1,929,345	-
<b>Total Current Liabilities</b>	<b><u>8,320,298</u></b>	<b><u>2,246,068</u></b>
<b>Noncurrent Liabilities</b>		
Revenue and general obligation bonds payable (including the unamortized discounts/premium and deferred amount on refunding of \$817,628)	93,848,457	-
Claims payable	-	872,123
Arbitrage payable	62,018	-
Compensated absences payable	1,582,977	839,306
Other post-employment benefits	1,520,473	47,933
<b>Total Noncurrent Liabilities</b>	<b><u>97,013,925</u></b>	<b><u>1,759,362</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>105,334,223</u></b>	<b><u>4,005,430</u></b>
<b><u>NET ASSETS</u></b>		
Invested in capital assets, net of related debt	157,245,239	13,872,933
Restricted for debt service	1,929,345	-
Unrestricted	14,694,534	17,252,949
<b>TOTAL NET ASSETS</b>	<b>173,869,118</b>	<b>\$ 31,125,882</b>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise fund	<b><u>(1,387,042)</u></b>	
Net assets of business-type activities (page 27)	<b><u>\$ 172,482,076</u></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, 2010**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>	
<b>OPERATING REVENUES</b>		
Charges for sales and services	<u>\$ 33,419,961</u>	<u>\$ 28,072,323</u>
<b>OPERATING EXPENSES</b>		
Personnel services	8,902,869	5,326,437
Contractual services	5,508,026	1,257,021
Material and supplies	1,299,032	3,855,753
Maintenance charges	982,531	945,634
Sewer and water payments - Clear Lake Water Authority and City of Seabrook	90,115	-
Operating, maintenance and water charges - Southeast Water Purification Plant	3,650,369	-
Insurance/reinsurance premiums	-	4,501,904
Claims and legal expenses	-	11,281,257
Administration fees	-	620,411
Miscellaneous	26,945	797,396
Depreciation	4,105,437	2,745,435
<b>TOTAL OPERATING EXPENSES</b>	<u><b>24,565,324</b></u>	<u><b>31,331,248</b></u>
<b>OPERATING INCOME (LOSS)</b>	<u><b>8,854,637</b></u>	<u><b>(3,258,925)</b></u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain on sale and retirement of capital assets	-	61,189
Investment income	51,820	30,973
Interest expense on bonds	(4,483,121)	-
Amortization	(5,845)	-
Fiscal agent fees	(1,000)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u><b>(4,438,146)</b></u>	<u><b>92,162</b></u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u><b>4,416,491</b></u>	<u><b>(3,166,763)</b></u>
<b>CAPITAL CONTRIBUTIONS</b>	<u><b>2,405,317</b></u>	<u><b>1,320,904</b></u>
<b>TRANSFERS IN</b>	<u><b>-</b></u>	<u><b>6,775,645</b></u>
<b>TRANSFERS (OUT)</b>	<u><b>(2,703,645)</b></u>	<u><b>(1,000,000)</b></u>
<b>CHANGES IN NET ASSETS</b>	<u><b>4,118,163</b></u>	<u><b>3,929,786</b></u>
<b>TOTAL NET ASSETS - BEGINNING</b>	<u><b>169,750,955</b></u>	<u><b>27,196,096</b></u>
<b>TOTAL NET ASSETS - ENDING</b>	<u><b>\$ 173,869,118</b></u>	<u><b>\$ 31,125,882</b></u>
 <b>CHANGES IN NET ASSETS</b>	 <b>\$ 4,118,163</b>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	<u><b>(218,957)</b></u>	
Change in net assets of business-type activities (page 29)	<u><b>\$ 3,899,206</b></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, 2010**

	<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	\$ 33,457,372	\$ 28,050,089
Cash payments to suppliers for goods and services	(13,237,854)	(6,585,237)
Cash payments to employees for services	(8,523,171)	(5,859,736)
Cash payments for insurance premiums, liability claims and administration	-	(17,035,830)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>11,696,347</b>	<b>(1,430,714)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>		
Transfers (to)/from other funds		
General fund	(2,000,000)	5,072,000
Water and sewer system fund	-	703,645
Maintenance fund	(203,645)	-
General liability insurance fund	(500,000)	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(2,703,645)</b>	<b>5,775,645</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Proceeds from sale of capital assets	-	187,401
Acquisition and construction of capital assets	(5,429,234)	(1,137,522)
Principal paid on revenue bonds	(3,240,000)	-
Interest and fiscal agent fees paid on revenue bonds	(6,149,381)	-
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(14,818,615)</b>	<b>(950,121)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of investments	(24,699,251)	(25,229,863)
Proceeds from sale and maturities of investments	30,885,243	21,804,080
Investment income received	51,820	30,973
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>6,237,812</b>	<b>(3,394,810)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>411,899</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>179,948</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 591,847</b>	<b>\$ -</b>

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATION ACTIVITIES</b>		
Operating income (loss)	<b>\$ 8,854,637</b>	<b>\$ (3,258,925)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>		
Depreciation	4,105,437	2,745,435
Changes in assets and liabilities		
(Increase) decrease in accounts receivables	(69,594)	46,981
Decrease in due from other funds	189,002	17,737
Decrease in inventory	-	22,083
Decrease in deposits	-	7,000
(Decrease) increase in accounts and claims payable	(1,929,273)	177,741
Increase in accrued payroll liabilities	178,237	202,645
(Decrease) in compensated absences payable	(506,285)	(734,387)
Increase (decrease) in due to other funds	59,435	(661,987)
Increase in other post employment benefits	707,746	4,963
Increase in customer deposits	107,005	-
<b>Total Adjustments</b>	<b>2,841,710</b>	<b>1,828,211</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 11,696,347</b>	<b>\$ (1,430,714)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Contribution of capital assets from the government	\$ 2,405,317	\$ 1,320,904

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, 2010**

**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 conflict with GASB guidance. The City has the option to continue following subsequent private-sector standards for business-type activities and enterprise fund 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 were part of the City (the primary government) because its sole purpose is to provide economic resources to fund 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 relationship.

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 requirement 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 fund 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 type), 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 a 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, 2010.

## **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:

<u>Capital Assets</u>	<u>Years</u>
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 \$143,894,252 difference are as follows:

Bonds payable	\$	112,025,000
Other long-term debt		805,000
Add: bond premiums		1,284,089
Less: deferred gain/loss on refunded bonds		(480,658)
Less: issuance costs		(1,388,450)
Accrued interest payable		606,453
Compensated absences		21,505,141
Other post employment benefits		9,537,677
		<hr/>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$	143,894,252

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, and 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 \$32,512,924 difference are as follows:

Net assets of the internal service funds	\$	31,125,882
Add: Internal receivable representing charges less the cost to business-type activities - prior year		1,168,085
Add: Internal receivable representing charges less the cost to business-type activities - current year		218,957
		<hr/>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	\$	32,512,924

**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 \$17,100,289 difference is as follows:

Capital outlay	\$ 25,900,561
Depreciation expense	(8,800,272)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 17,100,289</u>

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 \$420,536 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.	\$ (449,401)
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.	<u>28,865</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ (420,536)</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 \$7,653,050 difference is as follows:

Debt issued or incurred:	
Principal repayments	\$ (7,653,050)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (7,653,050)</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 \$4,173,154 difference is as follows:

Compensated absences	\$ (318,371)
Other post employment benefits	4,604,024
Arbitrage	(163,819)
Accrued interest	(35,602)
Amortization of bond issuance costs	122,362
Amortization of bond premiums	(107,471)
Amortization of deferred amounts on refunding	<u>72,031</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,173,154</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, and 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 funds is reported with governmental activities.” The detail of this \$4,148,743 difference is as follows:

Change in net assets of the internal service funds	\$ 3,929,786
Add: Loss from charges from business-type activities	<u>218,957</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,148,743</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 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 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 funds (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 \$3,957,894 excluding other financing uses which increased by \$5,572,000. Even though the budget increased, management asked each department to cut, on average, 5% from the original approved budget due to the economic recession. Also, to reduce future expenditures, the City offered a Voluntary Retirement Incentive Program ("VRIP"). If employees were qualified for retirement the City offered an incentive of one week pay for each year of service to retire as of no later than September 15, 2010. The budget was amended by \$2,606,366 in the general fund to cover these additional costs. Consequently, the majority of the budget amendments were due to VRIP. The parks budget increased under the capital outlay in the amount of \$840,870 with a total increase of \$966,099 because of the transfer of money from Pasadena Second Century Corporation, a blended component unit of the City, to administer the Urban Streets Projects. An amount of \$5,000,000 was transferred from the general fund to the general liability insurance fund to designate money for the deductible on the City's insurance policy with Rust, Ewing, Watt and

Haney, Inc. It should be noted that those funds have not been spent as of the date of these financial statements.

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

The following provides actual fiscal year 2010 results for both budgeted and non-budgeted grant programs under the grant management fund:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Sources (Uses)</u>
Budgeted grant programs:			
Federal equitable sharing of forfeited property:			
Justice Department	\$ 1,437,647	\$ 375	\$ -
Treasury Department	319,225	70,057	-
Nonbudgeted grant programs:			
Various grants	2,453,672	2,427,597	(23,137)
HUD section 8 rental voucher program	7,456,361	7,288,481	-
FEMA DHAP program	3,788	31,822	-
FEMA DHAP IKE	678,977	674,598	-
HUD CDBG entitlement program	1,233,121	1,233,121	-
HUD HOME investment partnerships program	945,056	945,056	-
HUD emergency shelter program	80,035	80,035	-
Total grant management fund - actual	<u>\$ 14,607,882</u>	<u>\$ 12,751,142</u>	<u>\$ (23,137)</u>

**C. Excess of Expenditures over Appropriations**

For the fiscal year ended September 30, 2010, no expenditures exceeded the budget at the object level.

**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, 2010, the carrying amount of the City's deposits with financial institutions was \$2,466,246, excluding \$95,975 for petty cash and tax holding account. The City's bank balance is the sum of all accounts, which totals \$2,539,713 and the market values of pledged securities were \$5,124,523. The pledged securities are held by a third party custodian in the City's name.

**Investments**

As of September 30, 2010 the City has the following investments:

Investment Type	Fair Value			Weighted Average Maturity (Years)
	Primary Government	Blended Component Unit	Discretely Presented Component Unit	
		Pasadena Second Century Corporation	Pasadena Crime Control and Prevention District	
Texpool Local Government Investment Pools	\$ 55,519,038	\$ 10,371,991	\$ 1,567,576	0.08
Logic Local Government Investment Pools	1,192,801	-	-	0.11
Class Local Government Investment Pools	63,251,875	2,187,972	-	0.11
Total Fair Value	<u>\$ 119,963,714</u>	<u>\$ 12,559,963</u>	<u>\$ 1,567,576</u>	
Portfolio Weighted Average Maturity				0.10

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 “AAA” 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 fund’s 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 fund’s 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 2009 taxable assessed valuation of the City's property in the amount of \$5,795,031,817 was certified by the Appraisal District. The City Council adopted the following tax rate per \$100 of assessed taxable value for the current year.

<u>Purpose</u>	<u>Tax Rate</u>
General government	\$ 0.3500
Debt service	0.2120
	<u>\$ 0.5620</u>

## 2. Receivables

Receivables as of September 30, 2010, 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:

	General	Debt Service	Pasadena		Grant Management	Nonmajor Governmental Funds	Water and Sewer System	Internal Service Funds		Total
			Second Century Corporation	Capital Projects				Workers' Compensation	Health Insurance	
Receivables										
Property taxes	\$ 1,907,211	\$ 1,309,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,216,867
Sales taxes	2,676,320	-	1,338,160	-	-	-	-	-	-	4,014,480
Accounts	3,419,030	-	-	4,007	-	-	6,074,319	23,106	39,971	9,560,433
Less: allowance for uncollectible	(2,501,414)	(916,800)	-	-	-	-	(495,253)	-	-	(3,913,467)
	5,501,147	392,856	1,338,160	4,007	-	-	5,579,066	23,106	39,971	12,878,313
Intergovernmental - restricted	89,501	-	-	-	2,260,897	13,007	-	-	-	2,363,405
Accounts restricted	-	-	-	-	13,730	80,949	-	-	-	94,679
Net total receivables	\$ 5,590,648	\$ 392,856	\$ 1,338,160	\$ 4,007	\$ 2,274,627	\$ 93,956	\$ 5,579,066	\$ 23,106	\$ 39,971	\$ 15,336,397

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)	\$ 490,130	\$ -
Delinquent property taxes receivable (Debt service fund)	341,400	-
Notes receivable (Grant management)	1,028,834	-
Insurance proceeds-Hurricane Ike (General fund)	2,738,456	-
Grant received prior to meeting all eligibility requirements	-	766,954
Total deferred/unearned revenue for governmental funds	\$ 4,598,820	\$ 766,954

## 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		Grant Management	Nonmajor Governmental Funds	Water and Sewer Enterprise
			Second Century Corporation	Capital Projects			
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 478,410	\$ 52,967	\$ -
Investments	-	2,309,660	12,559,963	36,104,712	5,528,588	2,969,009	8,898,525
Intergovernmental receivables	89,501	-	-	-	2,260,897	13,007	-
Accounts receivables	-	-	-	-	13,730	80,949	-
	\$ 89,501	\$ 2,309,660	\$ 12,559,963	\$ 36,104,712	\$ 8,281,625	\$ 3,115,932	\$ 8,898,525
	(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, 2010 was as follows:

### 1. Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 135,790,148	\$ 393,440	\$ (29,434)	\$ 136,154,154
Construction in progress	39,623,815	23,161,388	(17,867,971)	44,917,232
Total capital assets, not being depreciated	<u>175,413,963</u>	<u>23,554,828</u>	<u>(17,897,405)</u>	<u>181,071,386</u>
Capital assets, being depreciated:				
Buildings and building improvements	76,249,747	6,038,091	(101,271)	82,186,567
Facilities and other improvements	5,058,039	245,668	(291,505)	5,012,202
Machinery and equipment	25,431,726	1,739,565	(199,746)	26,971,545
Infrastructure	417,631,533	12,062,601	(83,580)	429,610,554
Automotive equipment	32,809,015	2,372,166	(1,522,358)	33,658,823
Total capital assets being depreciated	<u>557,180,060</u>	<u>22,458,091</u>	<u>(2,198,460)</u>	<u>577,439,691</u>
Less accumulated depreciation for:				
Building and building improvements	(17,933,691)	(1,379,833)	71,218	(19,242,306)
Facilities and other improvements	(1,882,562)	(103,527)	216,049	(1,770,040)
Machinery and equipment	(15,171,762)	(1,286,509)	127,237	(16,331,034)
Infrastructure	(139,363,316)	(6,260,257)	47,175	(145,576,398)
Automotive equipment	(20,966,541)	(2,515,581)	1,400,856	(22,081,266)
Total accumulated depreciation	<u>(195,317,872)</u>	<u>(11,545,707)</u>	<u>1,862,535</u>	<u>(205,001,044)</u>
Total capital assets, being depreciated, net	<u>361,862,188</u>	<u>10,912,384</u>	<u>(335,925)</u>	<u>372,438,647</u>
Governmental activities capital assets, net	<u>\$ 537,276,151</u>	<u>\$ 34,467,212</u>	<u>\$ (18,233,330)</u>	<u>\$ 553,510,033</u>

**2. Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,898,597	\$ 377,477	\$ -	\$ 2,276,074
Construction in progress	58,287,278	7,366,959	(1,738,269)	63,915,968
Total capital assets, not being depreciated	<u>60,185,875</u>	<u>7,744,436</u>	<u>(1,738,269)</u>	<u>66,192,042</u>
Capital assets, being depreciated:				
Buildings and building improvements	6,024,998	-	-	6,024,998
Facilities and other improvements	6,128,514	-	-	6,128,514
Machinery and equipment	10,597,387	412,201	-	11,009,588
Infrastructure	251,451,683	1,416,183	-	252,867,866
Automotive equipment	600,428	-	-	600,428
Total capital assets being depreciated	<u>274,803,010</u>	<u>1,828,384</u>	<u>-</u>	<u>276,631,394</u>
Less accumulated depreciation for:				
Building and building improvements	(4,096,168)	(110,571)	-	(4,206,739)
Facilities and other improvements	(2,250,243)	(95,828)	-	(2,346,071)
Machinery and equipment	(6,814,509)	(367,301)	-	(7,181,810)
Infrastructure	(77,003,440)	(3,519,456)	-	(80,522,896)
Automotive equipment	(529,467)	(12,281)	-	(541,748)
Total accumulated depreciation	<u>(90,693,827)</u>	<u>(4,105,437)</u>	<u>-</u>	<u>(94,799,264)</u>
Total capital assets, being depreciated, net	<u>184,109,183</u>	<u>(2,277,053)</u>	<u>-</u>	<u>181,832,130</u>
Business-type activities capital assets, net	<u>\$ 244,295,058</u>	<u>\$ 5,467,383</u>	<u>\$ (1,738,269)</u>	<u>\$ 248,024,172</u>

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

**Governmental activities:**

General Government	\$ 351,420
Public Safety	1,621,376
Public Works	6,025,987
Health	32,463
Culture and Recreation	769,026
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>2,745,435</u>
	<u>\$ 11,545,707</u>

**Business-type activities**

Water and Sewer System	<u>\$ 4,105,437</u>
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## E. Construction Commitments

The City's commitments with contractors are as follows as of September 30, 2010:

Projects		Project Appropriation	Spent-to-Date
<u>Drainage</u>			
D004	El Carey Drainage Improvements	\$ 616,897	\$ 36,139
D010	Cotton Patch Drainage Improv Ph I	861,984	8,704
D011	Regional Detention near Genoa-Red Bluff	303,550	185,824
D014	Beltway 8 Feeder Drainage Improvements	834,244	2,244
D022	Vista Drainage III	6,034,872	2,616,342
D024	Finrock and Mobile Ditch Drainage	1,073,160	101,208
D025	Beverly St Drainage Improvements	420,708	100,259
D028	2010 Storm Sewer Replacement	720,930	684,338
D041	El Jardin Drainage	939,579	79,248
		<u>\$ 11,805,924</u>	<u>\$ 3,814,306</u>
<u>Fire</u>			
F013	Renovate Fire Sta #7	\$ 170,510	\$ 72,837
		<u>\$ 170,510</u>	<u>\$ 72,837</u>
<u>Municipal Facilities</u>			
M003	Convention Center Renovation	\$ 1,570,750	\$ 809,108
		<u>\$ 1,570,750</u>	<u>\$ 809,108</u>
<u>Police</u>			
PZ002	Gun Range Baffles	\$ 200,000	\$ 123,617
		<u>\$ 200,000</u>	<u>\$ 123,617</u>
<u>Parks</u>			
R014	Park Land Acquisition	\$ 23,867	\$ 20,385
R027	Parks Spray Grounds	635,000	280,037
R031	Vince Bayou Trail: Phase I	900,061	716,233
R049	General Park Renovations	16,596	16,596
R052	Aquatic Facility	46,670	33,082
		<u>\$ 1,622,194</u>	<u>\$ 1,066,333</u>
<u>Streets</u>			
S024	Garner: Judy to Pasadena Blvd	\$ 372,205	\$ 174,953
S029	Scarborough: 225 to Southmore	410,560	318,685
S033	Fairmont - Preston to Pansy	6,012,514	4,503,698
S034	Shaw Ph II; Richey to Shaver	2,200,000	243,039
S036	Genoa Red Bluff Ph III	560,000	401,379
S041	Southmore Ph I; Richey to Jackson	1,933,422	1,694,558
S049	Preston: Beltway 8 to Genoa Red Bluff	317,638	258,488
S051	Main: 225 to Southmore	7,218,801	82,810
S058	Shaver: SH 225 to Southmore	5,846,884	5,710,545
S063	2010 Annual Sidewalk Replacement	478,060	389,827
S066	Albemarle Bridge	279,722	96,131
S070	2010 Annual Pavement Replacement	990,098	868,640
S081	Southmore; Little Vince to Red Bluff	2,106,050	80,343
S088	N Pasadena Redevelopment	471,083	342,515
S089	N Pasadena Overlay	1,071,774	660,738
S090	Urban Street Design	58,275	30,293
S094	Sanitary Swr Design; Genoa Red Bluff	49,000	25,000
		<u>\$ 30,376,086</u>	<u>\$ 15,881,642</u>

<u>Water</u>				
W004	New Transmission Line	\$	1,267,436	\$ 1,033,055
W006	El Jardin Waterline		505,500	302,610
W007	Tulip Water Well		2,440,088	103,454
W010	Westside Water Well		1,157,699	52,981
W012	Southeast Water Plant Pump Station Improvement		594,050	329,698
W014	Loop Completion of Distribution System		1,642,917	1,544,437
W019	El Jardin Ground Water Storage Tank		270,871	49,713
W037	Cascade Water Well		3,051,234	136,126
		\$	<u>10,929,795</u>	<u>\$ 3,552,074</u>
<u>Wastewater</u>				
WW014	Richey Trunkline Phase I	\$	544,268	\$ 2,781,303
WW024	Lift Station Replacement		1,079,958	134,690
WW032	Golden Acres WWTP Ph II		5,422,655	5,228,788
WW033	Golden Acres WWTP		200,000	196,000
WW034	Manhole Rehabilitation		1,047,258	26,838
WW036	Llano Street Lift Sta		1,176,798	625,706
WW039	Lift Station Rehabilitation		939,084	65,321
WW040	TCEQ Sanitary Sewer Overflow Action Plan		40,000	18,889
		\$	<u>10,450,021</u>	<u>\$ 9,077,535</u>
<u>Others</u>				
Z002	Prep Application TDRA Grant Round 2	\$	100,045	77,726
Z012	LED Monument Signs		153,865	138,479
Z028	Industrial Pretreatment Program		25,000	2,660
Z044	Real Estate Utilization Study		85,000	55,219
		\$	<u>363,910</u>	<u>\$ 274,084</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, 2010 is as follows:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>		<u>Amount</u>
<b>General</b>	Water and sewer system	\$	59,435
	Debt service		76,509
	Capital project		9,024
	Grant management		885,028
	** State forfeited project		1,251
	** Hotel and motel tax		874
	** Abandoned motor vehicles and property		2,741
	* General liability insurance		38,933
		\$	<u>1,073,795</u>
<b>Pasadena Second Century Corporation</b>	General		609
** <b>Special charge allocation</b>	General		1,823
* <b>Health Insurance</b>	General		35,928
* <b>Workers' compensation</b>	General		4
* <b>Maintenance</b>	General		20,074
	Total		<u>\$ 1,132,233</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	\$ 16,198

**3. Interfund Transfers:**

**Fund Financial Statements**

Transfer out:	Transfer In:				* General Liability Insurance
	General	Debt Service	Capital Projects	* Maintenance	
General	\$ -	\$ 138,700	\$ -	\$ -	\$ 6,072,000
Capital Projects	-	1,750	-	-	-
Grant Management	23,137	-	-	-	-
Water and Sewer System	2,000,000	-	-	203,645	500,000
Health Insurance	1,000,000	-	-	-	-
Pasadena Second Century Corporation	1,296,400	-	12,104,546	-	-
<b>Total</b>	<b>\$ 4,319,537</b>	<b>\$ 140,450</b>	<b>\$ 12,104,546</b>	<b>\$ 203,645</b>	<b>\$ 6,572,000</b>

\* Internal service funds

Transfers are used to move unrestricted and restricted funds from the general, capital projects, grant management, and 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 transfers of \$1,296,400 to the general fund and \$12,104,546 to the capital projects fund to finance the Urban Street Project, Vista Road Drainage Improvement, reconstruction of Main Street from SH 225 to 500 feet south of Southmore Avenue, North Pasadena redevelopment overlay Phase II, Convention Center renovations, park renovations, Pinnacle project, and Southmore sidewalk and drainage improvement from Little Vince Bayou to Red Bluff. The Board opted to transfer the entire amount authorized and have the City handle the administration and payments of the contracts.

**Government-Wide Financial Statements**

During the fiscal year, the transfer activities between the governmental and business-type activities totaled \$298,328 and it can be summarized as follows:

- The amount of \$2,703,645 was transferred out to the governmental activities from the business-type activities.
- Capital assets in the amount of \$2,405,317 were transferred into the business-type activities from the governmental 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 infrastructure (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 \$129,305,000. The original amount of general obligation refunding bonds was \$10,975,000.

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
\$ 4,800,000 COB, 2001	5.00	2/15/2011	Governmental type	\$30,000 to \$1,180,000	\$ 900,000
\$14,220,000 GOB, 2002	5.00	2/15/2022	Governmental type	\$50,000 to \$1,195,000	10,440,000
\$17,500,000 GOB, 2003	4.50	2/15/2023	Governmental type	\$880,000 to \$1,375,000	14,840,000
\$13,200,000 GOB, 2004	4.50	2/15/2024	Governmental type	\$615,000 to \$980,000	11,330,000
\$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	18,220,000
\$8,915,000 GO and Refunding, 2006	4.00	2/15/2026	Both	\$100,000 to \$1,540,000	8,480,000
\$5,950,000 COB, 2007	4.88	2/15/2027	Governmental type	\$55,000 to \$390,000	5,570,000
\$13,665,000 GOB, 2007	5.63	2/15/2027	Governmental type	\$675,000 to \$840,000	12,990,000
\$21,635,000 GOB, 2008	4.75	2/15/2028	Governmental type	\$735,000 to \$1,720,000	20,900,000
\$6,725,000 GO and Refunding, 2009	4.00	2/15/2017	Governmental type	\$125,000 to \$2,240,000	6,430,000
					<u>\$ 112,025,000</u>

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
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	7,425,000	3,562,472	10,987,472
2016-2020	36,555,000	13,086,512	49,641,512
2021-2025	32,490,000	5,035,547	37,525,547
2026-2028	7,785,000	472,014	8,257,014
	<u>\$ 112,025,000</u>	<u>\$ 39,316,503</u>	<u>\$ 151,341,503</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 an installment of \$805,000 through February 15, 2011 was issued by the City's blended component unit – Pasadena Second Century Corporation ("PSCC") to fund the cost of certain capital improvement projects. The note is 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 no-interest repayment plan, which was completely paid off in the current fiscal year.

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

Year Ending September 30,	Principal	Interest	Total
2011	\$ 805,000	\$ 15,899	\$ 820,899

## 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 debt outstanding at the fiscal year end is as follows:

	Interest %	Maturity	Purpose	Installments	Amount
\$31,370,000 Revenue Bonds, 1998A	2.00 - 3.40	4/1/2019	Vince Bayou WWTP	\$5,000 to \$2,355,000	\$ 15,425,000
\$17,675,000 GOB Refunding, 2005	3.25 - 5.00	2/15/2020	Water and sewer	\$120,000 to \$2,755,000	15,895,000
\$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	55,005,000
					<u>\$ 96,295,000</u>

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
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	4,105,000	3,736,956	7,841,956
2016-2020	22,865,000	15,937,545	38,802,545
2021-2025	19,005,000	10,856,706	29,861,706
2026-2030	20,555,000	6,195,563	26,750,563
2031-2033	14,970,000	1,086,682	16,056,682
	<u>\$ 96,295,000</u>	<u>\$ 54,430,728</u>	<u>\$ 150,725,728</u>

## 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, 2010, \$3,140,000 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 \$18,770,000 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. The City issued and used the entire authorization.

#### 5. Legal Debt Margin

At September 30, 2010, the City's legal debt margin was 10% of assessed property valuation totaling \$5,795,031,817, reduced by the amount of bonded debt outstanding of \$109,740,393 which was netted with the amount available in the debt service fund. The City's legal debt margin was \$469,762,789.

#### 6. Rebatable Arbitrage

The City is taking the approach of treating rebatable arbitrage as a claim. For the interim computation period through September 30, 2010, the City has a cumulative rebate liability of \$182,570, which becomes due and payable soon after the fiscal year end.

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

##### Governmental Activities:

Long-term liability activity for the year ended September 30, 2010 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
<b><u>Governmental Activities:</u></b>					
Bonds payable:					
General obligation and refunding bonds	\$ 111,080,000	\$ -	\$ (5,525,000)	\$ 105,555,000	\$ 5,495,000
Certificate of obligation bonds	7,620,000	-	(1,150,000)	6,470,000	1,180,000
	118,700,000	-	(6,675,000)	112,025,000	6,675,000
Less deferred amounts:					
For issuance premium	261,280	-	(19,075)	242,205	-
On refunding	577,590	-	(16,364)	561,226	-
Total bonds payable	119,538,870	-	(6,710,439)	112,828,431	6,675,000
Rebatable arbitrage	163,819	-	(43,267)	120,552	120,552
Other long-term notes	1,783,050	-	(978,050)	805,000	805,000
Claims	1,922,744	6,348,800	(6,051,268)	2,220,276	1,348,153
Compensated absences	23,810,768	7,182,562	(8,386,432)	22,606,898	2,260,689
Other post employment benefits	4,976,623	5,478,258	(869,271)	9,585,610	-
Governmental activity					
Long-term liabilities	<u>\$ 152,195,874</u>	<u>\$ 19,009,620</u>	<u>\$ (23,038,727)</u>	<u>\$ 148,166,767</u>	<u>\$ 11,209,394</u>

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, 2010, \$932,562 of internal service funds' compensated absences and \$47,933 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 One Year
<b>Business-type activities:</b>					
Bonds payable					
Revenue bonds	\$ 70,855,000	\$ -	\$ (425,000)	\$ 70,430,000	\$ 1,845,000
Revenue refunding bonds	-	-	-	-	-
Tax and revenue certificates of obligation	-	-	-	-	-
General obligation refunding bonds	27,400,000	-	(1,535,000)	25,865,000	1,610,000
Less deferred amounts:					
For premiums on issuance	1,970,460	-	(144,275)	1,826,185	-
On refunding					
For deferred loss on early retirement	(902,726)	-	84,998	(817,728)	-
Rebatable arbitrage	85,045	-	(23,027)	62,018	62,018
Compensated absences	2,265,148	611,663	(1,117,948)	1,758,863	175,886
Other post employment benefits	812,727	856,064	(148,318)	1,520,473	-
Business-type activity					
Long-term liabilities	<u>\$ 102,485,654</u>	<u>\$ 1,467,727</u>	<u>\$ (3,308,570)</u>	<u>\$ 100,644,811</u>	<u>\$ 3,692,904</u>

**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 automobile, errors and omissions, general, law enforcement, auto physical and auto catastrophe property insurance policies through Texas Municipal League Intergovernmental Risk Pool (TML-IRP) and property coverage which includes real and personal property, mobile equipment and crime, public employee dishonesty, forgery, theft, and computer fraud in an insurance policy through Rust, Ewing, Watt & Haney, Inc. The deductible ranges from \$1,000 to \$5,000,000 with limit on per occurrence or aggregate. The City has not had a significant reduction in insurance coverage and the participation of the City in the TML-IRP and Rust, Ewing, Watt & Haney, Inc. are limited to the payment of premiums plus deductibles.

**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 thru \$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>	\$ 211,633	\$ 532,239	\$ 1,178,872
<b>Incurred claims and claim adjustment expenses:</b>			
Provisions for insured events of the current fiscal year	-	-	9,005,878
Increase (decrease) in provision for insured events-prior years	178,842	(185,477)	(2,650,443)
Total incurred claims and claim adjustment expenses	<u>178,842</u>	<u>(185,477)</u>	<u>6,355,435</u>
<b>Payments:</b>			
Claims and claim adjustment expenses attributable to insured events-			
Current fiscal year	-	-	7,402,628
Prior fiscal years	81,088	39,123	(1,471,571)
Total payments	<u>81,088</u>	<u>39,123</u>	<u>5,931,057</u>
<b>Total unpaid claims and claim adjustment expenses at end of current fiscal year</b>	<u>\$ 309,387</u>	<u>\$ 307,639</u>	<u>\$ 1,603,250</u>
<b><u>Prior Fiscal Year</u></b>			
<b>Unpaid claims and claim adjustment expenses at the beginning of the prior 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	<u>18,872</u>	<u>113,522</u>	<u>8,868,206</u>
<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	<u>96,760</u>	<u>175,059</u>	<u>9,054,844</u>
<b>Total unpaid claims and claim adjustment expenses at end of prior fiscal year</b>	<u>\$ 211,633</u>	<u>\$ 532,239</u>	<u>\$ 1,178,872</u>

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. Retiree healthcare is accounted for in the health insurance fund, an internal service fund. For the fiscal year ended September 30, 2010, two hundred and fifty retirees, including spouses, participated and received OPEB.

In fiscal year 2010, retirees made contributions totaling \$584,595, while the City paid \$1,389,473 in claims on behalf of retirees, their spouses and dependents. The City recovered stop loss insurance revenue associated with the retiree’s in the amount of \$546,408 during this fiscal year. Effective January 1, 2004 and revised January 1, 2010, retired employees age 65 or older, whom are no longer eligible for the City’s health plan, are enrolled in a Medicare Supplement plan for a total of two hundred and thirteen at September 30, 2010. For these retirees, the City paid \$339.21 from October to December 2009 and \$330.23 from January to September 2010 per person, per month, at a cost of \$471,403 for fiscal year 2010.

#### 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 second OPEB actuarial valuation performed for the fiscal year ending September 30, 2010, as required by GASB.

The City’s annual OPEB cost for the fiscal year ending September 30, 2010 is as follows:

	<u>OPEB</u>
Annual required contribution	\$ 6,315,171
Interest on OPEB obligation	260,521
Adjustment to ARC	241,370
Annual OPEB cost (expense) end of year	6,334,322
Net estimated employer contributions	(1,017,589)
	<hr/>
Increase in net OPEB obligation	5,316,733
Net OPEB obligation - beginning	<hr/> 5,789,350
Net OPEB obligation - end of year	<hr/> <u>\$ 11,106,083</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and 2010 were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Costs</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 7,518,419	23.0%	\$ 5,789,350
2010	\$ 6,334,322	16.1%	\$ 11,106,083

**Funding Status and Funding Progress**

The funding status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2009 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)	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of covered Payroll
2006	\$ -	\$ 82,305,117	\$ 82,305,117	0%	\$ 37,612,068	219%
2009	\$ -	\$ 77,067,727	\$ 77,067,727	0%	\$ 45,078,183	171%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$77,067,727 at December 31, 2009.

**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
Amortization Period -	Open 30 year period
Salary Growth Rate and Inflation-	3.0% per year
Medical Trend -	9% per year in 2010 decreasing by .5% per year to a rate of 4.5% for 2019 and later
Actuarial cost method -	Projected Unit Credit Cost Method

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funding 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	\$ -	\$ -	23.9854	\$7,518,419	\$5,789,350	\$ 5,789,350
September 30, 2010	\$ 6,315,171	\$ 1,017,589	\$ 260,521	\$ 241,370	23.9854	\$6,334,322	\$5,316,733	\$11,106,083

The percentage contributed and schedule of funding progress is required to present the current year and the two preceding years; only the prior and current years are 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 for this coverage, 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. 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 actuarial 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 2010).

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	12/31/2007	12/31/2008	12/31/2009
Actuarial Value of Assets	\$ 135,115,802	\$ 141,622,930	\$ 154,782,882
Actuarial Accrued Liability	192,637,872	202,996,809	217,148,053
Percentage Funded	70.14%	69.77%	71.28%
Unfunded Actuarial Accrued Liability (UAAL)	57,522,070	61,373,879	62,365,171
Annual Covered Payroll	44,805,836	50,092,474	53,321,738
UAAL as a Percentage of Covered Payroll	128.40%	122.50%	118.00%
Net Pension Obligation at the Beginning of Period	\$ -	\$ -	\$ -
Annual Pension Cost:			
Annual required contribution (ARC)	\$ 6,829,065	\$ 7,696,904	\$ 9,857,955
Contributions Made (1)	6,829,065	7,696,904	9,857,955
Net Pension Obligation at the end of the period	\$ -	\$ -	\$ -

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

## Actuarial Assumptions

Actuarial Cost Method -	Projected Unit Credit
Amortization Method -	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period -	28 Years - Closed Period
Amortization Period for new Gains/Losses -	30 years
Asset Valuation Method -	10-year Smoothed Market
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 participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). 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 post employment 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 2010, 2009 and 2008 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 Commissioner 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, 2010, there were 199 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, 2010, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,231
Terminated members entitled to benefits but not yet receiving them	2,106
Current active members (vested and nonvested)	4,371
	<hr/>
	8,708
	<hr/>

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, each 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, 2010, 2009 and 2008 were \$403,853, \$431,140, and \$386,664 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 State may also be required to make annual contributions up to 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, 2010, total contributions (dues and prior service) of \$2,875,103 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state did not appropriate any maximum state contribution for the fiscal year ending August 31, 2010. 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, 2008 actuarial valuation.

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that are promised. The actuarial valuation as of August 31, 2010 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, 2010 (\$502,941 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 \$500,000 each year to help pay for the System's administrative expenses. Expected contributions for the fiscal year ending August 31, 2011 are less than the contributions required because of the lag in time between an actuarial valuation that shows the need for maximum state contribution amounts and the appropriations process.

### **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**

Compensated absences payable and water and sewer accrued accounts receivable have been restated in the governmental activities and the proprietary funds. Business and governmental type activities have also been restated to include a reduction of compensated absences payable and a reduction of water and sewer accrual accounts receivable in the beginning net assets. The restatements of the beginning fund balance/net assets for the activities are as follows:

Government-Wide:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Prior year ending net assets balances as reported	\$ 502,752,853	\$ 169,144,407
Change in recorded compensated absences payables	4,107,408	396,429
Change in water and sewer accrued accounts receivable	-	(957,966)
Restated beginning net assets	<u>\$ 506,860,261</u>	<u>\$ 168,582,870</u>

Proprietary Fund:

	<u>Proprietary Fund</u>	
	<u>Business-type Activities Enterprise Fund Water and Sewer System</u>	<u>Governmental Activities - Internal Service Funds Maintenance Fund</u>
Prior year ending net assets balances as reported	\$ 170,312,492	\$ 26,904,361
Change in recorded compensated absences payables	396,429	291,735
Change in water and sewer accrued accounts receivable	(957,966)	-
Restated beginning net assets	<u>\$ 169,750,955</u>	<u>\$ 27,196,096</u>

**G. Subsequent Events**

On November 15, 2010 the City of Pasadena, Texas issued a Water Works and Sewer System Revenue Refunding Bonds, Series 2010 in the amount of \$15,285,000. Proceeds from the sale of the Bonds were used (1) to refund a portion of the City's outstanding revenue debt, Waterworks and Sewer System Revenue Bonds, Series 1998A (Call Date 12/08/2010) to achieve debt service savings, and (2) to pay the costs related to the issuance of the Bonds and the refunding of the Refunded Bonds.

On February 15, 2011, the Pasadena Second Century Corporation, Texas, a Blended Component Unit of the City of Pasadena, Texas, issued a Sales Tax Revenue Bonds, Series 2011 in the amount of \$4,960,000. The purpose of the issuance is for the financing of construction to create additional economic development opportunities in the City of Pasadena, Texas.

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**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, 2010**

**ASSETS**

Cash and cash equivalents	\$	1,438,997
Investments		
TexPool		9,802,014
LOGIC CLASS A		538,192
CLASS		18,668,264
		29,008,470
Receivables (net, where applicable, of allowances for uncollectible)		
General property taxes		572,211
Accounts receivable		4,928,936
		5,501,147
Due from other funds		1,073,795
Due from component unit		16,198
Restricted assets		
Receivables (net, where applicable, of allowances for uncollectible)		89,501
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>37,128,108</b>

**LIABILITIES**

Accounts payable	\$	7,346,340
Accrued payroll payable		1,809,441
Due to other funds		58,438
Deferred revenue		3,228,586
<b>TOTAL LIABILITIES</b>		<b>12,442,805</b>

**FUND BALANCES**

Unreserved, designated for, reported in:		
Encumbrances		1,567,841
Capital improvements		1,591,361
Election, recall and charter revision		15,000
Unreserved, undesignated		21,511,101
<b>TOTAL FUND BALANCES</b>		<b>24,685,303</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$</b>	<b>37,128,108</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, 2010**

**REVENUES**

General property taxes	\$ 20,286,331
Business taxes and fees	
Industrial district fees	15,777,475
Sales taxes	15,475,309
Utility taxes	7,948,433
Other taxes and fees	5,193,254
Total business taxes and fees	44,394,471
Licenses and permits	2,045,279
Municipal court fines	5,622,312
Charges for services	9,241,590
Intergovernmental	843,393
Miscellaneous	851,036
Investment income	94,679
<b>TOTAL REVENUES</b>	<b>83,379,091</b>

**EXPENDITURES**

Current	
General government	12,923,433
Public safety	38,033,602
Public works	15,683,013
Health	3,343,040
Culture and recreation	13,867,866
<b>TOTAL EXPENDITURES</b>	<b>83,850,954</b>

**(DEFICIENCY) OF REVENUES  
(UNDER) EXPENDITURES**

**(471,863)**

**OTHER FINANCING SOURCES (USES)**

Operating transfers in (out)	
Water and sewer system	2,000,000
General liability insurance fund	(6,072,000)
Health insurance fund	1,000,000
Pasadena Second Century Corporation	1,296,400
Debt service fund	(138,700)
Grant management fund	23,137
Insurance recovery	1,102,601
Sale of capital assets	390,749
<b>TOTAL OTHER FINANCING (USES)</b>	<b>(397,813)</b>

**NET CHANGE IN FUND BALANCE**

**(869,676)**

**FUND BALANCE - BEGINNING**

**25,554,979**

**FUND BALANCE - ENDING**

**\$ 24,685,303**

**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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>General Property Taxes</b>				
Ad valorem taxes	\$ 20,507,000	\$ 20,307,000	\$ 19,889,867	\$ (417,133)
Penalty and interest	172,000	172,000	396,464	224,464
<b>Total General Property Taxes</b>	<b>20,679,000</b>	<b>20,479,000</b>	<b>20,286,331</b>	<b>(192,669)</b>
<b>Business Taxes</b>				
Industrial district fees	16,044,000	15,894,000	15,777,475	(116,525)
Sales tax	16,431,745	15,423,831	15,475,309	51,478
Utility taxes	7,775,000	7,575,000	7,948,433	373,433
Other taxes and fees				
Mixed drink tax	170,000	170,000	177,642	7,642
Bingo tax	28,000	28,000	15,612	(12,388)
Fees	-	-	5,000,000	5,000,000
<b>Total Business Taxes</b>	<b>40,448,745</b>	<b>39,090,831</b>	<b>44,394,471</b>	<b>5,303,640</b>
<b>Licenses and Permits</b>				
Business types	1,872,000	1,672,000	1,846,794	174,794
Occupational types	77,000	77,000	108,644	31,644
Non-business types	87,000	87,000	89,841	2,841
<b>Total Licenses and Permits</b>	<b>2,036,000</b>	<b>1,836,000</b>	<b>2,045,279</b>	<b>209,279</b>
<b>Municipal Court Fines and Fees</b>	<b>5,849,000</b>	<b>5,374,000</b>	<b>5,622,312</b>	<b>248,312</b>
<b>Charges for Services</b>				
Ellington municipal golf course	583,000	583,000	555,673	(27,327)
Recreational activities	190,000	190,000	232,090	42,090
Swimming pool	72,000	72,000	66,081	(5,919)
Tennis court	4,000	4,000	3,262	(738)
Civic center	308,000	308,000	338,028	30,028
Other centers	83,100	83,100	71,485	(11,615)
Miscellaneous	873,000	873,000	785,153	(87,847)
Solid waste collection	6,664,000	6,664,000	6,511,722	(152,278)
Health services	350,000	350,000	326,756	(23,244)
Library services	62,000	62,000	45,617	(16,383)
Property management	264,800	264,800	305,723	40,923
<b>Total Charges for Services</b>	<b>9,453,900</b>	<b>9,453,900</b>	<b>9,241,590</b>	<b>(212,310)</b>
<b>Intergovernmental</b>				
Fire protection	61,000	61,000	67,923	6,923
Ike - Disaster Grant	-	-	483,652	483,652
Reimbursement from other agency	142,000	142,000	88,067	(53,933)
TxDOT - traffic signal maintenance	25,000	25,000	37,905	12,905
Emergency management performance grant	81,500	81,500	89,501	8,001
Restitution - Harris County	3,000	3,000	1,174	(1,826)
Section 8 Share of Building Cost	-	75,171	75,171	-
<b>Total Intergovernmental</b>	<b>312,500</b>	<b>387,671</b>	<b>843,393</b>	<b>455,722</b>
<b>Miscellaneous</b>	<b>885,000</b>	<b>813,162</b>	<b>851,036</b>	<b>37,874</b>
<b>Investment Income</b>	<b>251,000</b>	<b>105,106</b>	<b>94,679</b>	<b>(10,427)</b>
<b>TOTAL REVENUES</b>	<b>\$ 79,915,145</b>	<b>\$ 77,539,670</b>	<b>\$ 83,379,091</b>	<b>\$ 5,839,421</b>

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Current</b>				
<b><u>General Government</u></b>				
<b>City Council</b>				
Personnel services	\$ 110,450	\$ 102,650	\$ 100,975	\$ 1,675
Contractual services	40,400	38,500	9,345	29,155
Materials and supplies	8,900	6,300	4,504	1,796
Maintenance charges	38,011	34,836	34,809	27
	<b>197,761</b>	<b>182,286</b>	<b>149,633</b>	<b>32,653</b>
<b>Mayor</b>				
Personnel services	306,164	314,064	314,059	5
Contractual services	19,900	14,400	10,394	4,006
Materials and supplies	8,250	7,250	4,121	3,129
Maintenance charges	33,388	24,613	24,517	96
	<b>367,702</b>	<b>360,327</b>	<b>353,091</b>	<b>7,236</b>
<b>Budget and Financial Planning</b>				
Personnel services	241,224	270,324	270,320	4
Contractual services	7,780	6,280	3,040	3,240
Materials and supplies	2,650	1,650	435	1,215
Maintenance charges	14,470	15,770	15,746	24
	<b>266,124</b>	<b>294,024</b>	<b>289,541</b>	<b>4,483</b>
<b>Municipal Court</b>				
Personnel services	1,623,620	1,668,720	1,668,661	59
Contractual services	62,330	73,330	73,032	298
Materials and supplies	29,620	31,320	31,313	7
Maintenance charges	172,363	112,363	110,031	2,332
Capital outlay	5,110	5,110	5,110	-
	<b>1,893,043</b>	<b>1,890,843</b>	<b>1,888,147</b>	<b>2,696</b>
<b>City Controller</b>				
Personnel services	1,446,051	1,391,051	1,390,472	579
Contractual services	133,350	138,350	138,241	109
Materials and supplies	20,131	19,131	18,205	926
Maintenance charges	53,799	50,799	50,249	550
	<b>\$ 1,653,331</b>	<b>\$ 1,599,331</b>	<b>\$ 1,597,167</b>	<b>\$ 2,164</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, 2010**

<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	\$ 40,647	\$ 88,971	\$ 88,876	\$ 95
Contractual services	452,700	398,840	390,873	7,967
Materials and supplies	900	1,400	1,035	365
Maintenance charges	15,920	16,920	16,011	909
	<b>510,167</b>	<b>506,131</b>	<b>496,795</b>	<b>9,336</b>
<b>Purchasing</b>				
Personnel services	307,063	288,063	283,864	4,199
Contractual services	13,490	13,490	10,555	2,935
Materials and supplies	2,650	2,650	1,961	689
Maintenance charges	32,799	32,799	29,088	3,711
	<b>356,002</b>	<b>337,002</b>	<b>325,468</b>	<b>11,534</b>
<b>Legal</b>				
Personnel services	806,118	798,143	797,633	510
Contractual services	102,675	92,075	87,105	4,970
Materials and supplies	22,750	23,350	23,331	19
Maintenance charges	43,340	43,340	43,070	270
	<b>974,883</b>	<b>956,908</b>	<b>951,139</b>	<b>5,769</b>
<b>City Secretary</b>				
Personnel services	231,278	234,178	234,162	16
Contractual services	54,750	48,950	31,686	17,264
Materials and supplies	12,350	5,350	3,358	1,992
Maintenance charges	35,836	33,336	33,084	252
	<b>334,214</b>	<b>321,814</b>	<b>302,290</b>	<b>19,524</b>
<b>Elections</b>				
Contractual services	1,000	1,000	-	1,000
Materials and supplies	1,000	1,000	216	784
	<b>2,000</b>	<b>2,000</b>	<b>216</b>	<b>1,784</b>
<b>Human Resources</b>				
Personnel services	413,997	444,497	444,297	200
Contractual services	92,000	71,800	71,733	67
Materials and supplies	25,500	23,700	20,112	3,588
Maintenance charges	45,309	45,309	43,508	1,801
	<b>\$ 576,806</b>	<b>\$ 585,306</b>	<b>\$ 579,650</b>	<b>\$ 5,656</b>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>City Marshal</b>				
Personnel services	\$ 503,870	\$ 476,370	\$ 476,285	\$ 85
Contractual services	7,500	7,500	6,157	1,343
Materials and supplies	8,200	8,200	7,944	256
Maintenance charges	104,428	100,928	100,558	370
	<b>623,998</b>	<b>592,998</b>	<b>590,944</b>	<b>2,054</b>
<b>Community Relations</b>				
Personnel services	604,299	604,299	603,036	1,263
Contractual services	89,770	68,770	46,490	22,280
Materials and supplies	64,300	58,448	48,110	10,338
Maintenance charges	73,783	75,783	75,228	555
Capital outlay	-	296,752	293,648	3,104
	<b>832,152</b>	<b>1,104,052</b>	<b>1,066,512</b>	<b>37,540</b>
<b>Pasadena Action Line</b>				
Personnel services	278,845	195,845	191,905	3,940
Contractual services	2,550	2,550	-	2,550
Materials and supplies	2,300	2,300	425	1,875
Maintenance charges	34,060	31,060	30,890	170
	<b>317,755</b>	<b>231,755</b>	<b>223,220</b>	<b>8,535</b>
<b>Planning</b>				
Personnel services	278,282	365,733	365,731	2
Contractual services	17,160	20,160	15,321	4,839
Materials and supplies	6,050	6,050	2,825	3,225
Maintenance charges	67,018	79,918	79,845	73
	<b>368,510</b>	<b>471,861</b>	<b>463,722</b>	<b>8,139</b>
<b>Planning/Development Administration</b>				
Personnel services	155,485	155,485	155,402	83
Contractual services	800	800	433	367
Materials and supplies	1,050	1,050	358	692
Maintenance charges	705	710	708	2
	<b>158,040</b>	<b>158,045</b>	<b>156,901</b>	<b>1,144</b>
<b>Economic Development Liaison</b>				
Personnel services	146,502	146,502	146,429	73
Contractual services	4,300	3,800	2,136	1,664
Materials and supplies	2,650	3,150	2,594	556
Maintenance charges	863	863	251	612
	<b>\$ 154,315</b>	<b>\$ 154,315</b>	<b>\$ 151,410</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, 2010**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>General Government, Continued</b>				
<b>Neighborhood Network</b>				
Personnel services	\$ 75,539	\$ 75,539	\$ 75,467	\$ 72
Contractual services	85,240	84,240	66,130	18,110
Materials and supplies	25,650	18,650	6,224	12,426
Maintenance charges	18,495	18,495	17,760	735
	<b>204,924</b>	<b>196,924</b>	<b>165,581</b>	<b>31,343</b>
<b>Inspections</b>				
Personnel services	1,444,475	1,375,525	1,367,340	8,185
Contractual services	36,300	36,200	28,795	7,405
Materials and supplies	14,650	14,650	9,967	4,683
Maintenance charges	124,382	129,482	129,077	405
	<b>1,619,807</b>	<b>1,555,857</b>	<b>1,535,179</b>	<b>20,678</b>
<b>Property Management</b>				
Personnel services	-	27,100	27,058	42
Contractual services	291,700	94,405	7,408	86,997
Materials and supplies	64,175	170,445	87,536	82,909
Maintenance charges	378,533	319,533	316,950	2,583
Capital outlay	9,647	126,817	58,198	68,619
	<b>744,055</b>	<b>738,300</b>	<b>497,150</b>	<b>241,150</b>
<b>Impound/Storage</b>				
Personnel services	315,368	498,819	498,567	252
Contractual services	2,400	2,400	268	2,132
Materials and supplies	3,000	3,000	1,034	1,966
	<b>320,768</b>	<b>504,219</b>	<b>499,869</b>	<b>4,350</b>
<b>Technology</b>				
Capital outlay	52,000	52,000	-	52,000
	<b>52,000</b>	<b>52,000</b>	<b>-</b>	<b>52,000</b>
<b>Other Charges</b>				
Personnel services	378,500	-	-	-
Contractual services	55,000	635,952	538,829	97,123
Materials and supplies	-	3,743	3,743	-
Other charges	43,000	28,000	21,260	6,740
Other uses	101,500	101,500	75,976	25,524
	<b>578,000</b>	<b>769,195</b>	<b>639,808</b>	<b>129,387</b>
<b>Total General Government</b>	<b>\$ 13,106,357</b>	<b>\$ 13,565,493</b>	<b>\$ 12,923,433</b>	<b>\$ 642,060</b>

**EXPENDITURES****Public Safety****Emergency Preparedness**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Personnel services	\$ 272,715	\$ 272,715	\$ 272,258	\$ 457
Contractual services	41,000	31,500	20,812	10,688
Materials and supplies	12,400	8,900	5,338	3,562
Maintenance charges	40,638	42,688	42,625	63
	<b>366,753</b>	<b>355,803</b>	<b>341,033</b>	<b>14,770</b>

**Fire Fighting**

Personnel services	252,783	371,446	367,331	4,115
Contractual services	1,164,000	1,145,120	1,057,498	87,622
Materials and supplies	372,116	312,116	252,775	59,341
Maintenance charges	1,688,566	1,687,581	1,681,514	6,067
Capital outlay	85,000	75,000	73,741	1,259
	<b>3,562,465</b>	<b>3,591,263</b>	<b>3,432,859</b>	<b>158,404</b>

**Fire Prevention**

Personnel services	874,240	823,840	823,214	626
Contractual services	29,500	28,600	25,744	2,856
Materials and supplies	20,000	20,900	20,066	834
Maintenance charges	143,310	155,210	155,114	96
	<b>1,067,050</b>	<b>1,028,550</b>	<b>1,024,138</b>	<b>4,412</b>

**Police**

Personnel services	28,486,668	29,848,247	29,818,212	30,035
Contractual services	641,303	651,605	650,536	1,069
Materials and supplies	311,936	294,486	259,583	34,903
Maintenance charges	2,390,675	2,427,129	2,383,624	43,505
Capital outlay	-	123,617	123,617	-
	<b>31,830,582</b>	<b>33,345,084</b>	<b>33,235,572</b>	<b>109,512</b>

**Total Public Safety**

	<b>\$ 36,826,850</b>	<b>\$ 38,320,700</b>	<b>\$ 38,033,602</b>	<b>\$ 287,098</b>
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**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, 2010**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Public Works</b>				
<b>Public Works Administration</b>				
Personnel services	\$ 452,767	\$ 373,816	\$ 373,673	\$ 143
Contractual services	7,800	7,800	4,838	2,962
Materials and supplies	300	300	160	140
Maintenance charges	20,136	20,136	20,136	-
Capital outlay	-	1,066,031	1,066,031	-
	<b>481,003</b>	<b>1,468,083</b>	<b>1,464,838</b>	<b>3,245</b>
<b>Engineering</b>				
Personnel services	1,218,922	1,188,832	1,188,743	89
Contractual services	67,750	85,750	76,726	9,024
Materials and supplies	44,250	46,250	33,058	13,192
Maintenance charges	163,449	169,599	169,570	29
	<b>1,494,371</b>	<b>1,490,431</b>	<b>1,468,097</b>	<b>22,334</b>
<b>Street Lighting and Signals</b>				
Contractual services	1,500,000	1,351,000	1,350,951	49
	<b>1,500,000</b>	<b>1,351,000</b>	<b>1,350,951</b>	<b>49</b>
<b>Sanitation</b>				
Personnel services	2,574,791	2,856,369	2,856,085	284
Contractual services	3,327,400	3,211,400	3,128,407	82,993
Materials and supplies	1,754,520	1,446,520	842,696	603,824
Maintenance charges	493,412	499,362	499,324	38
Capital outlay	-	10,000	-	10,000
	<b>8,150,123</b>	<b>8,023,651</b>	<b>7,326,512</b>	<b>697,139</b>
<b>Street and Bridge</b>				
Personnel services	2,205,793	2,013,039	2,011,359	1,680
Contractual services	120,850	90,850	29,790	61,060
Materials and supplies	352,770	352,770	278,979	73,791
Maintenance charges	603,612	610,112	610,083	29
	<b>3,283,025</b>	<b>3,066,771</b>	<b>2,930,211</b>	<b>136,560</b>
<b>Traffic and Transportation</b>				
Personnel services	800,857	827,547	825,785	1,762
Contractual services	123,050	103,050	65,003	38,047
Materials and supplies	210,400	190,400	151,708	38,692
Maintenance charges	103,100	103,100	99,908	3,192
	<b>1,237,407</b>	<b>1,224,097</b>	<b>1,142,404</b>	<b>81,693</b>
<b>Total Public Works</b>	<b>\$ 16,145,929</b>	<b>\$ 16,624,033</b>	<b>\$ 15,683,013</b>	<b>\$ 941,020</b>

**EXPENDITURES****Health****Health**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Personnel services	\$ 961,711	\$ 1,039,865	\$ 1,038,966	\$ 899
Contractual services	1,050,310	1,015,310	865,274	150,036
Materials and supplies	25,900	25,875	15,537	10,338
Maintenance charges	64,182	64,207	61,790	2,417
	<b>2,102,103</b>	<b>2,145,257</b>	<b>1,981,567</b>	<b>163,690</b>

**Animal Rescue and Assistance**

Personnel services	952,601	1,026,301	1,025,891	410
Contractual services	155,800	136,400	135,561	839
Materials and supplies	79,400	92,400	92,386	14
Maintenance charges	70,969	98,769	98,735	34
Capital outlay	-	242,816	8,900	233,916
	<b>1,258,770</b>	<b>1,596,686</b>	<b>1,361,473</b>	<b>235,213</b>

**Total Health**

	<b>3,360,873</b>	<b>3,741,943</b>	<b>3,343,040</b>	<b>398,903</b>
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**Culture and Recreation****Parks**

Personnel services	1,677,788	1,683,918	1,683,353	565
Contractual services	526,950	553,049	520,910	32,139
Materials and supplies	120,450	213,450	119,711	93,739
Maintenance charges	433,077	433,077	408,777	24,300
Capital outlay	-	840,870	213,199	627,671
	<b>2,758,265</b>	<b>3,724,364</b>	<b>2,945,950</b>	<b>778,414</b>

**Recreation**

Personnel services	1,913,961	1,876,961	1,874,860	2,101
Contractual services	291,955	261,005	226,171	34,834
Materials and supplies	257,660	243,860	213,192	30,668
Maintenance charges	191,754	201,929	186,605	15,324
Other charges	69,844	64,844	60,411	4,433
Capital outlay	44,804	44,804	44,804	-
	<b>\$ 2,769,978</b>	<b>\$ 2,693,403</b>	<b>\$ 2,606,043</b>	<b>\$ 87,360</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, 2010**

<b>EXPENDITURES</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Culture and Recreation, Continued</b>				
<b>Clean Streets</b>				
Personnel services	\$ 1,397,769	\$ 1,355,769	\$ 1,354,964	\$ 805
Contractual services	97,350	162,350	155,456	6,894
Materials and supplies	451,900	211,900	106,037	105,863
Maintenance charges	192,010	201,910	201,906	4
	<b>2,139,029</b>	<b>1,931,929</b>	<b>1,818,363</b>	<b>113,566</b>
<b>Golf Course</b>				
Personnel services	515,523	490,423	490,308	115
Contractual services	61,200	65,120	38,304	26,816
Materials and supplies	86,150	85,960	35,520	50,440
Maintenance charges	30,282	30,472	28,621	1,851
Capital outlay	8,382	8,382	8,382	-
	<b>701,537</b>	<b>680,357</b>	<b>601,135</b>	<b>79,222</b>
<b>Multi-Purpose Center</b>				
Personnel services	459,678	344,678	341,344	3,334
Contractual services	45,700	38,200	25,021	13,179
Materials and supplies	36,000	35,925	20,305	15,620
Maintenance charges	46,503	46,503	46,406	97
Other charges	37,776	17,851	17,847	4
	<b>625,657</b>	<b>483,157</b>	<b>450,923</b>	<b>32,234</b>
<b>Civic Center</b>				
Personnel services	504,389	482,389	478,869	3,520
Contractual services	139,100	136,100	132,184	3,916
Materials and supplies	5,000	4,650	2,794	1,856
Maintenance charges	162,864	162,714	106,615	56,099
Capital outlay	-	523,198	523,198	-
	<b>811,353</b>	<b>1,309,051</b>	<b>1,243,660</b>	<b>65,391</b>
<b>Senior Center - Madison Jobe</b>				
Personnel services	315,692	310,291	309,952	339
Contractual services	39,550	39,550	27,295	12,255
Materials and supplies	17,050	15,450	10,022	5,428
Maintenance charges	66,804	66,804	64,724	2,080
Other charges	20,000	20,000	15,012	4,988
	<b>\$ 459,096</b>	<b>\$ 452,095</b>	<b>\$ 427,005</b>	<b>\$ 25,090</b>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Library</b>				
Personnel services	\$ 2,673,731	\$ 2,845,273	\$ 2,844,930	\$ 343
Contractual services	382,910	324,210	290,679	33,531
Materials and supplies	115,768	167,368	157,318	10,050
Maintenance charges	320,320	325,570	324,138	1,432
Capital outlay	192,086	158,687	157,722	965
	<b>3,684,815</b>	<b>3,821,108</b>	<b>3,774,787</b>	<b>46,321</b>
<b>Total Culture and Recreation</b>	<b>13,949,730</b>	<b>15,095,464</b>	<b>13,867,866</b>	<b>1,227,598</b>
<b>TOTAL EXPENDITURES</b>	<b>83,389,739</b>	<b>87,347,633</b>	<b>83,850,954</b>	<b>3,496,679</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,474,594)</b>	<b>(9,807,963)</b>	<b>(471,863)</b>	<b>9,336,100</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)				
Water and sewer system fund	2,000,000	2,000,000	2,000,000	-
General liability insurance fund	(500,000)	(6,072,000)	(6,072,000)	-
Health insurance fund	1,000,000	1,000,000	1,000,000	-
Pasadena Second Century Corporation	-	1,296,400	1,296,400	-
Debt service fund	(138,700)	(138,700)	(138,700)	-
Grant management fund	-	(20,000)	23,137	43,137
Insurance recovery	3,758,017	1,783,045	1,102,601	(680,444)
Sale of capital assets	10,000	10,000	390,749	380,749
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>6,129,317</b>	<b>(141,255)</b>	<b>(397,813)</b>	<b>(256,558)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,654,723</b>	<b>(9,949,218)</b>	<b>(869,676)</b>	<b>9,079,542</b>
<b>FUND BALANCE - BEGINNING</b>	<b>26,872,693</b>	<b>25,554,979</b>	<b>25,554,979</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 29,527,416</b>	<b>\$ 15,605,761</b>	<b>\$ 24,685,303</b>	<b>\$ 9,079,542</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, 2010**

	<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	\$ 12,209,374	\$ 12,209,374	\$ 12,273,132	\$ 63,758
Investment income	24,062	24,062	5,309	(18,753)
<b>TOTAL REVENUES</b>	<b><u>12,233,436</u></b>	<b><u>12,233,436</u></b>	<b><u>12,278,441</u></b>	<b><u>45,005</u></b>
<b>EXPENDITURES</b>				
Debt service				
Principal	6,813,700	6,813,700	6,813,700	-
Interest	4,947,028	4,947,028	4,947,027	1
Fiscal charges	25,000	25,000	5,016	19,984
<b>TOTAL EXPENDITURES</b>	<b><u>11,785,728</u></b>	<b><u>11,785,728</u></b>	<b><u>11,765,743</u></b>	<b><u>19,985</u></b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b><u>447,708</u></b>	<b><u>447,708</u></b>	<b><u>512,698</u></b>	<b><u>64,990</u></b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in - general fund	138,700	138,700	138,700	-
Transfers in - capital projects fund	-	-	1,750	1,750
<b>TOTAL OTHER FINANCING SOURCES</b>	<b><u>138,700</u></b>	<b><u>138,700</u></b>	<b><u>140,450</u></b>	<b><u>1,750</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	586,408	586,408	653,148	66,740
<b>FUND BALANCES - BEGINNING</b>	<u>1,154,158</u>	<u>1,631,459</u>	<u>1,631,459</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<b><u>\$ 1,740,566</u></b>	<b><u>\$ 2,217,867</u></b>	<b><u>\$ 2,284,607</u></b>	<b><u>\$ 66,740</u></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, 2010**

	<u>Special Revenue</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>	<u>Totals</u>
<b><u>ASSETS</u></b>					
Due from other funds	\$ 1,823	\$ -	\$ -	\$ -	\$ 1,823
Restricted assets					
Cash and cash equivalents	-	52,967	-	-	52,967
Investments	1,243,067	654,570	1,024,704	46,668	2,969,009
Receivables (net of allowances of uncollectibles)					
Intergovernmental	13,007	-	-	-	13,007
Accounts	-	-	80,949	-	80,949
<b>TOTAL ASSETS</b>	<b><u>\$1,257,897</u></b>	<b><u>\$ 707,537</u></b>	<b><u>\$1,105,653</u></b>	<b><u>\$ 46,668</u></b>	<b><u>\$3,117,755</u></b>
<b><u>LIABILITIES</u></b>					
Due to other funds	\$ -	\$ 1,251	\$ 874	\$ 2,741	\$ 4,866
Liabilities payable from restricted assets					
Accounts payable	11,675	35,079	70,108	20,440	137,302
Accrued payroll payable	13,825	-	3,778	-	17,603
	<u>25,500</u>	<u>35,079</u>	<u>73,886</u>	<u>20,440</u>	<u>154,905</u>
<b>TOTAL LIABILITIES</b>	<b><u>25,500</u></b>	<b><u>36,330</u></b>	<b><u>74,760</u></b>	<b><u>23,181</u></b>	<b><u>159,771</u></b>
<b><u>FUND BALANCES</u></b>					
Unreserved, designated for encumbrances	3,900	2,000	1,939	10,873	18,712
Unreserved, undesignated	1,228,497	669,207	1,028,954	12,614	2,939,272
<b>TOTAL FUND BALANCES</b>	<b><u>1,232,397</u></b>	<b><u>671,207</u></b>	<b><u>1,030,893</u></b>	<b><u>23,487</u></b>	<b><u>2,957,984</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$1,257,897</u></b>	<b><u>\$ 707,537</u></b>	<b><u>\$1,105,653</u></b>	<b><u>\$ 46,668</u></b>	<b><u>\$3,117,755</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, 2010**

	<u>Special Revenue</u>				<u>Total</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>REVENUES</b>					
Business taxes					
Other taxes					
Hotel and motel taxes	\$ -	\$ -	\$ 330,076	\$ -	\$ 330,076
Licenses and permits	3,180	-	-	-	3,180
Municipal court fines	461,379	-	-	-	461,379
Intergovernmental	305,065	327,693	-	-	632,758
Miscellaneous	8,717	-	1,000	210,231	219,948
Investment income	2,771	1,839	2,299	347	7,256
<b>TOTAL REVENUES</b>	<b>781,112</b>	<b>329,532</b>	<b>333,375</b>	<b>210,578</b>	<b>1,654,597</b>
<b>EXPENDITURES</b>					
Current					
General government					
Personnel services	254,744	-	-	-	254,744
Contractual services	180,623	-	-	-	180,623
Materials and supplies	37,715	-	-	-	37,715
Maintenance charges	94,536	-	-	-	94,536
Capital outlay	284,429	-	-	-	284,429
Public safety					
Personnel services	179,608	312,640	-	-	492,248
Contractual services	61,867	146,815	-	382,839	591,521
Materials and supplies	22,663	303,516	-	105,746	431,925
Other charges	-	42,500	-	16,708	59,208
Capital outlay	23,898	115,908	-	-	139,806
Culture and recreation					
Personnel services	-	-	96,580	-	96,580
Contractual services	-	-	73,153	-	73,153
Materials and supplies	-	-	140,991	-	140,991
Other charges	-	-	2,851	-	2,851
Capital outlay	-	-	31,957	-	31,957
<b>TOTAL EXPENDITURES</b>	<b>1,140,083</b>	<b>921,379</b>	<b>345,532</b>	<b>505,293</b>	<b>2,912,287</b>
<b>(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(358,971)</b>	<b>(591,847)</b>	<b>(12,157)</b>	<b>(294,715)</b>	<b>(1,257,690)</b>
<b>FUND BALANCES - BEGINNING</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>
<b>FUND BALANCES - ENDING</b>	<b>\$ 1,232,397</b>	<b>\$ 671,207</b>	<b>\$ 1,030,893</b>	<b>\$ 23,487</b>	<b>\$ 2,957,984</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, 2010**

	<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	\$ 3,180	\$ (820)
Municipal court fines	440,000	440,000	461,379	21,379
Intergovernmental	278,000	278,000	305,065	27,065
Miscellaneous	10,000	10,000	8,717	(1,283)
Investment income	16,291	16,291	2,771	(13,520)
<b>TOTAL REVENUES</b>	<b><u>748,291</u></b>	<b><u>748,291</u></b>	<b><u>781,112</u></b>	<b><u>32,821</u></b>
<b>EXPENDITURES</b>				
Current				
General government				
Personnel services	277,294	277,294	254,744	22,550
Contractual services	236,250	236,250	180,623	55,627
Materials and supplies	101,763	101,763	37,715	64,048
Maintenance charges	94,536	94,536	94,536	-
Capital outlay	384,429	384,429	284,429	100,000
Public safety				
Personnel services	159,852	181,352	179,608	1,744
Contractual services	79,000	79,000	61,867	17,133
Materials and supplies	32,500	25,500	22,663	2,837
Capital outlay	-	25,000	23,898	1,102
<b>TOTAL EXPENDITURES</b>	<b><u>1,365,624</u></b>	<b><u>1,405,124</u></b>	<b><u>1,140,083</u></b>	<b><u>265,041</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(617,333)</b>	<b>(656,833)</b>	<b>(358,971)</b>	<b>297,862</b>
<b>FUND BALANCES - BEGINNING</b>	<b><u>1,597,461</u></b>	<b><u>1,591,368</u></b>	<b><u>1,591,368</u></b>	<b><u>-</u></b>
<b>FUND BALANCES - ENDING</b>	<b><u>\$ 980,128</u></b>	<b><u>\$ 934,535</u></b>	<b><u>\$ 1,232,397</u></b>	<b><u>\$ 297,862</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 358,722	\$ 358,722	\$ 327,693	\$ (31,029)
Investment income	9,943	9,943	1,839	(8,104)
<b>TOTAL REVENUES</b>	<b><u>368,665</u></b>	<b><u>368,665</u></b>	<b><u>329,532</u></b>	<b><u>(39,133)</u></b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	150,000	313,000	312,640	360
Contractual services	167,512	153,512	146,815	6,697
Materials and supplies	229,398	308,398	303,516	4,882
Other charges	80,000	80,000	42,500	37,500
Capital outlay	520,000	292,000	115,908	176,092
<b>TOTAL EXPENDITURES</b>	<b><u>1,146,910</u></b>	<b><u>1,146,910</u></b>	<b><u>921,379</u></b>	<b><u>225,531</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(778,245)</b>	<b>(778,245)</b>	<b>(591,847)</b>	<b>186,398</b>
<b>FUND BALANCES - BEGINNING</b>	<b><u>1,108,082</u></b>	<b><u>1,263,054</u></b>	<b><u>1,263,054</u></b>	<b><u>-</u></b>
<b>FUND BALANCES - ENDING</b>	<b><u>\$ 329,837</u></b>	<b><u>\$ 484,809</u></b>	<b><u>\$ 671,207</u></b>	<b><u>\$ 186,398</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, 2010**

	<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	\$ 330,076	\$ (54,924)
Intergovernmental	6,500	6,500	-	(6,500)
Miscellaneous	-	-	1,000	1,000
Investment income	11,405	11,405	2,299	(9,106)
<b>TOTAL REVENUES</b>	<b><u>402,905</u></b>	<b><u>402,905</u></b>	<b><u>333,375</u></b>	<b><u>(69,530)</u></b>
<b>EXPENDITURES</b>				
Current				
Culture and recreation				
Personnel services	103,455	103,455	96,580	6,875
Contractual services	171,200	92,700	73,153	19,547
Materials and supplies	92,500	164,500	140,991	23,509
Other charges	40,000	29,500	2,851	26,649
Capital outlay	15,406	32,406	31,957	449
<b>TOTAL EXPENDITURES</b>	<b><u>422,561</u></b>	<b><u>422,561</u></b>	<b><u>345,532</u></b>	<b><u>77,029</u></b>
<b>(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(19,656)</b>	<b>(19,656)</b>	<b>(12,157)</b>	<b>7,499</b>
<b>FUND BALANCES - BEGINNING</b>	<b><u>673,233</u></b>	<b><u>1,043,050</u></b>	<b><u>1,043,050</u></b>	<b><u>-</u></b>
<b>FUND BALANCES - ENDING</b>	<b><u>\$ 653,577</u></b>	<b><u>\$ 1,023,394</u></b>	<b><u>\$ 1,030,893</u></b>	<b><u>\$ 7,499</u></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, 2010**

	<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	\$ 210,231	\$ (41,769)
Investment income	3,025	3,025	347	(2,678)
<b>TOTAL REVENUES</b>	<b><u>255,025</u></b>	<b><u>255,025</u></b>	<b><u>210,578</u></b>	<b><u>(44,447)</u></b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Contractual services	292,700	383,700	382,839	861
Materials and supplies	136,500	133,500	105,746	27,754
Other charges	15,000	17,000	16,708	292
<b>TOTAL EXPENDITURES</b>	<b><u>444,200</u></b>	<b><u>534,200</u></b>	<b><u>505,293</u></b>	<b><u>28,907</u></b>
<b>(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(189,175)</b>	<b>(279,175)</b>	<b>(294,715)</b>	<b>(15,540)</b>
<b>FUND BALANCES - BEGINNING</b>	<b><u>261,652</u></b>	<b><u>318,202</u></b>	<b><u>318,202</u></b>	<b><u>-</u></b>
<b>FUND BALANCES - ENDING</b>	<b><u>\$ 72,477</u></b>	<b><u>\$ 39,027</u></b>	<b><u>\$ 23,487</u></b>	<b><u>\$ (15,540)</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, 2010**

	<b>Maintenance</b>	<b>Workers' Compensation Insurance</b>	<b>General Liability Insurance</b>	<b>Health Insurance</b>	<b>Total</b>
<b><u>ASSETS</u></b>					
<b>Current Assets</b>					
Investments - Texpool	\$ 1,265,323	\$ 1,665,638	\$ 5,793,458	\$ 11,735,020	\$ 20,459,439
Accounts receivable	-	23,106	-	39,971	63,077
Due from other funds					
General	20,074	4	-	35,928	56,006
Inventory, at cost	413,857	-	-	-	413,857
<b>Total Current Assets</b>	<b>1,699,254</b>	<b>1,688,748</b>	<b>5,793,458</b>	<b>11,810,919</b>	<b>20,992,379</b>
<b>Noncurrent Assets</b>					
<b>Deposits</b>	<b>-</b>	<b>16,000</b>	<b>-</b>	<b>250,000</b>	<b>266,000</b>
<b>Capital Assets</b>					
Land	602	-	-	-	602
Buildings and building improvements	2,097,496	-	-	-	2,097,496
Accumulated depreciation - buildings and building improvements	(1,674,242)	-	-	-	(1,674,242)
Facilities and other improvements	175,754	-	-	-	175,754
Accumulated depreciation - facilities and other improvements	(50,567)	-	-	-	(50,567)
Machinery and equipment	5,968,609	-	-	-	5,968,609
Accumulated depreciation - machinery and equipment	(4,253,082)	-	-	-	(4,253,082)
Infrastructure	41,746	-	-	-	41,746
Accumulated depreciation - infrastructure	(10,940)	-	-	-	(10,940)
Automotive equipment	33,658,823	-	-	-	33,658,823
Accumulated depreciation - automotive equipment	(22,081,266)	-	-	-	(22,081,266)
<b>Net Capital Assets</b>	<b>13,872,933</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,872,933</b>
<b>Total Noncurrent Assets</b>	<b>13,872,933</b>	<b>16,000</b>	<b>-</b>	<b>250,000</b>	<b>14,138,933</b>
<b>TOTAL ASSETS</b>	<b>15,572,187</b>	<b>1,704,748</b>	<b>5,793,458</b>	<b>12,060,919</b>	<b>35,131,312</b>
<b><u>LIABILITIES</u></b>					
<b>Current Liabilities</b>					
Accounts payable	353,563	1,431	27,158	22,149	404,301
Accrued payroll payable	355,070	3,455	-	2,900	361,425
Due to other funds					
General	-	-	38,933	-	38,933
Claims payable	-	185,632	184,583	977,938	1,348,153
Compensated absences payable	93,256	-	-	-	93,256
<b>Total Current Liabilities</b>	<b>801,889</b>	<b>190,518</b>	<b>250,674</b>	<b>1,002,987</b>	<b>2,246,068</b>
<b>Noncurrent Liabilities</b>					
Claims payable	-	123,755	123,056	625,312	872,123
Compensated absences payable	839,306	-	-	-	839,306
Other post employment benefits	47,933	-	-	-	47,933
<b>Total Noncurrent Liabilities</b>	<b>887,239</b>	<b>123,755</b>	<b>123,056</b>	<b>625,312</b>	<b>1,759,362</b>
<b>TOTAL LIABILITIES</b>	<b>1,689,128</b>	<b>314,273</b>	<b>373,730</b>	<b>1,628,299</b>	<b>4,005,430</b>
<b><u>NET ASSETS</u></b>					
Invested in capital assets	13,872,933	-	-	-	13,872,933
Unrestricted	10,126	1,390,475	5,419,728	10,432,620	17,252,949
<b>TOTAL NET ASSETS</b>	<b>\$ 13,883,059</b>	<b>\$ 1,390,475</b>	<b>\$ 5,419,728</b>	<b>\$ 10,432,620</b>	<b>\$ 31,125,882</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, 2010**

	<u>Maintenance</u>	<u>Workers' Compensation Insurance</u>	<u>General Liability Insurance</u>	<u>Health Insurance</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for sales and services	<b>\$ 11,574,507</b>	<b>\$ 1,459,499</b>	<b>\$ 320,085</b>	<b>\$ 14,718,232</b>	<b>\$ 28,072,323</b>
<b>OPERATING EXPENSES</b>					
Personnel services	5,227,131	99,306	-	-	5,326,437
Contractual services	1,129,320	15,009	-	112,692	1,257,021
Material and supplies	3,854,615	1,138	-	-	3,855,753
Maintenance charges	945,634	-	-	-	945,634
Insurance/reinsurance premiums	-	591,012	1,644,097	2,266,795	4,501,904
Claim and legal expenses	-	178,841	152,295	10,950,121	11,281,257
Administration fees	-	-	-	620,411	620,411
Miscellaneous	-	6,520	-	790,876	797,396
Depreciation	2,745,435	-	-	-	2,745,435
<b>TOTAL OPERATING EXPENSES</b>	<b>13,902,135</b>	<b>891,826</b>	<b>1,796,392</b>	<b>14,740,895</b>	<b>31,331,248</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(2,327,628)</b>	<b>567,673</b>	<b>(1,476,307)</b>	<b>(22,663)</b>	<b>(3,258,925)</b>
<b>NONOPERATING REVENUES</b>					
Gain on sale of capital assets	61,189	-	-	-	61,189
Investment income	3,209	1,794	2,552	23,418	30,973
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(2,263,230)</b>	<b>569,467</b>	<b>(1,473,755)</b>	<b>755</b>	<b>(3,166,763)</b>
Capital contributions	1,320,904	-	-	-	1,320,904
Transfers in	203,645	-	6,572,000	-	6,775,645
Transfers out	-	-	-	(1,000,000)	(1,000,000)
<b>CHANGES IN NET ASSETS</b>	<b>(738,681)</b>	<b>569,467</b>	<b>5,098,245</b>	<b>(999,245)</b>	<b>3,929,786</b>
<b>TOTAL NET ASSETS - BEGINNING</b>	<b>14,621,740</b>	<b>821,008</b>	<b>321,483</b>	<b>11,431,865</b>	<b>27,196,096</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 13,883,059</b>	<b>\$ 1,390,475</b>	<b>\$ 5,419,728</b>	<b>\$ 10,432,620</b>	<b>\$ 31,125,882</b>

**CITY OF PASADENA, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<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	\$ 11,554,433	\$ 1,479,286	\$ 320,085	\$ 14,696,285	\$ 28,050,089
Cash payments to suppliers for goods and services	(6,585,237)	-	-	-	(6,585,237)
Cash payments to employees for services	(5,751,414)	(105,425)	-	(2,897)	(5,859,736)
Cash payments for insurance premiums, liability claims and administration	-	(627,562)	(2,096,141)	(14,312,127)	(17,035,830)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(782,218)</b>	<b>746,299</b>	<b>(1,776,056)</b>	<b>381,261</b>	<b>(1,430,714)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>					
Transfers from other funds					
General	-	-	6,072,000	(1,000,000)	5,072,000
Water and sewer system	203,645	-	500,000	-	703,645
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>203,645</b>	<b>-</b>	<b>6,572,000</b>	<b>(1,000,000)</b>	<b>5,775,645</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>					
Proceeds from sale of capital assets	187,401	-	-	-	187,401
Acquisition and construction of capital assets	(1,137,522)	-	-	-	(1,137,522)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(950,121)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(950,121)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Purchase of investments	(3,782,315)	(1,444,061)	(7,244,041)	(12,759,446)	(25,229,863)
Proceeds from sale and maturities of investments	5,307,800	695,968	2,445,545	13,354,767	21,804,080
Investment income received	3,209	1,794	2,552	23,418	30,973
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>1,528,694</b>	<b>(746,299)</b>	<b>(4,795,944)</b>	<b>618,739</b>	<b>(3,394,810)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT</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>\$ (2,327,628)</u>	<u>\$ 567,673</u>	<u>\$ (1,476,307)</u>	<u>\$ (22,663)</u>	<u>\$ (3,258,925)</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>					
Depreciation	2,745,435	-	-	-	2,745,435
Changes in assets and liabilities					
(Increase) decrease in accounts receivable	262	53,647	33,043	(39,971)	46,981
(Increase) decrease in due from other funds	(20,074)	19,787	-	18,024	17,737
Decrease in inventory	22,083	-	-	-	22,083
Decrease in deposits	-	7,000	-	-	7,000
Increase (decrease) in accounts and claims payable	(110,223)	97,791	(238,595)	428,768	177,741
Increase (decrease) in accrued payroll payable	205,141	401	-	(2,897)	202,645
(Decrease) in compensated absences payable	(734,387)	-	-	-	(734,387)
Increase in other post employment benefits	4,963	-	-	-	4,963
(Decrease) in due to other funds	(567,790)	-	(94,197)	-	(661,987)
<b>Total Adjustments</b>	<u><b>1,545,410</b></u>	<u><b>178,626</b></u>	<u><b>(299,749)</b></u>	<u><b>403,924</b></u>	<u><b>1,828,211</b></u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><b>\$ (782,218)</b></u>	<u><b>\$ 746,299</b></u>	<u><b>\$ (1,776,056)</b></u>	<u><b>\$ 381,261</b></u>	<u><b>\$ (1,430,714)</b></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Contribution of capital assets from the government	\$ 1,320,904	\$ -	\$ -	\$ -	\$ 1,320,904

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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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*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 Eight Fiscal Years (1)  
 (accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<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	\$ 451,397,477	\$ 463,105,304
Restricted	16,176,151	18,624,939	22,888,815	30,687,355	47,364,187	48,856,439	40,253,459	36,063,308
Unrestricted	14,901,279	9,571,244	3,579,793	4,719,202	15,953,388	19,220,043	15,209,325	16,138,845
<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>\$ 506,860,261</b>	<b>\$ 515,307,457</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	\$ 154,942,535	\$ 157,245,239
Restricted	1,561,254	1,634,435	483,859	1,272,277	1,128,275	988,591	2,255,328	1,929,345
Unrestricted (deficit)	2,957,742	(681,964)	(1,229,867)	2,092,369	6,580,409	6,559,351	11,385,007	13,307,492
<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>\$ 168,582,870</b>	<b>\$ 172,482,076</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	\$ 606,340,012	\$ 620,350,543
Restricted	17,737,405	20,259,374	23,372,674	31,959,632	48,492,462	49,845,030	42,508,787	37,992,653
Unrestricted	17,859,021	8,889,280	2,349,926	6,811,571	22,533,797	25,779,394	26,594,332	29,446,337
<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>\$ 675,443,131</b>	<b>\$ 687,789,533</b>

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

**CITY OF PASADENA, TEXAS**  
**CHANGES IN NET ASSETS**  
**Last Eight 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 service				
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/fees	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 eight fiscal years are available at this time.

Fiscal Year				
	2007	2008	2009	2010
\$	11,200,559	\$ 12,819,859	\$ 16,735,291	\$ 16,369,013
	35,213,887	40,486,310	44,930,012	46,743,243
	19,851,288	24,938,059	28,489,685	22,194,436
	2,340,163	2,711,459	3,170,468	3,543,536
	12,687,318	13,647,614	16,082,335	15,533,525
	7,968,458	8,821,136	9,615,124	10,102,166
	4,478,707	4,711,542	4,990,590	5,002,086
	<u>93,740,380</u>	<u>108,135,979</u>	<u>124,013,505</u>	<u>119,488,005</u>
	25,729,728	28,593,719	28,622,955	29,274,247
	<u>25,729,728</u>	<u>28,593,719</u>	<u>28,622,955</u>	<u>29,274,247</u>
\$	<u>119,470,108</u>	<u>\$ 136,729,698</u>	<u>\$ 152,636,460</u>	<u>\$ 148,762,252</u>
\$	9,077,366	\$ 13,444,472	\$ 9,881,296	\$ 11,802,432
	7,845,825	7,769,911	8,236,156	7,685,606
	4,662,239	4,422,153	5,116,673	4,220,825
	9,499,817	15,960,153	16,102,417	13,576,536
	15,711,854	5,215,499	5,578,582	4,999,237
	<u>46,797,101</u>	<u>46,812,188</u>	<u>44,915,124</u>	<u>42,284,636</u>
	30,744,928	30,489,659	35,096,384	33,419,961
	-	-	35,000	-
	<u>30,744,928</u>	<u>30,489,659</u>	<u>35,131,384</u>	<u>33,419,961</u>
\$	<u>77,542,029</u>	<u>\$ 77,301,847</u>	<u>\$ 80,046,508</u>	<u>\$ 75,704,597</u>
\$	(47,294,485)	\$ (61,323,791)	\$ (79,098,381)	\$ (77,203,369)
	5,015,200	1,895,940	6,508,429	4,145,714
\$	<u>(42,279,285)</u>	<u>\$ (59,427,851)</u>	<u>\$ (72,589,952)</u>	<u>\$ (73,057,655)</u>
\$	28,855,714	\$ 31,071,723	\$ 33,728,265	\$ 32,609,811
	15,153,643	15,551,252	16,100,049	15,777,475
	23,088,652	23,835,369	26,084,712	23,213,061
	7,582,443	7,644,267	7,817,369	7,948,433
	604,342	691,263	698,023	5,523,330
	2,580,560	1,590,544	363,528	125,652
	3,839,946	2,748,233	685,824	154,475
	102,835	73,265	-	-
	1,180,894	1,867,781	1,304,219	298,328
	<u>82,989,029</u>	<u>85,073,697</u>	<u>86,781,989</u>	<u>85,650,565</u>
	386,097	363,757	95,551	26,823
	569,997	319,911	63,369	24,997
	(1,180,894)	(1,867,781)	(1,304,219)	(298,328)
	<u>(224,800)</u>	<u>(1,184,113)</u>	<u>(1,145,299)</u>	<u>(246,508)</u>
\$	<u>82,764,229</u>	<u>\$ 83,889,584</u>	<u>\$ 85,636,690</u>	<u>\$ 85,404,057</u>
\$	36,045,750	\$ 23,749,906	\$ 7,683,608	\$ 8,447,196
	4,790,400	711,827	5,363,130	3,899,206
\$	<u>40,836,150</u>	<u>\$ 24,461,733</u>	<u>\$ 13,046,738</u>	<u>\$ 12,346,402</u>

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

Source	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010		
General property taxes	\$ 23,147,891	\$ 24,889,552	\$ 26,630,894	\$ 27,210,647	\$ 28,855,714	\$ 31,071,723	\$ 33,728,265	\$ 32,609,811		
Industrial district fees	15,516,488	15,175,399	15,064,575	14,971,745	15,153,643	15,551,252	16,100,049	15,777,475		
Sales taxes	18,325,403	20,308,039	18,771,552	20,576,013	23,088,652	23,835,369	26,084,712	23,213,061		
Utility taxes	7,712,646	6,938,968	7,132,803	7,148,517	7,582,443	7,644,267	7,817,369	7,948,433		
Other taxes/fees	477,992	528,727	478,159	579,428	604,342	691,263	698,023	5,523,330	(3)	
	\$ 65,180,420	\$ 67,840,685	\$ 68,077,983	\$ 70,486,350	\$ 75,284,794	\$ 78,793,874	\$ 84,428,418	\$ 85,072,110		

(1) The requirement for statistical data is ten years; only eight 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.

(3) The City received a one-time payment from the Port of Houston.

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund</b>								
Unreserved, designated for:								
Encumbrances	\$ 523,489	\$ 385,344	\$ 69,987	\$ 601,074	\$ 492,441	\$ 2,549,842	\$ 404,551	\$ 1,567,841
Capital and technology improvements	-	788,251 (2)	569,031	350,876	63,181	1,800,295	2,578,002	1,591,361
Recall, election, and charter revisions	-	15,000 (2)	15,000	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	21,511,101
<b>Total general fund</b>	<b>\$ 16,518,992</b>	<b>\$ 14,837,967</b>	<b>\$ 12,203,585</b>	<b>\$ 14,572,714</b>	<b>\$ 17,439,686</b>	<b>\$ 21,288,696</b>	<b>\$ 25,554,979</b>	<b>\$ 24,685,303</b>
<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	\$ 2,284,607
Unreserved, designated for:								
Encumbrances	194,606	123,091	93,979	114,054	147,250	1,219,237	66,671	1,414,244
Encumbrances for special revenue funds	22,854	161,441	125	119,060	46,048	379,634	368,961	18,712
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	13,421,401
Capital project fund	36,422,758	28,809,896	49,254,465	44,028,810	57,023,939	37,863,806	36,959,612	32,358,730
Grant management fund	2,742,695	2,411,987	2,179,870	3,294,231	3,565,531	3,631,100	3,478,625	5,330,596
Special revenue funds	3,084,330	2,798,734	2,962,092	3,341,554	3,772,165	4,289,626	3,846,713	2,939,272
<b>Total all other governmental funds</b>	<b>\$ 43,321,333</b>	<b>\$ 49,117,115</b>	<b>\$ 75,292,086</b>	<b>\$ 68,222,325</b>	<b>\$ 81,714,950</b>	<b>\$ 72,390,149</b>	<b>\$ 73,503,248</b>	<b>\$ 57,767,562</b>

(1) The requirement for statistical data is ten years; only eight 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 Eight 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%	12.47%	12.57%

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

Fiscal Year				
	2007	2008	2009	2010
\$	75,298,799	\$ 78,823,699	\$ 84,285,891	\$ 85,021,762
	2,614,522	2,377,189	2,384,655	2,048,459
	6,478,333	6,318,981	6,072,604	6,083,691
	9,143,891	9,516,526	9,547,090	9,241,590
	12,963,551	19,748,247	20,601,837	15,940,787
	5,354,084	3,594,698	895,156	249,214
	12,762,352	1,514,999	1,057,115	2,973,015
	<u>124,615,532</u>	<u>121,894,339</u>	<u>124,844,348</u>	<u>121,558,518</u>
	13,063,869	12,461,993	14,144,783	13,876,473
	34,797,520	36,975,770	40,633,853	40,670,046
	14,826,289	19,038,620	21,178,029	17,217,317
	2,396,944	2,612,142	2,880,092	3,343,040
	13,011,143	13,441,738	14,690,854	14,336,405
	9,166,267	10,943,860	11,477,417	10,544,584
	21,539,329	34,743,955	25,765,715	23,824,715
	6,212,535	7,484,660	7,394,661	7,653,050
	5,953,074	4,666,601	5,035,933	5,114,584
	346,639	171,897	397,929	5,016
	<u>121,313,609</u>	<u>142,541,236</u>	<u>143,599,266</u>	<u>136,585,230</u>
	3,301,923	(20,646,897)	(18,754,918)	(15,026,712)
	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	16,564,533
	(8,476,878)	(800,190)	(1,254,610)	(19,636,533)
	-	-	6,868	390,749
	-	506,106	1,809,421	1,102,601
	<u>13,057,674</u>	<u>15,171,106</u>	<u>24,134,300</u>	<u>(1,578,650)</u>
\$	<u>16,359,597</u>	<u>(5,475,791)</u>	<u>5,379,382</u>	<u>(16,605,362)</u>
	12.68%	11.76%	11.11%	11.54%

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**CITY OF PASADENA, TEXAS**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**

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

Source	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General property taxes	\$ 23,065,814	\$ 25,099,303	\$ 26,639,546	\$ 27,184,635	\$ 28,869,719	\$ 31,101,548	\$ 33,585,738	\$ 32,559,463
Industrial district fees	15,329,998	15,175,399	15,064,576	14,971,745	15,153,643	15,551,252	16,100,049	15,777,475
Sales taxes	18,325,403	20,308,039	18,771,552	21,533,044	23,088,652	23,835,369	26,084,712	23,213,061
Utility taxes	7,777,466	8,528,068	7,181,942	7,148,517	7,582,443	7,644,267	7,817,369	7,948,433
Other taxes	502,663	533,315	489,770	579,428	604,342	691,263	698,023	5,523,330 (2)
	<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>	<u>\$ 85,021,762</u>

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

(2) The City received a one-time payment from the Port of Houston.

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

2010						
Consumers	Consumption (per 1,000 gallon)	Annualized Consumption	Billed Amount	Rank	% of Water/Sewer Revenues	% of All System Fund Revenues
City of Seabrook	11,163.8	133,965.0	\$ 333,082	1	1.00%	1.00%
Pasadena Independent School District	5,241.0	62,891.5	540,636	2	1.62%	1.62%
Brighton Hill Apartments	4,882.3	58,587.8	249,556	3	0.75%	0.75%
Brandywood Housing Corporation	3,367.0	40,404.2	267,133	4	0.80%	0.80%
San Jacinto College	3,304.4	39,653.1	420,837	5	1.26%	1.26%
Minh Food Company	2,328.8	27,945.2	455,931	6	1.36%	1.36%
Columbia Bayshore Hospital	2,319.2	27,830.8	258,033	7	0.77%	0.77%
Sandstone	1,779.6	21,354.8	156,595	8	0.47%	0.47%
Air Products	1,289.3	15,471.4	83,882	9	0.25%	0.25%
Phillips Chemical	1,231.4	14,776.2	62,715	10	0.19%	0.19%
<b>Total</b>	<b>36,906.8</b>	<b>442,880.0</b>	<b>\$ 2,828,400</b>		<b>8.47%</b>	<b>8.47%</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 three 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%
5,558.0	66,696.5	418,897	4	1.45%	1.35%
5,664.6	67,975.6	432,057	3	1.50%	1.39%
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%
4,858.9	58,307.1	525,157	5	1.82%	1.69%
3,552.6	42,631.6	217,462	6	0.75%	0.70%
1,567.9	18,814.8	99,000	10	0.34%	0.32%
2,157.3	25,887.9	118,761	8	0.41%	0.38%
<u>45,651.1</u>	<u>547,815.5</u>	<u>\$ 3,423,940</u>		<u>11.86%</u>	<u>11.01%</u>

**CITY OF PASADENA, TEXAS  
WATER AND SEWER RATES**

Last Five Fiscal Years (1)

	Cumulative Blocks (Gallons)	Usage Blocks (per 1,000 gallons)	2010		2009	
			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 five years are available at this time.

2008		2007		2006	
Water Rates	Sewer Rates	Water Rates	Sewer Rates	Water Rates	Sewer Rates
\$ 5.50	\$ 8.00	\$ 5.50	\$ 8.00	\$ 5.50	\$ 8.00
2.75	2.75	2.75	2.75	2.75	2.75
3.00	3.00	3.00	3.00	3.00	3.00
3.25	3.50	3.25	3.50	3.25	3.50
4.00	3.50	4.00	3.50	4.00	3.50
4.50	3.50	4.50	3.50	4.50	3.50
3.59	4.99	3.59	4.99	3.59	4.99
2.16	1.37	2.16	1.37	2.16	1.37
2.16	3.00	2.16	3.00	2.16	3.00
3.25	3.50	3.25	3.50	3.25	3.50
4.00	3.50	4.00	3.50	4.00	3.50
4.50	3.50	4.50	3.50	4.50	3.50
5.59	8.00	5.59	8.00	5.59	8.00
2.75	3.00	2.75	3.00	2.75	3.00
3.00	3.25	3.00	3.25	3.00	3.25
3.25	3.50	3.25	3.50	3.25	3.50
4.50	4.00	4.50	4.00	4.50	4.00
4.50	4.15	4.50	4.15	4.50	4.15
4.50	4.15	4.50	4.15	4.50	4.15
5.50	8.00	4.59	8.00	4.59	8.00
2.75	2.75	2.75	2.75	2.75	2.75
3.00	3.25	3.00	3.25	3.00	3.25
3.25	3.50	3.25	3.50	3.25	3.50
4.00	3.50	4.00	3.50	4.00	3.50
4.50	3.50	4.50	3.50	4.50	3.50
4.59	-	4.59	-	4.59	-
3.25	-	3.25	-	3.25	-
4.00	-	4.00	-	4.00	-
4.50	-	4.50	-	4.50	-

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

	Fiscal Year Ended September 30,			
	2010	2009	2008	2007
	2009 Tax Year	2008 Tax Year	2007 Tax Year	2006 Tax Year
<b>Assessed Value of Taxable Property</b>				
<b>Real Property</b>				
Real Residential	\$ 4,129,237,231	\$ 4,232,641,041	\$ 3,999,177,768	\$ 3,779,716,024
Real Commercial	1,249,370,402	1,198,814,394	1,076,316,825	922,067,090
Real Industrial	154,349,049	147,127,450	134,299,360	131,759,087
Real Agriculture	215,563	229,086	668,106	624,222
Real Vacant	123,659,890	107,109,632	93,398,249	100,398,134
Real Acreage Undeveloped	36,659,482	34,480,311	36,458,789	45,515,120
<b>Total Real Property</b>	<b>5,693,491,617</b>	<b>5,720,401,914</b>	<b>5,340,319,097</b>	<b>4,980,079,677</b>
<b>Less: Exemptions</b>	<b>(839,474,827)</b>	<b>(841,604,642)</b>	<b>(819,227,558)</b>	<b>(797,405,237)</b>
<b>Net Total Real Property</b>	<b>4,854,016,790</b>	<b>4,878,797,272</b>	<b>4,521,091,539</b>	<b>4,182,674,440</b>
<b>Other Property</b>				
Oil Gas and Mineral Reserves	6,764,074	9,270,819	10,807,745	8,334,609
Real and Tangible Personal - Utility	330,068	331,940	371,338	363,865
Gas Companies	8,286,315	7,961,540	8,145,690	8,434,840
Electric Companies	53,755,344	54,628,038	58,450,652	60,799,352
Telephone Companies	19,731,446	20,113,792	23,762,316	23,570,812
Railroad	392,796	347,390	318,730	308,110
Pipelines	24,795,395	29,628,470	29,088,230	28,640,460
Inventory	26,415,373	30,451,933	28,715,903	20,656,653
Major Cable TV Systems	7,984,017	10,181,107	11,926,584	5,960,690
Tangible Personal Commercial	553,633,704	532,377,581	458,779,115	446,580,327
Tangible Personal Industrial	648,801,280	675,428,776	555,453,193	515,099,420
Tangible Personal Other - Mobile Homes	17,046,042	18,689,409	17,697,725	18,514,607
Residential Inventory - Vacant	-	-	-	-
Governmental Exemption	519,756,039	496,046,506	356,709,579	373,205,856
Charitable Exemption	33,317,985	32,977,016	30,959,147	27,948,364
Religious Exemption	119,839,982	113,848,612	108,956,786	114,620,604
Private School Exempt	16,771,140	16,771,140	17,364,543	17,331,096
Miscellaneous Exempt	486,462	494,967	408,198	387,520
Agricultural	-	-	-	-
Low-Moderate Income Housing	-	184,120	72,341	-
Unknown	-	-	-	-
<b>Total Other Property</b>	<b>2,058,107,462</b>	<b>2,049,733,156</b>	<b>1,717,987,815</b>	<b>1,670,757,185</b>
<b>Less: Exemptions</b>	<b>(1,117,092,435)</b>	<b>(918,569,343)</b>	<b>(813,195,895)</b>	<b>(820,663,243)</b>
<b>Net Total Other Property</b>	<b>941,015,027</b>	<b>1,131,163,813</b>	<b>904,791,920</b>	<b>850,093,942</b>
<b>Total Property</b>	<b>7,751,599,079</b>	<b>7,770,135,070</b>	<b>7,058,306,912</b>	<b>6,650,836,862</b>
<b>Less: Total Exemptions</b>	<b>(1,956,567,262)</b>	<b>(1,760,173,985)</b>	<b>(1,632,423,453)</b>	<b>(1,618,068,480)</b>
<b>Total Assessed Value of Taxable Property</b>	<b>\$ 5,795,031,817</b>	<b>\$ 6,009,961,085</b>	<b>\$ 5,425,883,459</b>	<b>\$ 5,032,768,382</b>
<b>Total Actual Value of Taxable Property</b>	<b>\$ 5,795,031,817</b>	<b>\$ 6,009,961,085</b>	<b>\$ 5,425,883,459</b>	<b>\$ 5,032,768,382</b>
<b>Total Direct Tax Rate Per \$ 100</b>	<b>\$ 0.562</b>	<b>\$ 0.562</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.

**Fiscal Year Ended September 30,**

<b>2006</b>		<b>2005</b>		<b>2004</b>		<b>2003</b>		<b>2002</b>		<b>2001</b>	
<b>2005 Tax Year</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>	
\$	3,610,874,137	\$	3,440,020,230	\$	3,266,300,400	\$	3,020,674,720	\$	2,795,295,314	\$	2,487,071,955
	869,515,809		810,536,290		788,524,850		783,413,430		742,959,700		668,640,790
	118,187,838		123,296,580		127,572,470		148,983,490		167,075,240		101,709,310
	634,834		930,250		219,820		1,164,750		1,446,380		1,195,670
	73,973,512		66,377,580		68,388,720		223,850		125,470		67,220,490
	50,408,184		51,182,580		54,660,110		50,581,620		53,123,640		54,821,910
	<b>4,723,594,314</b>		<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>(765,632,990)</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>3,957,961,324</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>
	1,603,070		1,546,720		3,468,740		2,989,570		4,273,360		2,823,660
	252,591		464,650		513,290		522,490		482,080		10,630
	8,022,960		8,118,090		8,255,430		8,215,010		8,171,670		8,099,210
	61,266,427		61,042,420		59,291,710		55,211,110		53,815,990		50,937,690
	23,452,876		23,967,470		22,956,210		30,924,600		28,223,330		29,886,370
	308,280		310,450		262,600		227,060		191,960		177,960
	27,800,375		25,554,840		24,829,790		24,646,050		24,761,010		25,360,930
	5,554,061		-		-		-		-		-
	5,063,930		5,135,200		12,036,930		12,052,890		10,703,550		8,941,790
	458,136,790		446,662,770		435,964,970		424,731,170		411,480,130		379,196,750
	407,988,270		302,988,360		285,370,390		211,614,770		134,520,780		157,443,170
	18,363,900		18,725,010		18,001,500		19,262,240		19,860,610		19,646,900
	-		8,765,750		4,153,050		8,449,970		10,930,910		4,128,910
	312,682,653		665,870		5,715,590		53,260		1,903,050		158,840
	27,158,235		14,700		455,900		182,790		83,100		-
	101,908,422		681,920		4,962,650		3,265,120		308,550		940,350
	17,011,007		-		-		-		-		-
	387,520		-		-		-		-		-
	-		-		17,598,310		18,212,120		19,559,300		20,242,400
	19,746		-		104,400		-		-		-
	-		139,750		-		-		-		-
	<b>1,476,981,113</b>		<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>(669,872,733)</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>807,108,380</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>6,200,575,427</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>(1,435,505,723)</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>4,765,069,704</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>4,765,069,704</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>0.567</b>	\$	<b>0.567</b>	\$	<b>0.567</b>	\$	<b>0.567</b>	\$	<b>0.567</b>	\$	<b>0.567</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			Overlapping Rates (1)		
		General Fund	Debt Service Fund	Total Direct	Clear Lake City Water Authority	Clear Creek ISD	Deer Park ISD
2001	2000	\$ 0.3088	\$ 0.2582	\$ 0.5670	\$ 0.3300	\$ 1.6415	\$ 1.6900
2002	2001	0.3060	0.2610	0.5670	0.3300	1.7250	1.6898
2003	2002	0.3060	0.2610	0.5670	0.3100	1.7400	1.8035
2004	2003	0.3170	0.2500	0.5670	0.2900	1.7300	1.8071
2005	2004	0.3333	0.2337	0.5670	0.2900	1.7450	1.8055
2006	2005	0.3426	0.2244	0.5670	0.2900	1.7750	1.8055
2007	2006	0.3414	0.2256	0.5670	0.2800	1.6300	1.6623
2008	2007	0.3461	0.2209	0.5670	0.2800	1.3200	1.3177
2009	2008	0.3553	0.2067	0.5620	0.2800	1.3600	1.3367
2010	2009	0.3500	0.2120	0.5620	0.2800	1.3600	1.3367

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>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>
\$ 1.6300	\$ 1.5200	\$ 0.6417	\$ 0.0063	\$ 0.1100	\$ 8.1365
1.6300	1.6649	0.6399	0.0063	0.1260	8.3789
1.6800	1.6875	0.6399	0.0063	0.1307	8.5649
1.6800	1.7750	0.6399	0.0063	0.1307	8.6260
1.7335	1.7750	0.6400	0.0063	0.1391	8.7014
1.7335	1.8050	0.6400	0.0063	0.1454	8.7676
1.6350	1.6900	0.6463	0.0063	0.1454	8.2623
1.3050	1.3500	0.6358	0.0059	0.1454	6.9268
1.3250	1.3500	0.6358	0.0058	0.1634	7.0187
1.3250	1.3500	0.6360	0.0061	0.1708	7.0266

**CITY OF PASADENA, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Fiscal Year and Ten Fiscal Years Ago**

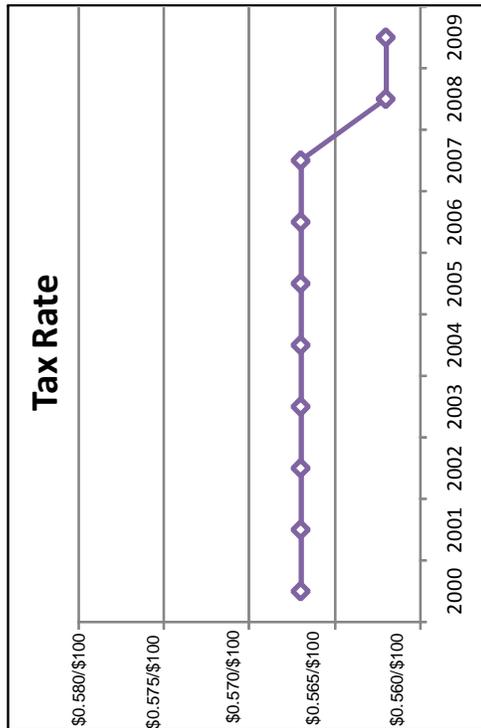
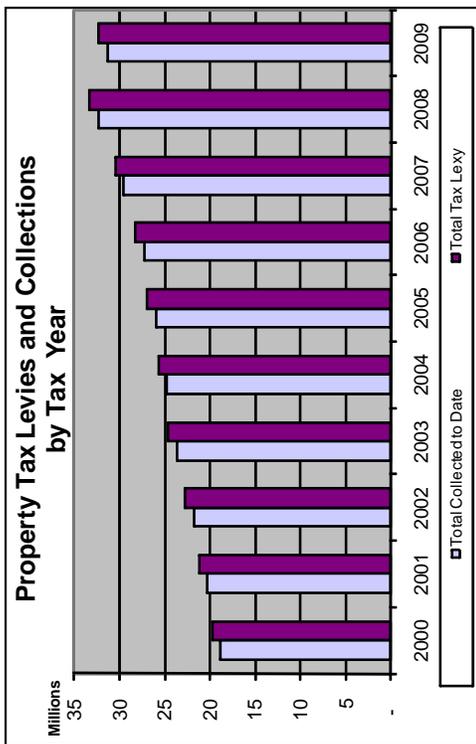
Property Taxpayer	Fiscal Year Ended September 30, 2010			Fiscal Year Ended September 30, 2001		
	2009 Tax Year		% of Taxable Assessed Value	2000 Tax Year		% of Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Valero Energy Corp	\$ 63,754,931	1	1.10%			
CenterPoint Energy, Inc	62,104,366	2	1.07%			
KIR Pasadena, LP	56,376,812	3	0.97%			
Coral Energy Resources	51,324,539	4	0.89%			
The Boeing Co.	44,891,078	5	0.77%			
Shell Oil Co.	44,212,941	6	0.76%			
GATX Terminals % Kinder	42,926,533	7	0.74%			
Wal Mart	39,943,060	8	0.69%			
Endeavour Highrise LP	35,113,793	9	0.61%			
CHCA Bayshore LP	33,370,437	10	0.58%	\$ 30,909,340	3	0.90%
Reliant Energy HL&P	-	-	-	39,441,740	1	1.15%
Tejas Gas Marketing	-	-	-	33,229,020	2	0.97%
Southwestern Bell Telephone	-	-	-	26,059,040	4	0.76%
Stevens Creek Assoc.	-	-	-	25,999,990	5	0.76%
Crown Central Petroleum	-	-	-	24,025,630	6	0.70%
General American Transport	-	-	-	23,719,870	7	0.69%
SSE Manufacturing, Inc.	-	-	-	18,049,150	8	0.52%
Village on the Lake LTD	-	-	-	17,189,190	9	0.50%
Park at Fairmont Apts LP	-	-	-	15,000,000	10	0.44%
Subtotal	\$ 474,018,490		8.18%	\$ 253,622,970		7.37%
Other Taxpayers	5,321,013,327		91.82%	3,188,875,295		92.63%
Total	\$ 5,795,031,817		100.00%	\$ 3,442,498,265		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**

Collected within the

Fiscal Year Ended September 30,	Fiscal Year of the Levy				Total Collections to Date			
	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2001	2000	\$0.5670/\$100	\$ 19,774,479	\$ 18,940,979	95.78%	\$ 761,858	\$ 19,702,837	99.64%
2002	2001	\$0.5670/\$100	21,223,469	20,271,340	95.51%	826,628	21,097,968	99.41%
2003	2002	\$0.5670/\$100	22,788,990	21,830,521	95.79%	786,686	22,617,207	99.25%
2004	2003	\$0.5670/\$100	24,592,556	23,677,426	96.28%	725,296	24,402,722	99.23%
2005	2004	\$0.5670/\$100	25,618,073	24,842,437	96.97%	573,008	25,415,445	99.21%
2006	2005	\$0.5670/\$100	26,902,243	25,952,683	96.47%	717,021	26,669,704	99.14%
2007	2006	\$0.5670/\$100	28,345,659	27,297,253	96.30%	809,699	28,106,952	99.16%
2008	2007	\$0.5670/\$100	30,424,046	29,614,437	97.34%	536,845	30,151,282	99.10%
2009	2008	\$0.5620/\$100	33,265,328	32,386,497	97.36%	410,937	32,797,434	98.59%
2010	2009	\$0.5620/\$100	32,257,000	31,296,353	97.02%	-	31,296,353	97.02%



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

<b>Fiscal Year Ended September 30,</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Governmental Activities</b>				
General Obligation Bonds	\$ 70,500,000	\$ 74,535,000	\$ 57,725,000	\$ 46,750,000
General Obligation Refunding Bonds	8,355,000	8,525,000	4,440,000	7,255,000
General Obligation and Refunding Bonds	26,700,000	28,020,000	28,165,000	28,275,000
Certificates of Obligation	5,570,000	5,840,000	5,895,000	5,950,000
Combination Tax and Revenue Certificates of Obligation	900,000	1,780,000	8,755,000	9,605,000
Other Long-Term Debt				
Volunteer Fireman Prior Service Costs Note	-	-	-	-
Tax Notes, 2000	-	-	-	-
Overpaid Sales Tax Note	-	138,700	305,140	471,581
Blended Component Unit - Pasadena Second Century Corporation				
Sales Tax Notes	-	-	-	-
Sales Tax Revenue Bonds	805,000	1,575,000	2,315,000	3,030,000
Overpaid Sales Tax Note	-	69,350	152,571	235,790
	<b>112,830,000</b>	<b>120,483,050</b>	<b>107,752,711</b>	<b>101,572,371</b>
<b>Business Activities</b>				
Waterworks and Sewer System Revenue Bonds	70,430,000	70,855,000	71,775,000	17,120,000
Waterworks and Sewer System Revenue Refunding Bonds	-	-	550,000	1,550,000
Combination Tax and Revenue Certificates of Obligation	-	-	1,280,000	2,495,000
General Obligation Refunding Bonds	15,895,000	17,430,000	17,550,000	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
	<b>96,295,000</b>	<b>98,255,000</b>	<b>101,408,970</b>	<b>49,661,912</b>
<b>Total Primary Government</b>	<b>\$ 209,125,000</b>	<b>\$ 218,738,050</b>	<b>\$ 209,161,681</b>	<b>\$ 151,234,283</b>
Percentage of Personal Income	7.15%	7.75%	7.45%	5.55%
Per Capita	\$ 1,430	\$ 1,500	\$ 1,428	\$ 1,030
(1) Population	146,265	145,789	146,523	146,769
(1) Per Capita Personal Income	\$ 19,992	\$ 19,359	\$ 19,167	\$ 18,558
(1) Personal Income (amount expressed in thousands)	\$ 2,924,130	\$ 2,822,330	\$ 2,808,455	\$ 2,723,739

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>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$	46,800,000	\$ 46,850,000	\$ 34,175,000	\$ 18,750,000	\$ 2,925,000	\$ 4,325,000
	11,422,875	35,797,875	22,807,875	26,787,875	32,977,875	37,862,875
	19,380,000	29,350,000	-	-	-	-
	-	-	-	-	-	-
	11,910,000	11,945,000	13,885,000	13,915,000	13,945,000	-
	59,233	115,185	168,038	217,965	265,127	309,677
	1,005,000	1,225,000	1,515,000	3,445,000	4,225,000	4,950,000
	638,020	-	-	-	-	-
	-	-	-	1,095,000	2,140,000	3,135,000
	3,715,000	4,375,000	-	-	-	-
	319,011	-	-	-	-	-
	<u>95,249,139</u>	<u>129,658,060</u>	<u>72,550,913</u>	<u>64,210,840</u>	<u>56,478,002</u>	<u>50,582,552</u>
	18,625,000	18,625,000	28,265,000	29,730,000	31,150,000	32,535,000
	2,565,000	3,590,000	4,630,000	5,680,000	6,740,000	7,480,000
	3,405,000	33,665,000	54,400,000	55,975,000	57,460,000	16,115,000
	17,675,000	-	-	-	-	-
	9,970,000	-	-	-	-	-
	1,419,854	1,987,795	2,555,736	2,714,418	2,210,058	1,056,817
	<u>53,659,854</u>	<u>57,867,795</u>	<u>89,850,736</u>	<u>94,099,418</u>	<u>97,560,058</u>	<u>57,186,817</u>
<b>\$</b>	<b><u>148,908,993</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>
	6.41%	7.31%	6.40%	7.03%	8.03%	5.64%
\$	1,045	\$ 1,317	\$ 1,142	\$ 1,114	\$ 1,085	\$ 760
	142,526	142,384	142,242	142,100	141,958	141,816
\$	16,301	\$ 18,008	\$ 17,830	\$ 15,856	\$ 13,519	\$ 13,479
\$	2,323,324	\$ 2,564,096	\$ 2,536,173	\$ 2,253,134	\$ 1,919,128	\$ 1,911,538

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

Fiscal Year Ended September 30,	(1) General Bonded Debt	Less: Amounts Restricted to Repaying Principal	Total	(2) Assessed Value of Property	Percentage of Assessed Value of Property	(3) Population	(3) Per Capita
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%	141,958	378
2003	62,897,875	(603,760)	62,294,115	4,042,532,660	1.54%	142,100	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%	146,523	887
2009	146,100,000	(1,631,459)	144,468,541	6,009,961,085	2.40%	145,789	991
2010	137,890,000	(2,284,607)	135,605,393	5,795,031,817	2.34%	146,265	927

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, 2010**

<u>Government Unit</u>	<u>Taxing Body (as of)</u>	<u>Outstanding Principal Debt</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>				
Harris County	8/31/2010	\$2,240,961,628	2.04%	\$ 45,715,617
Harris County Flood Control District	8/31/2010	105,482,945	2.04%	2,151,852
Port of Houston Authority	8/31/2010	544,664,397	2.04%	11,111,154
Clear Lake City Water Authority	8/31/2010	65,110,000	17.76%	11,563,536
Clear Creek Independent School District	5/31/2010	669,599,458	6.91%	46,269,323
Deer Park Independent School District	5/31/2010	161,835,000	18.81%	30,441,164
La Porte Independent School District	5/31/2010	201,665,000	5.83%	11,757,070
Pasadena Independent School District	8/31/2010	433,810,000	38.85%	168,535,185
San Jacinto College District	5/31/2010	268,105,000	18.51%	49,626,236
Harris County WC & ID #156	8/31/2010	3,760,000	44.26%	1,664,176
Harris County Dept. of Education	5/31/2010	8,160,000	2.04%	166,464
<b>Subtotal, overlapping debt</b>				<b>379,001,777</b>
<b>Add - City direct debt (2)</b>				<b>112,025,000</b>
<b>Total direct and overlapping debt</b>				<b>\$ 491,026,777</b>

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

Note: Overlapping government 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, is 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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Debt limit</b>				
Assessed value based on tax year	2009 \$5,795,031,817	2008 \$6,009,961,085	2007 \$5,425,883,459	2006 \$5,032,768,382
10% of assessed value	<b>579,503,182</b>	<b>600,996,109</b>	<b>542,588,346</b>	<b>503,276,838</b>
<b>Less: net debt applicable to limit</b>				
Debt to be repaid from ad valorem tax	112,025,000	118,700,000	104,980,000	97,835,000
Less: amount available in debt service fund	(2,284,607)	(1,631,459)	(2,607,222)	(1,495,924)
	<b>109,740,393</b>	<b>117,068,541</b>	<b>102,372,778</b>	<b>96,339,076</b>
<b>Legal Debt Margin</b>	<b>\$ 469,762,789</b>	<b>\$ 483,927,568</b>	<b>\$ 440,215,568</b>	<b>\$ 406,937,762</b>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>18.94%</b>	<b>19.48%</b>	<b>18.87%</b>	<b>19.14%</b>

Note: Under Article IX, Section 14 of the City Home Rule Charter, 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>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
2005	2004	2003	2002	2001	2000
\$4,765,069,704	\$4,528,038,820	\$4,346,638,596	\$4,042,532,660	\$3,788,723,104	\$3,442,498,265
<b>476,506,970</b>	<b>452,803,882</b>	<b>434,663,860</b>	<b>404,253,266</b>	<b>378,872,310</b>	<b>344,249,827</b>
90,517,875	125,167,875	72,382,875	62,897,875	54,072,875	47,137,875
(1,020,164)	(1,009,129)	(1,103,283)	(603,760)	(470,871)	(1,171,532)
<b>89,497,711</b>	<b>124,158,746</b>	<b>71,279,592</b>	<b>62,294,115</b>	<b>53,602,004</b>	<b>45,966,343</b>
<b>\$ 387,009,259</b>	<b>\$ 328,645,136</b>	<b>\$ 363,384,268</b>	<b>\$ 341,959,151</b>	<b>\$ 325,270,306</b>	<b>\$ 298,283,484</b>
<b>18.78%</b>	<b>27.42%</b>	<b>16.40%</b>	<b>15.41%</b>	<b>14.15%</b>	<b>13.35%</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	
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	35,255,304	21,439,741	13,815,563	2,870,000	4,660,119	1.83
2010	33,471,781	20,459,887	13,011,894	1,960,000	4,483,121	2.02

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
Gross revenues include 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>
2001	141,816	\$ 1,911,538	\$ 13,479	29.1	43,414	5.0%
2002	141,958	1,919,128	13,519	29.3	44,420	6.2%
2003	142,100	2,253,134	15,856	29.9	50,374	7.5%
2004	142,242	2,536,173	17,830	28.9	46,100	5.9%
2005	142,384	2,564,096	18,008	29.0	45,038	5.3%
2006	142,526	2,323,324	16,301	29.1	43,976	4.7%
2007	146,769 *	2,723,739	18,558	31.1	43,713	4.8%
2008	146,523	2,808,455	19,167	29.2	45,038	5.6%
2009	145,789	2,822,330	19,359	31.6	46,434	8.1%
2010	146,265	2,924,130	19,992	29.2	45,038	10.5%

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 Five Years Ago (1)**

<u>Employer</u>	<u>2010</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>
Pasadena Independent School District	5,800	1	8.50%	4,946	1	4.10%
The Boeing Company	2,300	2	3.37%	2,300	2	1.91%
LyondellBasell Industires - Channelview Com	1,800	3	2.64%	-	-	-
Bayer - Baytown	1,800	4	2.64%	-	-	-
Shell - Deer Park	1,750	5	2.57%	-	-	-
Mundy Company	1,500	6	2.20%	-	-	-
Exxon Mobil Refining - Baytown	1,350	7	1.98%	-	-	-
SGS Petroleum Service Corp.	1,150	8	1.69%	-	-	-
Silver Eagle Distributors, L.P.	1,100	9	1.61%	-	-	-
City of Pasadena	1,082	10	1.59%	1,058	5	0.88%
Lyondell-Citgo, Refining LP (2)	-	-	-	1,080	3	0.90%
San Jacinto College District	-	-	-	1,058	4	0.88%
Bayshore Medical Center	-	-	-	1,047	6	0.87%
Wal-Mart	-	-	-	850	7	0.70%
Chevron Phillips - Pasadena Plastics	-	-	-	693	8	0.57%
Celanese Chemicals - Pasadena	-	-	-	590	9	0.49%
Albemarle	-	-	-	280	10	0.23%
	<u>19,632</u>		<u>28.79%</u>	<u>13,902</u>		<u>11.53%</u>

Source: Pasadena Chamber of Commerce

(1) The requirement for statistical data is current year and nine years ago; only current and five 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,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Government</b>										
City Council	9	8	8	8	8	8	8	8	8	8
Mayor	4	4	4	4	4	3	3	3	3	3
Budget and Financial Planning	2	2	2	2	2	2	2	2	2	2
Municipal Court	31	31	33	32	31	31	33	35	33	33
City Controller	12	14	15	15	12	13	15	16	16	15
Tax	5	4	5	5	4	1	-	1	1	1
Purchasing	2	3	2	3	3	3	3	4	4	4
Legal	9	8	11	9	8	8	8	8	8	8
City Secretary	3	4	3	3	3	3	4	4	4	4
Human Resources	11	11	8	9	9	8	7	8	7	7
City Marshal	6	4	6	6	6	6	7	7	6	6
Community Relations	4	6	6	7	6	6	6	7	7	7
Pasadena Action Line	3	3	3	5	4	3	5	5	4	4
Planning	3	5	4	4	5	4	3	3	4	5
Planning/Development Administration	-	1	1	1	2	2	1	1	1	1
Neighborhood Network	-	-	2	1	1	1	1	1	1	1
Inspections	20	26	27	24	23	21	21	20	21	19
Property Management	-	-	2	2	2	1	-	-	-	1
Impound/Storage	-	-	-	-	-	-	-	-	-	6
Economic Development Liaison	-	-	-	-	-	-	-	1	1	1
<b>Public Safety</b>										
Emergency Preparedness	2	2	3	3	2	2	2	3	3	3
Fire Fighting	9	11	12	10	4	4	3	3	3	3
Fire Prevention	10	12	12	11	9	11	10	11	11	10
Police	330	324	329	329	330	327	362	340	369	358
<b>Public Works</b>										
Public Works Administration	1	3	3	3	1	2	2	3	4	3
Engineering	14	18	21	20	20	19	20	19	17	14
Sanitation	50	48	54	48	49	44	43	44	43	43
Street and Bridge	39	48	54	51	49	44	36	36	34	31
Traffic and Transportation	14	16	14	11	13	11	11	12	12	12
Environmental Services	-	-	-	-	-	-	-	5	6	4
<b>Health</b>										
Health	11	13	15	14	13	12	12	11	11	11
Animal Rescue and Assistance	9	13	16	14	14	14	15	13	17	19
<b>Culture and Recreation</b>										
Leisure Services Administration	1	2	3	2	2	2	1	-	-	-
Parks	47	50	47	42	42	42	41	33	35	37
Recreation	41	34	40	43	51	33	36	38	55	75
Clean Streets	7	8	9	11	12	12	12	17	21	21
Golf Course	7	8	10	10	9	10	10	10	16	10
Multi-Purpose Center	6	7	7	7	14	7	9	5	13	9
Civic Center	6	7	9	9	9	9	7	8	9	10
Senior Center - Madison Jobe	7	9	8	8	6	5	4	6	5	5
Library	46	53	51	50	50	46	47	47	45	49
Water and Sewer System	120	129	139	136	125	114	110	119	123	120
Maintenance	89	90	98	87	81	74	75	76	82	72
Health Insurance	-	-	-	4	-	3	1	1	1	3
Grant Management	12	16	19	17	18	18	20	20	19	21
Nonmajor Special Revenue Funds	1	4	1	2	2	2	2	3	3	3
<b>TOTAL CITY POSITIONS</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>	<b>1,082</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

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

**Fiscal Year Ended September 30,**

<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
13,768	13,197	14,142	12,853	12,552	12,119
3,827	3,812	4,139	3,549	3,635	3,376
76,132	83,967	79,708	78,789	82,153	82,576
88,770	85,492	83,599	82,603	82,949	81,633
97	120	123	136	120	170
195	273	202	251	492	267
71	91	64	146	104	102
1.57	2.84	2.65	2.29	1.13	3.75
1,132	1,135	893	1,081	1,120	1,125
2,184	1,925	2,604	2,180	2,344	2,223
133	157	169	145	138	143
762,135	710,297	812,357	324,983	241,891 (2)	424,568
18.92	18.51	17.50	17.60	19.30	17.97
6,906.26	6,754.82	6,500.00	6,800.00	7,043.30	6,871.37
11.54	10.38	14.54	12.39	11.22	13.90
4,213.41	3,786.63	5,110.09	4,500.66	4,095.21	5,084.80

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

Function / Program	Fiscal Year Ended September 30,					
	2005	2006	2007	2008	2009	2010
<b>Public Safety</b>						
Police						
Stations	2	2	2	2	2	2
Patrol units	152	145	153	167	199	181
Fire stations	10	10	10	10	10	10
<b>Public Works</b>						
Streets (miles)	534	539	520	524	526	527
Streetlights	7,027	7,092	7,426	7,504	7,493	7,548
Traffic signals	185	195	196	194	192	184
Sanitation						
Collection trucks	37	33	24	28	28	28
<b>Culture and Recreation</b>						
Parks	48	47	47	47	47	47
Parks acreage	768	819	1,084	1,084	1,084	1,084
Swimming pools	5	5	5	5	5	5
Tennis courts	15	15	15	15	15	15
Community centers	8	8	8	8	9	9
<b>Water and Sewer System</b>						
Water						
Water mains (miles)	463	465	465	481	471	473
Fire hydrants	2,150	2,190	2,150	2,154	2,203	2,247
Maximum daily capacity (millions of gallons)	27	22	26	24	25	23
Sewer						
Sanitary sewers (miles)	386	386	387	388	392	396
Storm sewers (miles)	216	217	217	217	228	231
Maximum daily treatment capacity (millions of ga	18.5	24.0	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 six fiscal years are available at this time.



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