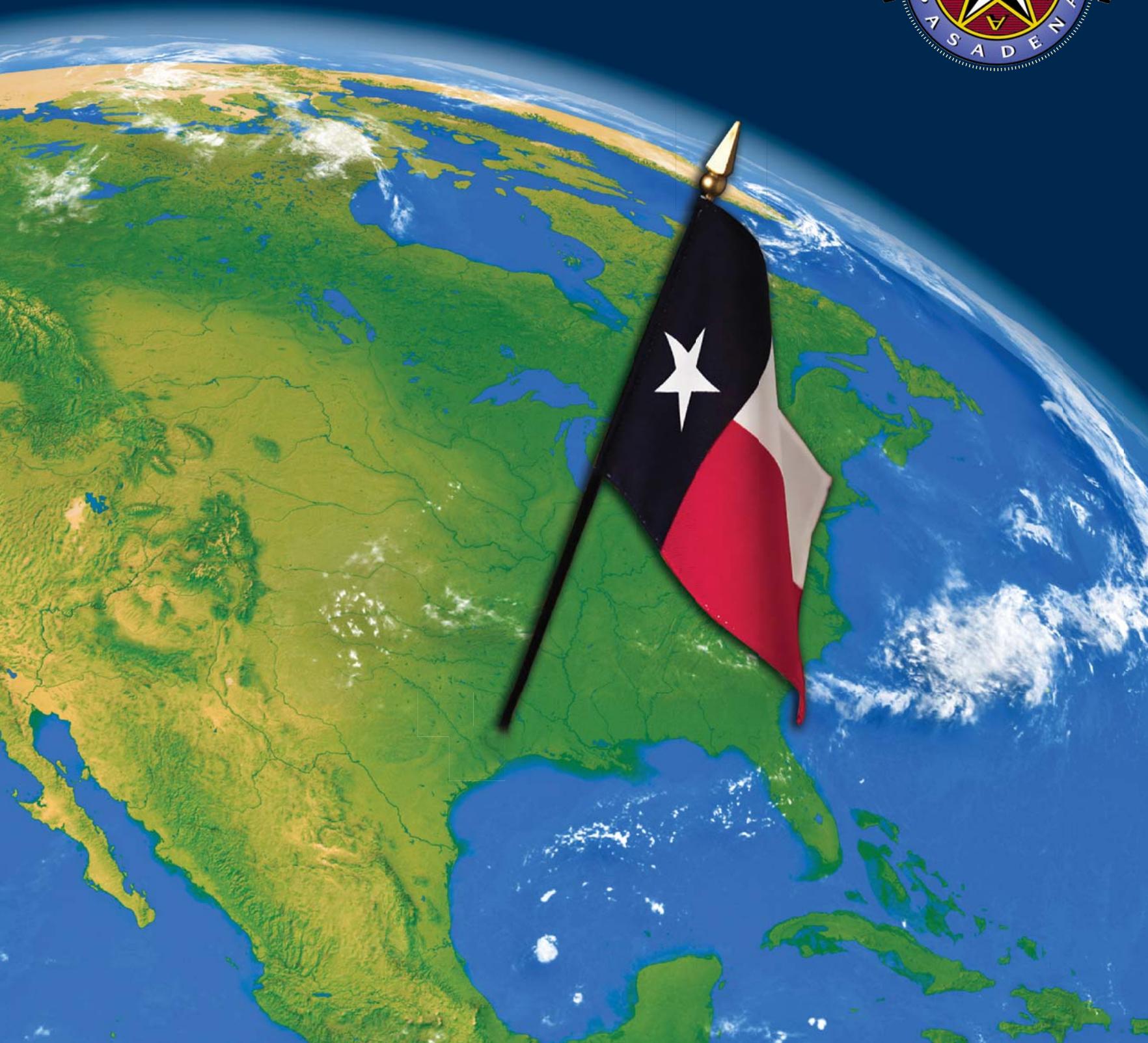


CITY OF PASADENA, TEXAS

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2013



**CITY OF PASADENA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013**

**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, 2013**

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INTRODUCTORY SECTION



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CITY OF PASADENA

OFFICE OF THE CITY CONTROLLER

March 11, 2014

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

The comprehensive annual financial report (CAFR) of the City of Pasadena, Texas, ("City") for the fiscal year ended September 30, 2013, including the independent auditors' report, is presented to comply with both Article IX of the City's Charter and applicable state statutes. These statutes require all local governments to publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with *Government Auditing Standards* (GAS) issued by the Comptroller General of the United States and the standards applicable to financial audits by a firm of licensed independent certified public accountants chosen by the Mayor and City Council members.

The CAFR is published to provide the City Council, City staff, our citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government. 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 GAAP. 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.

The City's financial statements have been audited by Belt Harris Pechacek, LLLP, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2013 are prepared according to GAAP and audited in accordance with GAS. Belt Harris Pechacek, LLLP issued an unmodified (clean) opinion on the City of Pasadena, Texas' financial statements for the fiscal year ended September 30, 2013. The independent auditors' report is presented as the first component of the financial section of this report.

The City is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The independent auditors have performed a single audit and issued auditors' reports on the City's federal awards for the fiscal year ended September 30, 2013 and the City's Single Audit Report is separately available.

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 19-29.

Profile of the Government

The City of Pasadena is the seventeenth 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 2013 population is estimated at 152,272 with the 2010 census population at 146,265. It was first settled in 1893 and was incorporated on 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. The Mayor is elected by voters of the entire City and serves four-year terms with a limit of two consecutive terms. In 2013, the citizens of Pasadena voted for four charter changes and they are; (1) that there will now be six single member districts and two at large Council members and these two will be elected citywide, (2) to have only two council meetings a month, (3) to allow the Mayor Pro-tem to be elected anytime there is a vacancy in the office, and (4) requires that each candidate show proof of living in a district for at least one year before running for office.

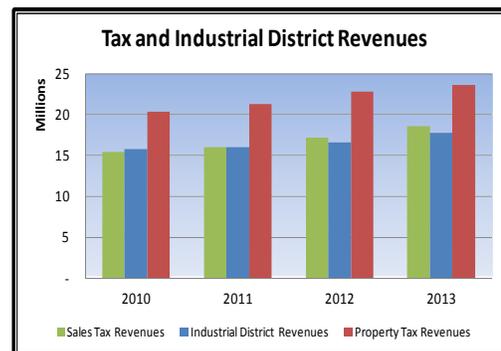


The City of Pasadena provides a full range of municipal services including: police and fire protection, traffic and municipal courts, sanitation services, construction and maintenance of streets and related infrastructure, water and sewer systems, recreational activities, (i.e. parks, swimming pools, 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 27th. 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 60 in the notes to financial statements.

Local Economy

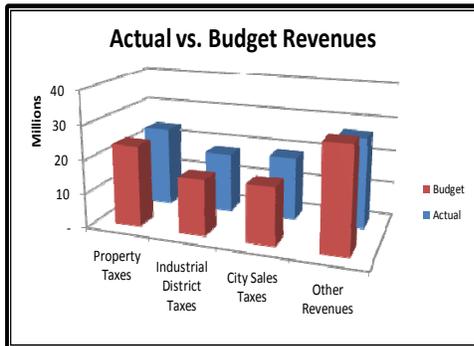
The City of Pasadena is a rich industrial area and its leaders have taken a combination of abundant natural resources, an advantageous location and a determination to succeed and have built a community of strong families and successful businesses. The metropolitan area offers various opportunities to 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 stabilizes the swings of the nation's economy. The City also has strong connections to other industries such as petrochemicals and construction materials. Pasadena borders the Houston Ship Channel and benefits from its proximity which is a huge employment generator in the area. The Port has ranked first among all U.S. seaports in foreign waterborne tonnage for the last 17 consecutive years, first in U.S. imports, first in U.S. export tonnage, and second in the U.S. in total tonnage. Additionally, the operation of the Bayport cruise terminal is hosting Princess Cruises' Emerald Princess with 26 planned departures. Norwegian Cruise Lines has begun offering seven-day Western Caribbean cruises for fall of 2014 on its 2,374-passenger Norwegian Jewel. This will bring an estimated 250,000 travelers through the Pasadena area.



The Houston metropolitan area is experiencing an economic upswing following the recession. This is proven by the migration data of the Houston area by 150 people coming to the area daily. This influx contributes to the demand for housing and retail goods and services. According to the State Comptroller's Office, sales tax collections for December 2013 increased 3.9 percent from collections in December 2012, but the City had an 8.3 percent increase. Property taxes also increased due to property values increasing through the year. The City's property tax rate remained the same in fiscal year 2013 at 0.591593, although there is a change in the allocation ratio between operations and debt service. Less of the property tax collections will be used to supplement debt service indicating that the City's debt is decreasing. The City's industrial district fees increased 7.3 percent from \$16,549,164 in 2012 to \$17,755,534 in 2013. The City is attracting new industry but new construction is slowing causing inventories of supplies to be down and many companies received exemptions for 2013.

A significant indicator that impacts the economic condition is the employment and unemployment statistics. In December 2012, the City's unemployment rate was 6.8 percent. In December 2013, the Bureau of Labor Statistics reported a preliminary local unemployment rate at 6.7 percent, with the 2013 National average rate at 7.4 percent while Texas' unemployment rate decreased for the previous five consecutive months ending December 2013 at 6.0 percent. People move to where the jobs are and the Pasadena area's growth is proof.

The energy landscape is changing radically and oil exports from America continue to rise as our country gains energy independence. The oil and natural gas industry, which is the metropolitan area's growth advantage, consists of about 5,000 companies with combined annual revenue of approximately \$290 billion. Crude prices have averaged about \$95 per barrel. Currently, prices are fluctuating at \$95 to \$110 per barrel, but analysts are predicting that lower demand and higher supplies will weigh down the price of crude oil in 2014. The International Energy Agency recently raised its 2014 oil demand forecast as it sees U.S. consumption rebounding in 2014. Bottom line, increasing supply should keep oil prices from spiking in 2014 while demand should be high enough to keep crude oil prices steady. This is good news for global oil giants as \$100 per barrel oil is very profitable and encouraging them to invest tens of billions of dollars to open up new sources of oil and gas around the world. Natural gas prices, on the other hand, have surged to their highest levels in over four years due to the frigid weather this winter. Consumption of high volumes of natural gas to heat homes and businesses, storage levels are 22.5% below where they were a year ago and 16.6% below the five-year average. In fact, consumption has been so high that, since 2005, the five highest days of natural gas consumption all occurred in January 2014. The number of heating-degree days, a measure of gas demand, rises when temperatures are colder and, according to the U.S. Energy Information Administration, about half of all U.S. households use natural gas as their primary heating fuel.



The City's sales tax revenues, in the general fund only, for fiscal year 2013 increased 8.33 percent from \$17,192,897 in 2012 to \$18,625,390 in 2013, which creates a positive outlook that the local economy is improving. As seen in the chart to the left, most revenues came in above budgeted amounts. The City's property tax collection is anticipated to increase approximately 3.2 percent over the near term due to the increase in population and jobs in the Pasadena area.

Housing and real estate sales are another indicator of our local economic conditions and home sales are slowing slightly but home prices are remaining steady and are forecast to rise at a modest rate. The median price for housing in Pasadena rose from ending 2012 at around \$80,000 to remaining fairly steady in 2013 around \$100,000 and home sales have increased slightly. Pricing are leveling and foreclosures are down which are good signs of a steady economy.

The trend of employees continuing to migrate closer to workplaces makes renting an attractive option. Occupancy rates are turning up from early 2012 and are forecast to continue through 2013. Rents and occupancy rates in both residential and commercial properties are following the housing market and increasing with signs of continuing its increase early in the 2014 estimates. Though office vacancy rates have quit declining, technology has continued to affect office size. Many have shrinking office space needs, for example, law firms and other paper-heavy companies are shifting to electronic files.

The City is continuing to grow by attracting new industry and development, and continues to pose itself to increase attractiveness as a destination of choice for new businesses along with several existing company expansions planned. Companies have relocated to Pasadena due to location and services provided choosing our community in part on benefits from prompt accessibility of location to international shipments, as well as to gas companies on the Gulf Coast. Retailers and restaurants are also moving into the Pasadena area which will lead to increased sales tax revenues.

Long-term Financial Planning

The City's long-term plans are investing in infrastructure and 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 unit 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 costs 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 51).



PSCC was developed for Economic Development and funds many of the City's capital improvement projects. They have formed a new committee to move forward with the North Pasadena Redevelopment project, the Munger Street Museum, and approved a façade program for "Old Pasadena". Several projects funded by PSCC are in various stages of completion including the \$4.9 million Convention Center improvement project. This is a project to

create a commercial, retail, and restaurant development to attract more events to Pasadena by providing nearby lodging and creating amenities for entertainment to patrons. In light of this project, PSCC purchased a revolving stage for the rodeo arena to entice bigger names for entertainment. PSCC also finalized an Extra Territorial Jurisdiction Agreement exchange with the City of La Porte for property next to the Convention Center. PSCC has funded an employee training program through San Jacinto College for companies like Oxitena and Nestle. It also has granted financial incentives to industries such as Flow Serve and Industrial Plant Services to relocate to Pasadena.

Health insurance claims increased by 36.4 percent but the amount provided by the City on the flexible spending account to each employee increased from \$250 in 2013 to \$500 in 2014 to be used for co-pays and prescription drugs. The City is self insured but contracts with Allegiance Benefit Plan Management, Inc. as the administrator of health insurance. Employees will again 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 with the hope of long-term reduction of health costs through preventive care.



The City provides healthcare benefits to retirees requiring 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). GASB allows an employer to use a report for two (2) years and the City takes advantage of this provision to save money on actuarial fees. The City had its third OPEB actuarial valuation performed as required by GASB. The City's annual OPEB cost as of the end of fiscal year 2013 is \$5,605,717, with the total actuarial accrued liability of \$63,104,143 as of December 31, 2011 down from the last actuarial due to the long-term financial planning to reduce the liability.

Relevant Financial Policies

The City maintains a stable financial profile with no additional debt plans and amortization of its tax-supported debt is very rapid with just over 80% of principal retired in 10 years. The City's management follows sound financial operations such as conservative budgeting practices, balancing the fiscal year 2014 budget without the use of reserves (except for the appropriations for capital projects) and still adhering to a two-month reserve policy, as well as timely adjustments to revenue shortfalls. City policies have built character in this and provided guidance to continue on community improvements to attract industry, retail, and residents. Sound financial operations are evident in management's adherence to conservative practices and reserve policy. Reserves have increased through fiscal year 2013 due to revenue gains and the implementation of cost-saving measures.

Major Initiatives

Pasadena endeavors to improve its City, especially in the North Pasadena areas. Programs through CDBG (Community Development Block Grants), HOME (Home Investment Partnership) and ESG (Emergency Solutions Grants) which are funded by Housing and Urban Development (HUD), are assisting the City in a joint effort in providing financial support, technical assistance and coordination to non-profit organizations and partners with the private sector to increase the number of accessible and affordable housing units and public service opportunities to qualified residents of the City of Pasadena. The use of CDBG and HOME funding is targeted to public facility and infrastructure improvements, code enforcement, public services, and home purchase and repair programs. The ESG funding is primarily directed to non-profit providers of services and shelter for homeless individuals and families.

These grants are the ultimate funding source for the programs and services provided by Community Development. The five year Consolidated Plan objectives for the City are:

- Developing and maintaining an adequate supply of safe, sanitary and decent housing that is affordable and accessible to residents with a range of income levels and household needs.
- Expanding sustainable homeownership opportunities for low- to moderate-income families.
- Reducing chronic and family homelessness by providing supportive services through local shelters.
- Ensuring full and fair access to housing for all residents.
- Reducing slum and blight in residential, commercial and industrial areas of the City by utilization of Code Enforcement.
- Meeting urgent needs of the community as critical situations arise.

Currently, the City has six homes in the process of being demolished and reconstructed and one home for rehabilitation only. Five more are waiting to be reviewed and processed for the upcoming grant funds.

A home (right) that qualified for reconstruction under the HOME grant program shows how inadequate some of the homes are. While on the next page, a completed reconstruction shows how the programs are improving the conditions of citizens' housing problems and helps in improving the City's "curb appeal"





Households, particularly extremely low income households, need a wide variety of assistance to help them meet emergency needs that occasionally arise. This assistance could include job training to help them transition into better paying professions, mortgage/rental assistance, medical clinics that provide low or no-cost care, rent subsidies and other services that can help absorb the costs that might redirect funds dedicated to housing. Income and housing problems are closely intertwined and with the City's large minority population making up a disproportionate amount of extremely low and low income persons, they also experience a disproportionate amount of housing problems.

The City of Pasadena is committed to reducing poverty and its causes. The Pasadena Housing Agency's economic and family self-sufficiency programs combine Section 8 rental assistance with job training, education and other supportive services. The City of Pasadena has no public housing but administers the Housing Choice Voucher Program, which provides affordable housing for approximately 1,000 families.

Community Development Block Grant Disaster Recovery (CDBG-DR) is funded by the Consolidated Security, Disaster Assistance, and Continuing Appropriation Act (Public Law 110-329) enacted on September 30, 2008, to facilitate disaster recovery, restoration, economic revitalization, and affirmatively further fair housing, in accordance with Executive Order 12892, in areas affected by Hurricane Dolly and Ike, which are Presidentially-declared major disaster areas under Title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

The U.S. Department of Housing and Urban Development (HUD), with the lead state managing agency, Texas General Land Office, has distributed disaster recovery grants in three main phases. The City of Pasadena has been granted a total of \$34,821,231, which consisted of Round (1) \$15,518,429, Round (2.1) \$4,710,307 and Round (2.2) \$14,592,495. All grant funds are utilized for City drainage, water and sewer system capital improvement projects.

Round (1) commenced on December 1, 2009 and consists of 15 capital improvement projects. These activities benefit 459,825 persons, of which 238,412, or 52%, are of low to moderate income. To date, 13 projects are completed in the amount of \$12,882,246 with two remaining projects in the amount of \$2,636,183 to be completed by December 31, 2014.

Round (2.1) commenced on October 17, 2011 and consists of 8 capital improvement projects. These activities benefit 160,673 persons, of which 85,060, or 53%, are of low to moderate income. The City has concluded two drainage study projects and the other six projects are in various phases of construction. All Round (2.1) projects are anticipated to be completed by December 31, 2015.

Round (2.2) commenced on June 13, 2012 and consists of 14 capital improvement projects. These activities benefit 434,197 persons, of which 232,628, or 54%, are of low to moderate income. All the projects are in various phases of engineering design and environmental review and are anticipated to be completed by December 31, 2015.

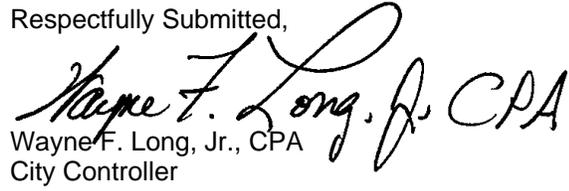
Awards and Acknowledgements

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, 2012. This was the nineteenth 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,

A handwritten signature in black ink that reads "Wayne F. Long, Jr., CPA". The signature is written in a cursive style with a large, looping initial "W".

Wayne F. Long, Jr., CPA
City Controller

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

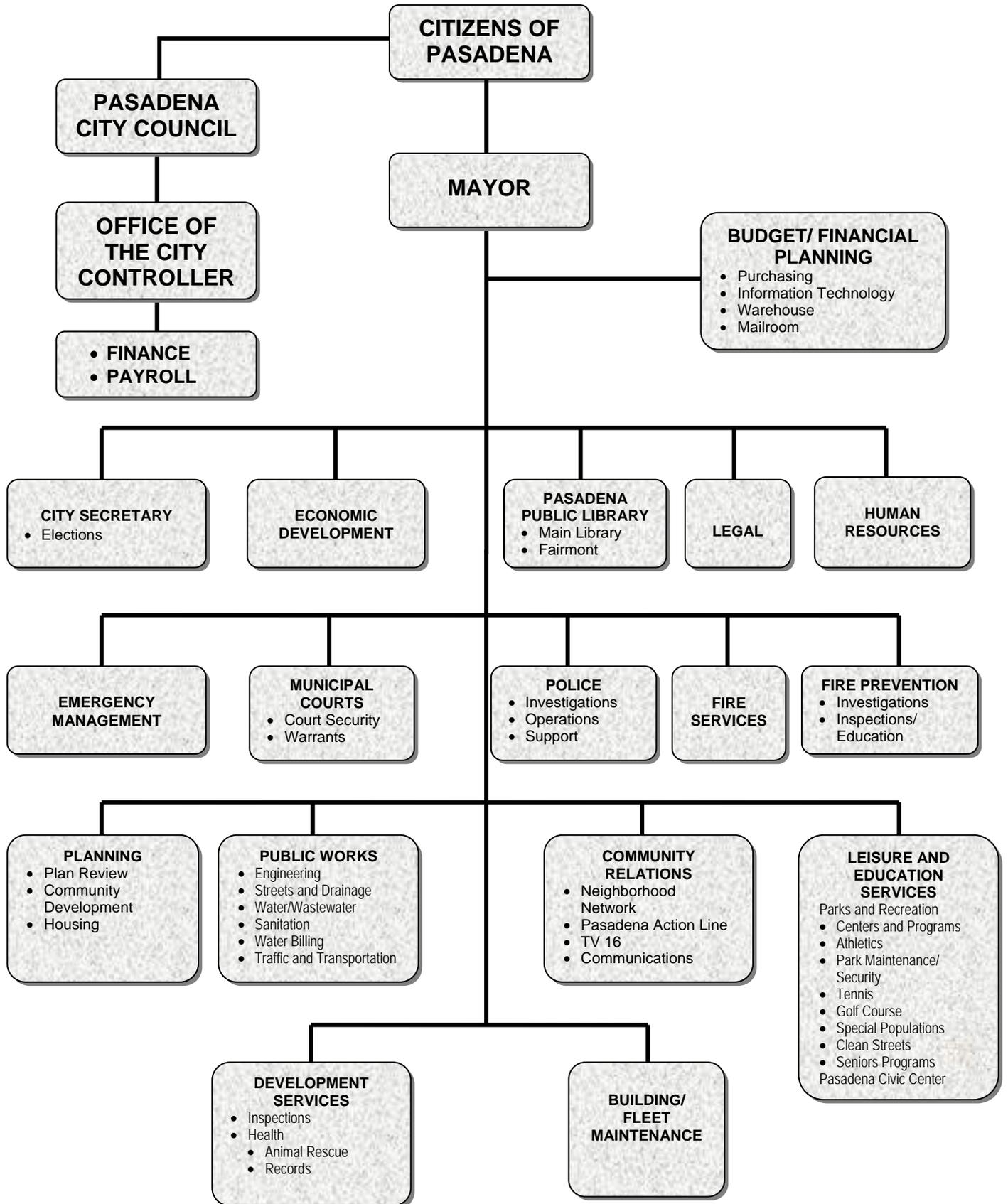
**City of Pasadena
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

CITY OF PASADENA, TEXAS ORGANIZATION CHART



**CITY OF PASADENA, TEXAS
PRINCIPAL OFFICIALS**

MAYOR

JOHNNY ISBELL

BUDGET & FINANCIAL PLANNING

ANDY HELMS

CITY COUNCIL

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

ORNALDO YBARRA
BRUCE LEAMON
DON HARRISON
PAT VAN HOUTE
CODY RAY WHEELER
PHIL CAYTEN (MAYOR PRO-TEM)
STEVE COTE
DARRELL MORRISON

CITY CONTROLLER

WAYNE F. LONG, JR., CPA

CITY SECRETARY

LINDA RORICK

CITY ATTORNEY

LEE CLARK

DIRECTOR OF PERSONNEL

RANDY PERRY

DIRECTOR OF PUBLIC WORKS

ROBIN GREEN

CHIEF OF POLICE

MICHAEL THALER

FIRE CHIEF

LANNY ARMSTRONG

FIRE MARSHALL

DAVID BRANNON

DIRECTOR OF COMMUNITY RELATIONS

RICHARD SCOTT

DIRECTOR OF PLANNING

MELVIN EMBRY
Retired January 3, 2014

DIRECTOR OF HEALTH

KATHY PEREZ-ASHTON

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:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Stephanie E. Harris, CPA
Nathan Krupke, CPA

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Governmental
Audit Quality Center

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof 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 for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 11, 2014

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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, 2013. This discussion and analysis includes comparative data for fiscal year 2012. 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, 2013 are as follows:

Government-Wide Financial Statements

The City's assets exceeded its liabilities by \$751,798,305 (net position), showing an increase of \$18,864,851 (2.6%) compared to the prior fiscal year of \$732,933,454. Total net position of the City is comprised of the following:

Net investment in capital assets of \$646,905,382 (86%) includes 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 position of \$49,245,116 (6.6%) is restricted by constraints imposed from outside the City such as debt covenants, laws, and regulations.

Net position of \$55,647,807 (7.4%) represents 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 \$109,020,356. This compares to the prior fiscal year combined fund balances of \$98,498,328, showing an increase of \$10,522,028 (10.7%). Approximately 43.8% of the fund balances, \$47,741,413, is available for spending at the City's discretion (unassigned); 54% of the fund balance, \$58,940,029 is restricted for general government, public safety, public works, culture and recreation, housing and community development, capital improvements and debt service, assigned for purchases on order is \$605,417 (.6%), and the balance of \$1,733,497 (1.6%) is committed for general government special purposes.

At the end of fiscal year, the general fund had a total fund balance of \$50,080,327. The unassigned portion of the fund balance was \$47,741,413 or 60.2% of total general fund expenditures of \$79,339,739. The assigned portion of the fund balance was \$605,417. The committed portion of the fund balance was \$1,733,497. The City has a policy which requires the unassigned portion of the fund balance to be the equivalent of two months of regular general fund operating expenditures. At the end of September 30, 2013, the unassigned fund balance exceeded this required balance by \$34,518,123.

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 Position. This statements shows the City of Pasadena's total assets and liabilities with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The second government-wide statement is the Statement of Activities, which reports how the City's net position 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 31-33 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 inflows and outflows 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 34-43 of this report.

Proprietary funds. The City has two types of proprietary funds: an 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 government-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 44-49 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 51-82.

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 83-109.

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. The City's assets exceeded liabilities by \$751,798,305 at fiscal year ended September 30, 2013.

CITY OF PASADENA, TEXAS Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 145,324,023	\$ 132,791,340	\$ 43,950,983	\$ 43,193,037	\$ 189,275,006	\$ 175,984,377
Capital assets	563,444,883	562,622,901	249,210,876	248,890,171	812,655,759	811,513,072
Total assets	708,768,906	695,414,241	293,161,859	292,083,208	1,001,930,765	987,497,449
Long-term liabilities, outstanding	139,802,614	144,483,887	91,061,220	94,787,873	230,863,834	239,271,760
Other liabilities	14,104,911	9,956,761	5,163,715	5,335,474	19,268,626	15,292,235
Total liabilities	153,907,525	154,440,648	96,224,935	100,123,347	250,132,460	254,563,995
Net position:						
Net investment in capital assets	483,252,803	478,211,050	163,652,579	160,991,697	646,905,382	639,202,747
Restricted	46,905,633	40,271,155	2,339,483	2,241,698	49,245,116	42,512,853
Unrestricted	24,702,945	22,491,388	30,944,862	28,726,466	55,647,807	51,217,854
Total net position	\$ 554,861,381	\$ 540,973,593	\$ 196,936,924	\$ 191,959,861	\$ 751,798,305	\$ 732,933,454

By far the largest portion of the City's net position, \$646,905,382 (86%), reflects its net 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 position increased by \$7,702,635 (1.2%) compared to prior fiscal year of \$639,202,747. The increase was due in part to the reduction in noncurrent liabilities related to the principal payments to the bonds payable excluding other long-term debt in the amount of \$11,395,000, with \$7,565,000 for the governmental and \$3,830,000 for the business-type activities.

The second largest portion of the City's net position, \$49,245,116 (6.6%), represents resources that are subject to external restrictions on how they may be used. This compared to the prior fiscal year of \$42,512,853, showing an increase of \$6,732,263 (15.8%) due primarily because the blended component unit, Pasadena Second Century Corporation restricted investments for capital projects increased by \$6,445,265 over last year. The amount of sales tax revenue increased slightly but the amount of projects paid for during the year decreased due to management's focus on grant capital projects causing an increase in restricted investments.

The third and final portion of the City's net position, \$55,647,807 (7.4%) represents unrestricted resources that can be used to meet the City's ongoing obligations to citizens and creditors. This portion of net position increased by \$4,429,953 (8.6%) compared to the prior fiscal year of \$51,217,854. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

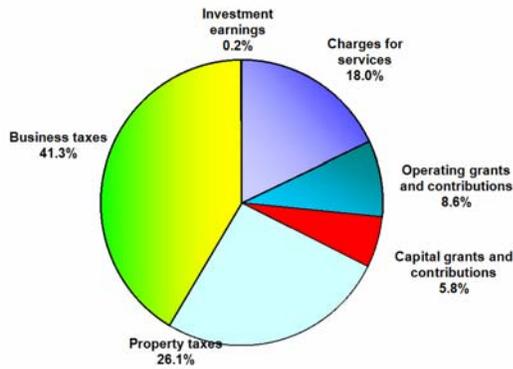
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position.

CITY OF PASADENA, TEXAS
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 21,962,046	\$ 21,442,179	\$ 37,235,536	\$ 36,790,596	\$ 59,197,582	\$ 58,232,775
Operating grants and contributions	11,579,631	12,370,427	-	-	11,579,631	12,370,427
Capital grants and contributions	7,769,209	12,799,735	147,596	212,675	7,916,805	13,012,410
General revenues						
Property taxes	35,501,359	34,997,328	-	-	35,501,359	34,997,328
Business taxes	54,418,876	51,267,368	-	-	54,418,876	51,267,368
Other taxes/fees	716,284	671,036	-	-	716,284	671,036
Investment earnings	155,368	182,177	27,699	35,172	183,067	217,349
Gain on sale of capital assets	63,864	-	-	-	63,864	-
Total Revenues	<u>132,166,637</u>	<u>133,730,250</u>	<u>37,410,831</u>	<u>37,038,443</u>	<u>169,577,468</u>	<u>170,768,693</u>
Expenses:						
General government	17,825,589	15,344,585	-	-	17,825,589	15,344,585
Public safety	48,354,722	44,094,055	-	-	48,354,722	44,094,055
Public works	21,579,683	19,734,083	-	-	21,579,683	19,734,083
Health	3,493,148	3,385,069	-	-	3,493,148	3,385,069
Culture and recreation	15,492,340	13,999,948	-	-	15,492,340	13,999,948
Housing and community development	9,324,100	9,976,482	-	-	9,324,100	9,976,482
Interest on long-term debt	3,877,613	4,123,021	-	-	3,877,613	4,123,021
Water and sewer	-	-	30,765,422	29,019,663	30,765,422	29,019,663
Total Expenses	<u>119,947,195</u>	<u>110,657,243</u>	<u>30,765,422</u>	<u>29,019,663</u>	<u>150,712,617</u>	<u>139,676,906</u>
Increase in net position before transfers	12,219,442	23,073,007	6,645,409	8,018,780	18,864,851	31,091,787
Transfers	1,668,346	(4,729,704)	(1,668,346)	4,729,704	-	-
Increase in net position	13,887,788	18,343,303	4,977,063	12,748,484	18,864,851	31,091,787
Net position - beginning	540,973,593	522,630,290	191,959,861	179,211,377	732,933,454	701,841,667
Net position - ending	<u>\$ 554,861,381</u>	<u>\$ 540,973,593</u>	<u>\$ 196,936,924</u>	<u>\$ 191,959,861</u>	<u>\$ 751,798,305</u>	<u>\$ 732,933,454</u>

Governmental Activities.

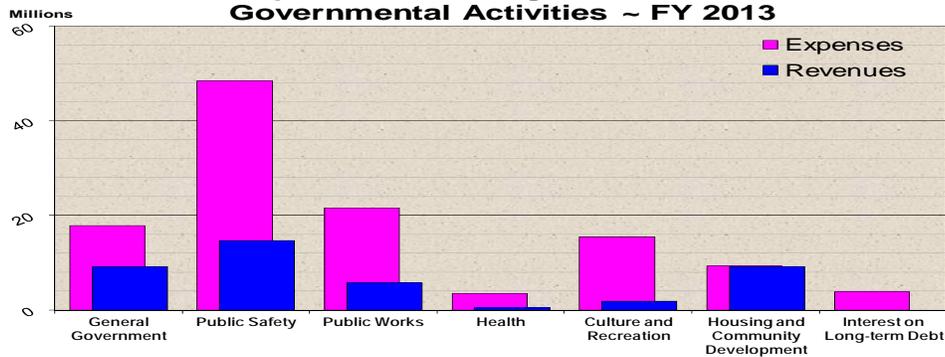
**Revenues by Source
Governmental Activities ~ FY 2013**



Governmental activities increased the City's net position by \$13,887,788 (2.6%). This was impacted by the current economic conditions. The City has seen overall revenues decrease by (\$1,563,613) (1.2%) excluding transfers. Public works capital grants and contributions decreased by (\$5,844,179) due to the Disaster Recovery Texas Community Development Block Grant program where the City has been granted all most \$15,518,429 under Round I and 57% had been completed in the prior year. Sales tax revenue is on the upswing with an increase of \$2,148,740 (8.3%) over last year, showing the economy is improving in our local area. General property tax collections increased by \$504,031 (1.4%) which is a good indication of the improving economy. Expenses increased by \$9,289,952 (8.4%) with every function/program increasing except Housing and

Community Development and interest on long-term debt which decreased by \$652,382 (6.5%) and \$245,408 (6%), respectively. This is due in part to the reduction of salary expense in the Community Development department because of several vacant positions and the structure of long-term debt interest payments, respectively. The general government function expenses increased \$2,481,004 (16.2%) over last year with a payment of \$1,223,378 under the General Fund (contractual services) to pay for attorney fees in the settlement of insurance damage the City incurred during Hurricane Ike. Health insurance costs in the general governmental function increased 136% or \$853,958 due to the increase of insurance claims. The City has experienced a large increase due to increase health care claim costs. The public safety expenses increased from \$44,094,055 to \$48,354,722, again, the health costs increasing \$1,513,085 (124%). Every function increased due to the fact that health costs, specifically claims, increased overall by an average of 130%.

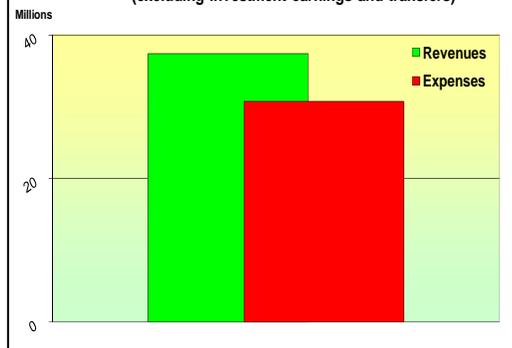
**Expenses and Program Revenues
Governmental Activities ~ FY 2013**



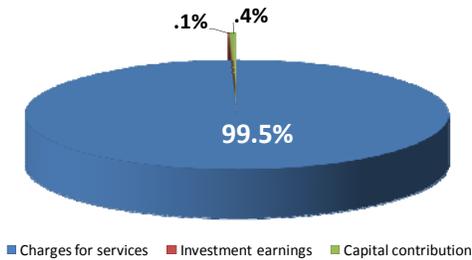
Business-type Activities. Business-type activities increased the City's net position by \$4,977,063. The key elements of this increase include:

The business-type activities had seen an increase in expenses of \$1,745,759 (6%). Personnel services increased from \$6,932,746 to \$7,366,607 (6.3%). Last year, personnel services were 29% of total operating expenses and currently they are the same at 29%. The City's capital contribution from the grant management fund and Pasadena Second Century Corporation (PSCC) capital projects fund was \$2,250,977 with \$147,595 coming from outside the City. Capital assets purchased through the Disaster Recovery Texas Community Development Block

**Expenses and Program Revenues
Business-type Activities ~ FY 2013
(excluding investment earnings and transfers)**



Revenues by Source
Business-type Activities ~ FY 2013



Grant program (TXCDBG) and PSCC capital projects fund were capitalized in the water and sewer funds totaling \$2,103,382. The projects included Tulip Waterwell, Vista Trunk Sewer Phase III, CDBG Waterline, Guthrie Storage Tank, waterline improvements, lift station rehab and Rickey Truckline.

Revenue including interest earnings had an increase of \$372,388. The capital grants and contribution from TXCDBG decreased \$65,079 and charges for sales and services increased by \$444,940 (1.2%) compared to last fiscal year.

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, unassigned (*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 \$109,020,356; approximately 43.8% of this amount or \$47,741,413 represents unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted, assigned, or committed for to show that it is not available for other spending:

1. restricted for grants and special purposes with external constraints through laws or regulation (\$8,250,282 or 7.6%)
2. restricted to pay debt service (\$5,219,579 or 4.8%)
3. restricted to pay for certain capital improvements (\$45,470,168 or 41.7%)
4. assigned to pay purchases on order (\$605,417 or .6%)
5. committed to technological improvements and recall, election, and charter revision (\$1,733,497 or 1.6%)

The general fund is the principal operating fund of the City of Pasadena. As of September 30, 2013, the general fund reported fund balance of \$50,080,327. This compared to the prior fiscal year of \$42,735,205, showing an increase of \$7,345,122 (17.2%).

The unassigned portion of the general fund balance was \$47,741,413. 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 excluding transfers out of \$79,339,739 or 60.2%.

The City is emerging from the recession with general property tax collection increasing by 3.5%, Industrial district fees increasing by 7.3% and the major indication being sales tax collection increasing by 8.3% over last year. Expenditures including transfers out increased by \$7,178,020 or 9.4%. The City purchased items that were put on hold during the past several years until the economy improved.

The debt service fund has a total fund balance of \$5,219,579, all of which is restricted for the payment of debt service. The increase in fund balance of \$1,122,353 or 27.4% compared to prior fiscal year of \$4,097,226 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 \$36,735,050, all of which is restricted for economic development capital projects. The increase in fund balance of \$6,445,265 or 21.3% compared to prior fiscal year of \$30,289,785 was attributed to a slight upturn in the economy, a

slight increase in sales tax collections and a large decrease in capital project expenditures due to management's focus on a grant capital project with TXCDBG.

The capital projects fund has a total fund balance of \$8,735,118, all of which is restricted for capital improvement projects. The decrease in fund balance amounted to \$4,028,330 or 31.6% compared to prior fiscal year of \$12,763,448. This downward trend will continue as the City has completed the issuance of the entire 2002 voters' authorization \$102,000,000 in Public Improvement Bonds. The capital outlay expenditures in the amount of \$5,934,750 had increased by \$1,952,466 or 49% compared to the prior fiscal year with the majority of expenditures concentrated on public works projects totaling \$3,407,929.

The grant management fund has a total fund balance of \$3,604,493, all of which is restricted for specific grant purposes. The decrease in fund balance of \$626,250 or 14.8% compared to the prior fiscal year in the amount of \$4,230,743. The decrease was primarily due to City spending fund balance in the amount of \$203,683 in the federal equitable sharing of forfeited property justice grant and paying for public safety overtime costs. The City's Housing Department used \$474,889 of the fund balance due to decreased HUD Section 8 Housing Choice Voucher funding in administrative and Housing Assistance Payments. It is HUD's intention to have the Housing department use their fund balance to absorb the shortages.

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 \$101,910,730, including transfers out, was \$2,304,463 (2.3%) more than the original budget of \$99,606,267.

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

- \$1,189,289 decrease for General Government - included a decrease of \$1,522,918 in other charges, mainly a reduction measure by decreasing the capital outlay budget.
- \$934,921 increase for Public Safety - included increased costs in various police salary accounts due to the unexpected overtime costs.
- \$653,466 increase for Public Works - included two components: (1) an increase in the cost of street and bridge in the amount of \$281,576 mostly in capital outlay, and (2) an increase in engineering contractual service in the amount of \$259,890.
- \$31,296 increase in Health - included an increase in capital outlay of \$21,296 in health services increasing in material and supplies.
- \$387,065 increase in Culture and Recreation – increases anticipated in parks capital outlay which never materialized.

Even with the above mentioned amendments, total actual expenditures, including transfers out totaling \$83,721,090, were \$18,189,640 (17.8%) below the final budget. General Government had the largest variance of \$12,079,631, specifically in other charges Council had budgeted \$12.5 million in appropriations for street and building improvements but only a small amount was transferred elsewhere and/or spent with the remaining lapses.

Actual revenues, including the transfers in, totaled \$91,066,212, which was over the final budgeted amount of \$87,481,520 by \$3,584,692 (4.1%). The largest favorable variances were on business taxes/sales taxes in the amount of \$2,125,390 and industrial district fees in the amount of \$1,625,534. This occurred because of the economic turn-around.

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, 2013 amounted to \$812,655,759 (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 \$1,142,687 (0.14%) compared to prior fiscal year of \$811,513,072, a \$821,982 (.15%) increase for governmental activities and a \$320,705 (.13%) increase for business-type activities.

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

- Began 2013 Annual Storm Sewer Drainage (D013) - \$350,745 construction costs in progress at the end of the fiscal year.
- Began Vista Drainage: BW8 – Space Center (D023) - \$46,550 design/engineering in progress at the end of the fiscal year.
- Continued with Pond/Pump Red Bluff Terrace (D040) - \$123,483 with \$207,083 design/engineering in progress at the end of the fiscal year.
- Continued with Cotton Patch Detention Pond/Pump Station (D050) - \$101,681 with \$110,581 design/engineering in progress at the end of the fiscal year.
- Continued with Martha Ditch Concrete Lining (D052) - \$46,186 with \$63,722 design/engineering in progress at the end of the fiscal year.
- Continued with Drainage Study (D053) - \$152,597 with \$155,489 design/engineering in progress at the end of the fiscal year.
- Began and completed Arena Improvement Project (M011) - \$379,999 construction and engineering costs
- Began South Street Soccer Field (R016) - \$933,313 engineering and construction costs in progress at the end of the fiscal year.
- Began Prospective Park Complex (R017) - \$97,400 environmental review in progress at the end of the fiscal year.
- Began Strawberry Park Swimming Pool Renovation (R022) - \$65,588 design/engineering in progress at the end of the fiscal year.
- Began Finrock St: Harris to Southmore (S031) - \$47,186 design/engineering in progress at the end of the fiscal year.
- Began Bearle St: SH225 to Thomas (S032) - \$89,999 design/engineering in progress at the end of the fiscal year.
- Continued with Shaw II/Winona Lift Station (S034) - \$134,050 with \$571,183 design/engineering in progress at the end of the fiscal year.
- Continued with Burke Phase III: Red Bluff/Southmore (S038) - \$365,427 with \$786,399 construction in progress at the end of the fiscal year.
- Continued with Main: SH225-Southmore (S051) - \$480,034 with \$7,015,487 construction in progress at the end of the fiscal year.
- Began 2013 Annual Pavement Replacement (S072) - \$773,840 construction in progress at the end of the fiscal year.
- Continued with Main: SH225-Southmore (S051) - \$480,034 with \$7,015,487 construction in progress at the end of the fiscal year.

- Continued with Chase Bldg & Land (Z004) - \$424,221 with \$1,028,379 construction in progress at the end of the fiscal year.
- Began SEWPP Metering Station Improvement (W011) - \$102,217 design/engineering in progress at the end of the fiscal year.
- Continued with Loop Completion (W014) - \$1,170,392 with \$4,682,263 construction in progress at the end of the fiscal year.
- Began CDBG Waterline Improvement (W018) - \$712,671 construction in progress at the end of the fiscal year.
- Continued with Westside Air Gap System (W020) - \$34,321 design/engineering in progress at the end of the fiscal year.
- Began Waterline Improvement Project (W021) - \$178,172 design/engineering in progress at the end of the fiscal year.
- Began Waterline N Shaver St Bridge (W024) - \$103,103 paid to Harris County for construction costs.
- Continued with Guthrie Ground Storage Tank (W040) - \$185,869 design/engineering in progress at the end of the fiscal year.
- Continued with Wafer Ground Storage Facility (W041) - \$60,305 design/engineering in progress at the end of the fiscal year.
- Continued with Garner Water Well & Booster Pump (W042) - \$43,176 design/engineering in progress at the end of the fiscal year.
- Continued with Pansy Water Plant (W043) - \$93,897 with \$103,561 design/engineering in progress at the end of the fiscal year.
- Began Gulfport Industrial District Utility Imp (W013) - \$909,825 construction in progress at the end of the fiscal year.
- Began Citywide WW Rehab (WW019) - \$1,283,166 construction in progress at the end of the fiscal year.
- Began Golden Acres WWTP Force Main (WW037) - \$25,000 design/engineering in progress at the end of the fiscal year.
- Continued with SSR South Houston (WW043) - \$24,422 with \$49,102 design/engineering in progress at the end of the fiscal year.
- Continued with RTS II: Skylark-West (WW050) - \$690,612 with \$2,179,822 construction in progress at the end of the fiscal year.
- Continued with RTS IV-Vince St SSR (WW052) - \$38,103 with \$40,103 design/engineering in progress at the end of the fiscal year.
- Continued with New Vince Bayou WWTP Generator (WW054) - \$30,301 with \$34,038 design/engineering in progress at the end of the fiscal year.
- Continued with Vista Trunk Sewer Ph III (WW056) - \$134,487 with \$139,259.17 design/engineering in progress at the end of the fiscal year.

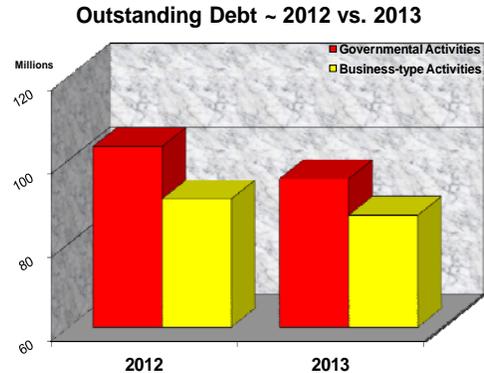
CAPITAL ASSETS
(net of depreciation)
September 30, 2013

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 136,555,351	\$ 136,655,096	\$ 1,385,078	\$ 2,276,074	\$ 137,940,429	\$ 138,931,170
Buildings and building improvements	60,272,809	61,668,312	1,069,877	1,204,544	61,342,686	62,872,856
Facilities and other improvements	5,592,323	4,585,565	4,323,313	4,424,433	9,915,636	9,009,998
Machinery and equipment	13,145,001	13,086,491	2,994,530	3,447,849	16,139,531	16,534,340
Infrastructure	307,857,179	301,530,764	218,171,160	219,562,404	526,028,339	521,093,168
Automotive equipment	10,422,726	10,274,626	41,535	11,799	10,464,261	10,286,425
Construction in progress	29,599,494	34,822,047	21,225,383	17,963,068	50,824,877	52,785,115
Totals	\$ 563,444,883	\$ 562,622,901	\$ 249,210,876	\$ 248,890,171	\$ 812,655,759	\$ 811,513,072

Additional information on the City of Pasadena's capital assets can be found in Note IV, D, pages 65-66 in the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$182,199,403. Of this amount, \$95,460,461 represents debt backed by the full faith and credit of the City and secured by the sales tax revenues from Pasadena Second Century Corporation, a blended component unit, and \$86,738,942 represents debt secured solely by the net revenues of the City's water and sewer operations.

The overall debt decreased by \$11,647,293 (6%), attributable to the combination of principal payments and refunded old debt during the current fiscal year. Please refer to note IV, G, pages 70-73 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.



CITY OF PASADENA'S LONG TERM DEBT
September 30, 2013

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General, certificate and other obligations including refunding	\$ 95,460,461	\$ 103,194,543	\$ 14,307,475	\$ 23,124,931	\$ 109,767,936	\$ 126,319,474
Revenue bonds including refunding	-	-	72,431,467	67,527,222	72,431,467	67,527,222
Total	\$ 95,460,461	\$ 103,194,543	\$ 86,738,942	\$ 90,652,153	\$ 182,199,403	\$ 193,846,696

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-"
Fitch Ratings – "AA"

Utility Supported Debt:

Standard & Poors – "AA-"
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 \$515,868,496 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 2013) was 6.7%, down from 6.8% for the previous December per the Texas Workforce Commission.
- Assessed value for property tax used for the fiscal year 2014 budget preparation is up approximately 3.2% from fiscal year 2013 and is expected to bring in an increase of \$1,131,222 in revenues due to the use of the same tax rate as fiscal year 2013 and not the effective rate this year.
- The general fund revenue per the fiscal year 2014 adopted budget is expected to increase by approximately 1.2%, excluding insurance recovery, over fiscal year 2013 actual amounts due to the improving economy conditions locally.
- Sales tax revenue is expected to stay the same with the national economy somewhat improving.
- The fiscal year 2014 adopted budget anticipates a slight decrease in industrial revenue of 2.3%. This small decrease can be traced to the industrial district assessed values.
- The 2014 budget under the modified accrual basis includes a decrease in water and sewer operating revenues of approximately \$1,720,449 (4.6%) compared to the actual amount in fiscal year 2013. This will 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 2014. Revenues in the general fund are budgeted in the amount of \$88,733,870, excluding transfers, an increase of 7.0% over the final fiscal year 2013 budget of \$82,901,520 (excluding transfer in) mainly due to the revenue increase expected in property, industrial fees, and business taxes.

Expenditures are budgeted to decrease by 7.6%, or \$7,782,932, in comparison to the final budgeted expenditures of fiscal year 2013. This decrease is due to not using fund balance for fiscal year 2014 for CIP projects as was budgeted last fiscal year, which included \$2.5 million for building improvements and \$10 million for streets.

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.

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BASIC FINANCIAL STATEMENTS

**CITY OF PASADENA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pasadena Crime Control and Prevention District
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,278,069	\$ 2,898,104	\$ 5,176,173	\$ -
Investments	65,683,815	25,822,173	91,505,988	3,769,753
Receivables (net of allowances for uncollectible)	9,363,820	6,188,363	15,552,183	1,596,791
Due from component unit	236,633	-	236,633	-
Internal balances	3,361,046	(3,361,046)	-	-
Inventories	630,525	-	630,525	-
Prepaid items	506,067	-	506,067	-
Deposits	40,000	6,946,195	6,986,195	-
Deferred charges	1,179,679	1,196,730	2,376,409	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	502,095	-	502,095	-
Investments	57,538,352	4,260,464	61,798,816	-
Intergovernmental receivables	4,003,922	-	4,003,922	-
Capital assets not being depreciated:				
Land	136,555,351	1,385,078	137,940,429	-
Construction in progress	29,599,494	21,225,383	50,824,877	-
Capital assets net of accumulated depreciation:				
Buildings and building improvements	60,272,809	1,069,877	61,342,686	-
Facilities and other improvements	5,592,323	4,323,313	9,915,636	-
Machinery and equipment	13,145,001	2,994,530	16,139,531	-
Infrastructure	307,857,179	218,171,160	526,028,339	-
Automotive	10,422,726	41,535	10,464,261	-
TOTAL ASSETS	708,768,906	293,161,859	1,001,930,765	5,366,544
<u>LIABILITIES</u>				
Accounts payable and other current liabilities	7,226,965	735,140	7,962,105	27,831
Accrued payroll payable	2,529,339	301,663	2,831,002	187,296
Accrued interest payable	491,141	-	491,141	-
Due to primary government	-	-	-	236,633
Liabilities payable from restricted assets	1,661,620	740,336	2,401,956	-
Customer deposits	-	3,386,576	3,386,576	-
Unearned revenue	2,195,846	-	2,195,846	-
Noncurrent liabilities:				
Due within one year	11,757,642	4,185,274	15,942,916	-
Due in more than one year	128,044,972	86,875,946	214,920,918	-
TOTAL LIABILITIES	153,907,525	96,224,935	250,132,460	451,760
<u>NET POSITION</u>				
Net investment in capital assets	483,252,803	163,652,579	646,905,382	-
Restricted for:				
Debt service	5,534,892	2,339,483	7,874,375	-
Capital projects	30,674,110	-	30,674,110	-
Public safety	5,321,645	-	5,321,645	4,914,784
Housing and community development	2,500,414	-	2,500,414	-
Cultural and recreation	1,605,171	-	1,605,171	-
Other purpose	1,269,401	-	1,269,401	-
Unrestricted	24,702,945	30,944,862	55,647,807	-
TOTAL NET POSITION	\$ 554,861,381	\$ 196,936,924	\$ 751,798,305	\$ 4,914,784

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, 2013**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Operating Grants and Contributions		Primary Government		Total		Pasadena Crime Control and Prevention District
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities			
Primary government:								
Governmental activities:								
General government	\$ 17,825,589	\$ 9,022,279	\$ -	\$ 285,293	\$ (8,518,017)	\$ (8,518,017)	\$ -	
Public safety	48,354,722	7,880,922	2,977,747	3,850,665	(33,645,388)	(33,645,388)	-	
Public works	21,579,683	2,780,238	34,151	2,953,763	(15,811,531)	(15,811,531)	-	
Health	3,493,148	427,762	-	-	(3,065,386)	(3,065,386)	-	
Culture and recreation	15,492,340	1,782,470	-	84,800	(13,625,070)	(13,625,070)	-	
Housing and community development	9,324,100	68,375	8,567,733	594,688	(93,304)	(93,304)	-	
Interest on long-term debt	3,877,613	-	-	-	(3,877,613)	(3,877,613)	-	
Total governmental activities	119,947,195	21,962,046	11,579,631	7,769,209	(78,636,309)	(78,636,309)	-	
Business-type activities:								
Water and sewer system	30,765,422	37,235,536	-	147,596	-	6,617,710	-	
TOTAL PRIMARY GOVERNMENT	\$ 150,712,617	\$ 59,197,582	\$ 11,579,631	\$ 7,916,805	(78,636,309)	6,617,710	(72,018,599)	
Component unit:								
Pasadena Crime Control and Prevention District							8,593,808	
	\$ 8,593,808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,593,808	
General revenues:								
General property taxes						35,501,359	-	
Business taxes							-	
Industrial district fees						17,548,408	-	
Sales taxes						27,938,085	9,227,817	
Utility taxes						8,932,383	-	
Other taxes						716,284	-	
Total business taxes						55,135,160	9,227,817	
Investment earnings								
Unrestricted						89,748	113,500	
Restricted						65,620	3,731	
Gain on sale of capital assets						63,864	-	
Transfers						1,668,346	-	
Total general revenues and transfers						92,524,097	90,883,450	
CHANGE IN NET POSITION						13,887,788	18,864,851	
NET POSITION - BEGINNING						540,973,593	732,933,454	
NET POSITION - ENDING						\$ 554,861,381	\$ 751,798,305	

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,278,069	\$ -	\$ -	\$ -
Investments	50,923,248	-	-	-
Receivables (net of allowance for uncollectible)	6,359,438	387,787	1,541,621	-
Due from other funds	3,602,784	37,180	-	-
Due from component unit	236,633	-	-	-
Restricted assets				
Cash and cash equivalents	-	-	10,867	-
Investments	-	5,147,105	35,584,003	9,516,732
Receivables (net of allowance for uncollectible)	85,428	-	-	-
TOTAL ASSETS	\$ 63,485,600	\$ 5,572,072	\$ 37,136,491	\$ 9,516,732
<u>LIABILITIES</u>				
Accounts payable	\$ 6,564,681	\$ -	\$ -	\$ -
Accrued payroll payable	2,305,509	-	-	-
Due to other funds	1,754,839	7,435	-	-
Compensated absences payable	-	-	-	-
Unearned revenue - other	2,182,554	-	-	-
Liabilities payable from restricted assets	-	-	401,441	781,614
TOTAL LIABILITIES	12,807,583	7,435	401,441	781,614
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	580,835	345,058	-	-
Unavailable revenue - industrial district fees	16,855	-	-	-
Unavailable revenue - notes grant management	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	597,690	345,058	-	-
<u>FUND BALANCES</u>				
Restricted	-	5,219,579	36,735,050	8,735,118
Committed	1,733,497	-	-	-
Assigned	605,417	-	-	-
Unassigned	47,741,413	-	-	-
TOTAL FUND BALANCES	50,080,327	5,219,579	36,735,050	8,735,118
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 63,485,600	\$ 5,572,072	\$ 37,136,491	\$ 9,516,732

Amounts reported for governmental activities in the statement of net position 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 position.

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

NET POSITION OF GOVERNMENTAL ACTIVITIES

Grant Management	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ -	\$ 2,278,069
-	-	50,923,248
-	-	8,288,846
-	418,700	4,058,664
-	-	236,633
438,261	52,967	502,095
3,258,593	4,031,919	57,538,352
4,691,675	266,948	5,044,051
\$ 8,388,529	\$ 4,770,534	\$ 128,869,958
\$ -	\$ -	\$ 6,564,681
-	-	2,305,509
3,247,751	4,193	5,014,218
124,851	-	124,851
-	13,292	2,195,846
371,305	107,260	1,661,620
3,743,907	124,745	17,866,725
-	-	925,893
-	-	16,855
1,040,129	-	1,040,129
1,040,129	-	1,982,877
3,604,493	4,645,789	58,940,029
-	-	1,733,497
-	-	605,417
-	-	47,741,413
3,604,493	4,645,789	109,020,356
\$ 8,388,529	\$ 4,770,534	
		550,332,413
		1,982,877
		28,618,070
		<u>(135,092,335)</u>
		\$ 554,861,381

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, 2013

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects
REVENUES				
General property taxes	\$ 23,549,653	\$ 11,712,889	\$ -	\$ -
Business taxes and fees				
Industrial district fees	17,755,534	-	-	-
Sales taxes	18,625,390	-	9,312,695	-
Franchise taxes	8,751,774	-	-	-
Other taxes	191,083	-	-	-
Total business taxes and fees	<u>45,323,781</u>	<u>-</u>	<u>9,312,695</u>	<u>-</u>
Licenses and permits	2,315,116	-	-	-
Municipal court fines	5,597,498	-	-	-
Charges for services	9,507,936	-	-	-
Intergovernmental	55,663	-	-	-
Program income	-	-	-	-
Contribution from outside sources	-	-	-	1,362,099
Miscellaneous	591,101	-	-	511,997
Investment income	72,298	4,556	34,335	18,441
TOTAL REVENUES	<u>87,013,046</u>	<u>11,717,445</u>	<u>9,347,030</u>	<u>1,892,537</u>
EXPENDITURES				
Current:				
General government	14,416,942	-	-	-
Public safety	36,714,601	-	-	-
Public works	12,800,704	-	419,206	-
Health	3,109,669	-	-	-
Culture and recreation	12,297,823	-	-	-
Housing and community development	-	-	-	-
Debt Service:				
Principal	-	6,780,000	785,000	-
Interest	-	3,825,423	127,175	-
Underwriter/issuance costs	-	242,921	-	-
Capital Outlay:				
General government	-	-	58,192	-
Public works	-	-	888,182	3,407,929
Culture and recreation	-	-	384,010	2,526,821
TOTAL EXPENDITURES	<u>79,339,739</u>	<u>10,848,344</u>	<u>2,661,765</u>	<u>5,934,750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,673,307</u>	<u>869,101</u>	<u>6,685,265</u>	<u>(4,042,213)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,690,000	968	-	14,851
Transfers out	(4,381,351)	-	(240,000)	(968)
Refunding bonds issued	-	16,690,000	-	-
Premiums on bonds issued	-	2,493,667	-	-
Payment to refunded bond escrow agent	-	(18,931,383)	-	-
Insurance recovery	1,223,378	-	-	-
Sale of capital assets	139,788	-	-	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(328,185)</u>	<u>253,252</u>	<u>(240,000)</u>	<u>13,883</u>
NET CHANGE IN FUND BALANCES	7,345,122	1,122,353	6,445,265	(4,028,330)
FUND BALANCES, BEGINNING	<u>42,735,205</u>	<u>4,097,226</u>	<u>30,289,785</u>	<u>12,763,448</u>
FUND BALANCES, ENDING	<u>\$ 50,080,327</u>	<u>\$ 5,219,579</u>	<u>\$ 36,735,050</u>	<u>\$ 8,735,118</u>

Grant Management	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ -	\$ 35,262,542
-	-	17,755,534
-	-	27,938,085
-	278,917	9,030,691
-	610,001	801,084
-	888,918	55,525,394
-	2,820	2,317,936
-	394,643	5,992,141
-	-	9,507,936
15,318,695	917,277	16,291,635
145,534	-	145,534
-	-	1,362,099
-	272,718	1,375,816
4,102	4,186	137,918
15,468,331	2,480,562	127,918,951
-	584,818	15,001,760
4,769,501	1,296,828	42,780,930
1,861,842	-	15,081,752
-	-	3,109,669
-	335,048	12,632,871
9,699,937	-	9,699,937
-	-	7,565,000
-	-	3,952,598
-	-	242,921
-	-	58,192
-	-	4,296,111
-	-	2,910,831
16,331,280	2,216,694	117,332,572
(862,949)	263,868	10,586,379
236,699	-	2,942,518
-	-	(4,622,319)
-	-	16,690,000
-	-	2,493,667
-	-	(18,931,383)
-	-	1,223,378
-	-	139,788
236,699	-	(64,351)
(626,250)	263,868	10,522,028
4,230,743	4,381,921	98,498,328
\$ 3,604,493	\$ 4,645,789	\$ 109,020,356

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, 2013**

Amounts reported for governmental activities in the statement of activities (page 33) are different because:

Net change in fund balances - total governmental funds (page 37)	\$ 10,522,028
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 depreciation exceeded capital outlay in the current period.	(25,610)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfer and donations) is a decrease to net position.	(7,033)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,874,242)
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 position. 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.	7,565,000
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.	(2,475,933)
Internal service funds are used by management to charge the costs of technical services, warehouse, fleet, facilities operations, mailroom, 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.	183,578
Change in net position of governmental activities (page 33)	\$ 13,887,788

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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 21,230,000	\$ 23,730,000	\$ 23,549,653	\$ (180,347)
Business taxes				
Industrial district fees	16,130,000	16,130,000	17,755,534	1,625,534
Sales taxes	16,500,000	16,500,000	18,625,390	2,125,390
Utility taxes	8,330,110	8,330,110	8,751,774	421,664
Other taxes	150,000	150,000	191,083	41,083
Total business taxes	41,110,110	41,110,110	45,323,781	4,213,671
Licenses and permits	1,996,440	1,996,440	2,315,116	318,676
Municipal court fines	5,811,000	5,811,000	5,597,498	(213,502)
Charges for services	9,535,515	9,535,515	9,507,936	(27,579)
Intergovernmental	307,705	307,705	55,663	(252,042)
Miscellaneous	363,450	363,450	591,101	227,651
Investment income	47,300	47,300	72,298	24,998
TOTAL REVENUES	80,401,520	82,901,520	87,013,046	4,111,526
EXPENDITURES				
Current				
General Government				
City council	186,598	191,898	164,780	27,118
Mayor	366,631	366,631	305,040	61,591
Budget and financial planning	308,912	325,412	324,002	1,410
Municipal court	1,971,127	1,971,127	1,912,276	58,851
City controller	1,719,721	1,698,721	1,621,205	77,516
Tax	445,000	445,000	435,597	9,403
Purchasing	341,972	341,972	330,570	11,402
Legal	1,186,543	1,186,543	1,059,693	126,850
City secretary	387,193	387,193	324,163	63,030
Elections	117,700	115,900	92,438	23,462
Human resources	721,045	718,245	706,967	11,278
City marshal	637,948	648,998	643,705	5,293
Community relations	898,077	870,077	823,426	46,651
Pasadena action line	375,023	383,023	378,240	4,783
Planning	607,487	518,487	429,138	89,349
Planning/development administration	160,246	168,346	166,276	2,070
Economic development liaison	164,083	259,883	258,088	1,795
Neighborhood network	136,791	348,041	234,415	113,626
Inspections	1,384,501	1,332,001	1,304,112	27,889
Property management	1,646,482	1,819,206	1,259,076	560,130
Impound/storage	360,046	360,051	307,012	53,039
Other charges	13,562,736	12,039,818	1,336,723	10,703,095
Total General Government	27,685,862	26,496,573	14,416,942	12,079,631
Public Safety				
Emergency preparedness	453,374	460,944	439,458	21,486
Fire fighting	2,868,957	2,999,957	2,713,579	286,378
Fire prevention	1,019,648	1,028,348	1,021,618	6,730
Police	32,364,851	33,152,502	32,539,946	612,556
Total Public Safety	36,706,830	37,641,751	36,714,601	927,150
Public Works				
Engineering	1,631,886	1,891,776	1,435,074	456,702
Street lighting and signals	1,441,000	1,441,000	1,395,254	45,746
Sanitation	6,515,957	6,525,957	6,128,066	397,891
Street and bridge	2,631,533	2,913,109	2,711,029	202,080
Traffic and transportation	1,142,776	1,244,776	1,131,281	113,495
Total Public Works	\$ 13,363,152	\$ 14,016,618	\$ 12,800,704	\$ 1,215,914

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Health				
Health	\$ 1,602,391	\$ 1,623,687	\$ 1,337,220	\$ 286,467
Animal rescue and assistance	2,043,236	2,053,236	1,772,449	280,787
Total Health	3,645,627	3,676,923	3,109,669	567,254
Culture and Recreation				
Parks	4,972,534	5,302,503	3,088,542	2,213,961
Recreation	2,727,024	2,771,024	2,435,863	335,161
Clean streets	1,640,971	1,640,971	1,462,003	178,968
Golf course	790,449	791,649	628,351	163,298
Multi-purpose center	522,738	531,538	453,564	77,974
Civic center	742,820	742,820	597,907	144,913
Senior center - Madison Jobe	353,186	353,486	306,271	47,215
Library	3,552,574	3,555,370	3,325,322	230,048
Total Culture and Recreation	15,302,296	15,689,361	12,297,823	3,391,538
TOTAL EXPENDITURES	96,703,767	97,521,226	79,339,739	18,181,487
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,302,247)	(14,619,706)	7,673,307	22,293,013
OTHER FINANCING SOURCES (USES)				
Transfers in	2,800,000	3,040,000	2,690,000	(350,000)
Transfers out	(2,902,500)	(4,389,504)	(4,381,351)	8,153
Insurance recovery	-	1,500,000	1,223,378	(276,622)
Sale of capital assets	40,000	40,000	139,788	99,788
TOTAL OTHER FINANCING SOURCES (USES)	(62,500)	190,496	(328,185)	(518,681)
NET CHANGE IN FUND BALANCES	(16,364,747)	(14,429,210)	7,345,122	21,774,332
FUND BALANCES - BEGINNING	35,614,316	42,735,205	42,735,205	-
FUND BALANCES - ENDING	\$ 19,249,569	\$ 28,305,995	\$ 50,080,327	\$ 21,774,332

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 455,551	\$ 455,551
Program income	1,000	1,000	876	(124)
TOTAL REVENUES	1,000	1,000	456,427	455,427
EXPENDITURES				
Current				
Public Safety				
Contractual services	393,569	393,569	314,755	78,814
Materials and supplies	285,355	225,739	213,106	12,633
Intergovernmental	85,000	85,000	53,783	31,217
Capital outlay	25,000	84,616	78,466	6,150
TOTAL EXPENDITURES	788,924	788,924	660,110	128,814
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(787,924)	(787,924)	(203,683)	584,241
FUND (PROGRAM) BALANCE - BEGINNING	876,647	924,963	924,963	-
FUND (PROGRAM) BALANCE - ENDING	\$ 88,723	\$ 137,039	\$ 721,280	\$ 584,241

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 118,274	\$ 118,274
Program income	400	400	359	(41)
TOTAL REVENUES	400	400	118,633	118,233
EXPENDITURES				
Current				
Public Safety				
Contractual services	85,997	85,997	55,497	30,500
Materials and supplies	33,900	33,900	11,271	22,629
Capital outlay	20,000	20,000	-	20,000
TOTAL EXPENDITURES	139,897	139,897	66,768	73,129
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(139,497)	(139,497)	51,865	191,362
FUND (PROGRAM) BALANCE - BEGINNING	336,959	384,915	384,915	-
FUND (PROGRAM) BALANCE - ENDING	\$ 197,462	\$ 245,418	\$ 436,780	\$ 191,362

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013**

	Business-type Activities - Enterprise Fund	
	Water and Sewer System	Governmental Activities - Internal Service Funds
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 2,898,104	\$ -
Investments		
TexPool	25,778,112	14,760,567
CLASS	44,061	-
Receivables (net of allowances for uncollectible)	6,188,363	34,845
Due from other funds	43,973	1,298,959
Inventory, at cost	-	630,525
Prepaid items	-	506,067
Restricted assets		
Investments		
Texpool	2,461,262	-
CLASS	1,799,202	-
Total Current Assets	39,213,077	17,230,963
Noncurrent Assets		
Deposits	6,946,195	40,000
Deferred charges - revenue bond issuance costs, bond insurance premium and administrative cost recovery fees	1,196,730	-
Capital assets		
Land	1,385,078	602
Buildings and building improvements	3,808,047	2,143,366
Accumulated depreciation - buildings and building improvements	(2,738,170)	(1,710,880)
Facilities and other improvements	6,976,731	175,754
Accumulated depreciation - facilities and other improvements	(2,653,418)	(60,585)
Machinery and equipment	11,112,774	6,869,671
Accumulated depreciation - machinery and equipment	(8,118,244)	(4,753,815)
Infrastructure	309,007,859	41,746
Accumulated depreciation - Infrastructure	(90,836,699)	(16,115)
Automotive	326,189	36,312,487
Accumulated depreciation - automotive	(284,654)	(25,889,761)
Construction in progress	21,225,383	-
Net capital assets	249,210,876	13,112,470
Total Noncurrent Assets	257,353,801	13,152,470
TOTAL ASSETS	\$ 296,566,878	\$ 30,383,433

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	\$ 735,140	\$ 662,284
Accrued payroll payable	301,663	223,830
Revenue bonds payable - current	2,755,000	-
Due to other funds	316,946	70,432
Claims payable	-	1,720,120
Compensated absences payable	195,274	101,353
Customer deposits	3,386,576	-
Liabilities payable from restricted assets		
Accounts payable	478,390	-
Retainage payable	140,167	-
Accrued interest payable	121,779	-
Revenue bonds payable	1,235,000	-
Total Current Liabilities	9,665,935	2,778,019
Noncurrent Liabilities		
Revenue and general obligation bonds payable (including unamortized discounts, premium, and deferred amount on refunding of \$1,358,942)	82,748,942	-
Claims payable	-	1,146,747
Compensated absences payable	1,757,467	912,179
Other post-employment benefits	2,369,537	16,491
Total Noncurrent Liabilities	86,875,946	2,075,417
TOTAL LIABILITIES	96,541,881	4,853,436
<u>NET POSITION</u>		
Net investment in capital assets	163,652,579	13,112,470
Restricted for debt service	2,339,483	-
Unrestricted	34,032,935	12,417,527
TOTAL NET POSITION	200,024,997	\$ 25,529,997
Adjustments to reflect the consolidation of internal service fund activities related to enterprise fund	(3,088,073)	
Net position of business-type activities (page 31)	\$ 196,936,924	

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 POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
OPERATING REVENUES		
Charges for sales and services	\$ 37,235,536	\$ 26,821,602
OPERATING EXPENSES		
Personnel services	7,366,607	5,066,818
Contractual services	5,182,911	1,312,144
Material and supplies	1,569,302	4,743,904
Maintenance charges	1,143,536	1,300,467
Sewer and water payments - Clear Lake Water Authority and City of Seabrook	119,231	-
Operating, maintenance and water charges - Southeast Water Purification Plant	4,897,073	-
Insurance/reinsurance premiums	-	4,303,991
Claims and legal expenses	-	13,624,073
Administration fees	-	535,824
Miscellaneous	31,053	894,006
Depreciation	5,207,838	3,001,635
TOTAL OPERATING EXPENSES	25,517,551	34,782,862
OPERATING INCOME (LOSS)	11,717,985	(7,961,260)
NONOPERATING REVENUES (EXPENSES)		
(Loss) gain on sale and retirement of capital assets	(557,489)	199,530
Investment income	27,699	17,450
Interest expense on bonds	(3,943,694)	-
Amortization	34,114	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(4,439,370)	216,980
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	7,278,615	(7,744,280)
CAPITAL CONTRIBUTIONS	2,250,977	1,695,528
TRANSFERS IN	-	5,938,227
TRANSFERS (OUT)	(3,771,727)	(486,699)
CHANGES IN NET POSITION	5,757,865	(597,224)
TOTAL NET POSITION - BEGINNING	194,267,132	26,127,221
TOTAL NET POSITION - ENDING	\$ 200,024,997	\$ 25,529,997
CHANGES IN NET POSITION	\$ 5,757,865	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	(780,802)	
Change in net position of business-type activities (page 33)	\$ 4,977,063	

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, 2013**

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers and users	\$ 37,413,323	\$ 25,806,412
Cash payments to suppliers for goods and services	(12,128,661)	(7,146,913)
Cash payments to employees for services	(7,125,974)	(5,000,319)
Cash payments for insurance premiums, liability claims and administration	-	(18,770,284)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>18,158,688</u>	<u>(5,111,104)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers (to)/from other funds		
General fund	(2,200,000)	(250,000)
General fund	-	4,366,500
Water and sewer system fund	-	1,502,000
Maintenance fund	(502,000)	(236,699)
General liability insurance fund	(1,000,000)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(3,702,000)</u>	<u>5,381,801</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from sale of capital assets	1,012,712	287,020
Acquisition and construction of capital assets	(4,917,494)	(2,125,861)
Principal paid on capital debt	(3,830,000)	-
Refunding of capital debt	(6,070,000)	-
Proceeds from issuance of refunding capital debt	5,885,000	-
Interest and fiscal agent fees paid on capital debt	(3,774,693)	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(11,694,475)</u>	<u>(1,838,841)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(28,812,295)	(17,815,210)
Proceeds from sale and maturities of investments	26,662,552	19,365,904
Investment income received	27,699	17,450
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(2,122,044)</u>	<u>1,568,144</u>
NET INCREASE IN CASH AND CASH EQUIVALENT	640,169	-
CASH AND CASH EQUIVALENTS - BEGINNING	<u>2,257,935</u>	-
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 2,898,104</u>	<u>\$ -</u>

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 11,717,985	\$ (7,961,260)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	5,207,838	3,001,635
Changes in assets and liabilities		
Decrease (increase) in accounts receivables	(35,052)	29,117
Decrease (increase) in due from other funds	919,484	(1,050,985)
(Increase) in prepaid items	-	(7,202)
(Increase) in inventory	-	(67,161)
Decrease in deposits	-	110,000
Increase (decrease) in accounts and claims payable	(419,373)	706,978
Increase in accrued payroll liabilities	54,075	57,899
Increase (decrease) in compensated absences payable	92,502	(2,683)
Increase in due to other funds	314,334	60,136
Increase in other post employment benefits	94,056	12,422
Increase in customer deposits	212,839	-
Total Adjustments	6,440,703	2,850,156
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 18,158,688	\$ (5,111,104)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contribution of capital assets from the government	\$ 2,103,381	\$ 1,558,413
Capital assets donated from the outside source	\$ 147,596	\$ 137,115
Transfer of capital assets to the Maintenance Fund	\$ (69,727)	\$ 69,727

The accompanying notes are an integral part of the financial statements

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

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**CITY OF PASADENA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Program revenues are (1) charges for services for specific purposes such as charges for water and sewer services and garbage collections and 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 revenue sources not included with program revenues are reported as general revenue.

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

Fund Financial Statements

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

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

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

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, which incorporates long-term assets and receivables, as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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 and claims and judgments, are recorded only when the payment is due.

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

Proprietary Funds

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

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

Focus on Major Funds

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

The City reports the following major funds:

Governmental Funds

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

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

Pasadena Second Century Corporation fund accounts for the resources accumulated and payments made for the 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 Position or Fund Balance (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, 2013.

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. 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

5. 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 employment 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.

6. Long-Term Debt, Bond Discounts/Premiums and Issuance Costs

In the government-wide and proprietary fund type financial statements, outstanding debt is reported as a liability.

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.

7. Fund Balance (Equity)

1. Fund Balance Descriptions

- a) **Non-spendable** – indicates the portion of a fund balance that cannot be spent because it is (1) not in a spendable form (such as inventories and prepaid amounts) or (2) legally or contractually required to be maintained intact.

- b) **Restricted** – indicates that portion of a fund balance for which external constraints are placed on the use of resources that are either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- c) **Committed** – indicates the portion of a fund balance that is internally imposed by the local governmental officials; the highest level of decision making authority for the City, the Mayor and City Council. The commitment must be made prior to year end and through an ordinance.
- d) **Assigned** – indicates the portion of a fund balance that sets limits as a result of the intended use of the funds. This can be expressed by the City Council and/or by department directors to which the City Council delegated the authority. Assignments can be made at any time.
- e) **Unassigned** – represents amounts that are available for any purpose; residual net resources.

When the City incurs expenditures for which (1) restricted or unrestricted fund balance are available, the City considers amounts to have been spent first out of restricted then unrestricted and (2) committed, assigned, or unassigned fund balance are available, the City considers amounts to have been spent first out of committed, then assigned funds, and finally unassigned funds.

It is the desire of the City to maintain adequate general fund fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a general fund minimum fund balance of 60 days of actual expenditures, excluding transfers.

2. Fund Balance Summary

A summary of the nature and purpose of fund balances at September 30, 2013 is as follows:

	Governmental Fund Balances									
	General	Debt Service	Pasadena Second Century	Capital Projects	Grant Management	Public Safety	Culture and Recreation	Other	Total Non major Special Revenue	Total
Fund balances:										
Restricted for:										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 867,668	\$ 867,668	\$ 867,668
Public safety	-	-	-	-	1,158,060	1,385,116	-	719,341	2,104,457	3,262,517
Culture and recreation	-	-	-	-	-	-	1,604,372	69,292	1,673,664	1,673,664
Housing and community development	-	-	-	-	2,446,433	-	-	-	-	2,446,433
Capital outlay	-	-	36,735,050	8,735,118	-	-	-	-	-	45,470,168
Debt service	-	5,219,579	-	-	-	-	-	-	-	5,219,579
Total restricted	-	5,219,579	36,735,050	8,735,118	3,604,493	1,385,116	1,604,372	1,656,301	4,645,789	58,940,029
Committed to:										
General government	1,733,497	-	-	-	-	-	-	-	-	1,733,497
Assigned to:										
Purchases on order	605,417	-	-	-	-	-	-	-	-	605,417
Unassigned	47,741,413	-	-	-	-	-	-	-	-	47,741,413
Total	\$50,080,327	\$5,219,579	\$36,735,050	\$8,735,118	\$3,604,493	\$1,385,116	\$1,604,372	\$1,656,301	\$4,645,789	\$109,020,356

The amount restricted by enabling legislation was \$4,645,789.

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 Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 \$135,092,335 difference are as follows:

Bonds payable	\$ 93,800,000
Other long-term debt	
Add: bond premiums	4,221,016
Less: deferred gain/loss on refunded bonds	(2,560,555)
Less: issuance costs	(1,179,679)
Accrued interest payable	491,141
Compensated absences	22,736,839
Other post employment benefits	17,583,573
	<hr/>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities.	\$ 135,092,335
	<hr/>

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 position.” The details of this \$28,618,070 difference are as follows:

Net position of the internal service funds	\$ 25,529,997
Add: Internal receivable representing charges less the cost to business-type activities - prior year	2,307,271
Add: Internal receivable representing charges less the cost to business-type activities - current year	780,802
	<hr/>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities.	\$ 28,618,070
	<hr/>

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 position 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 \$25,610 difference is as follows:

Capital outlay	\$ 10,529,471
Depreciation expense	(10,555,081)
	<hr/>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	\$ (25,610)
	<hr/>

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 position.” The detail of this \$7,033 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 position differs from the change in fund balance by the cost of the capital assets sold less the note received.	\$ (335,671)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>328,638</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (7,033)</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 position. 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 \$7,565,000 difference is as follows:

Principal repayments:	
General obligation debt	\$ (6,780,000)
Sales tax revenue bonds	<u>(785,000)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (7,565,000)</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 \$2,475,933 difference is as follows:

Compensated absences	\$ (513,775)
Other post employment benefits	(2,027,780)
Accrued interest	44,110
Amortization of bond issuance costs	(175,297)
Amortization of bond premiums	485,000
Amortization of deferred amounts on refunding	<u>(288,191)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (2,475,933)</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 \$183,578 difference is as follows:

Change in net position of the internal service funds	\$ (597,224)
Add: Loss from charges from business-type activities	<u>780,802</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 183,578</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Annual budgets are adopted for 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 or purchases on order outstanding at the fiscal year end are reported as assigned fund balance unless encumbered amounts for specific purposes for which resources already have been restricted and do not constitute expenditures or liabilities because the assignment will be honored during the subsequent year.

During the current fiscal year, the general fund expenditure budget increased in the amount of \$817,459 excluding other financing uses. Management asked each department to keep expenditures low while providing the best services to the citizens. The general government original budget was decreased by \$1,189,289 or 4.3% due to reduction in other charges in the amount of \$1,522,918 with projects put on hold until the economy improves more. There was a small increase in public safety in the amount of \$934,921 or 2.5% with an increase in personnel services in the police department to cover overtime. Public works original budget was increased by \$653,466 or 4.9% with the increase in the street and bridge department in the amount of \$184,676 for capital outlay and an increase of \$259,890 in the engineering department with that increase in the contractual services.

The health expenditures increased by \$31,296 or .8% due in part to the materials and supplies increase in the health department. The cultural and recreation function increased the original budget by \$387,065, of which \$329,969 was under the parks department with part of the increase for capital outlay and materials and supplies in the amounts of \$277,600 and \$64,369, respectively.

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

The following provides actual fiscal year 2013 results for both budgeted and non-budgeted grant programs under the grant management fund:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfer in</u>
Budgeted grant programs:			
Federal equitable sharing of forfeited property:			
Justice Department	\$ 456,427	\$ 660,110	\$ -
Treasury Department	118,633	66,768	-
Nonbudgeted grant programs:			
Various grants	5,667,766	5,904,465	236,699
HUD Section 8 housing choice vouchers	7,027,942	7,502,831	-
FEMA DHAP program	329	465	-
FEMA DHAP IKE	593	-	-
HUD CDBG entitlement program	1,369,305	1,369,305	-
HUD HOME investment partnerships program	655,768	655,768	-
HUD emergency shelter program	171,568	171,568	-
Total grant management fund - actual	<u>\$ 15,468,331</u>	<u>\$ 16,331,280</u>	<u>\$ 236,699</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended September 30, 2013, 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, 2013, the carrying amount of the City's deposits with financial institution, including blended component units, is \$5,577,914, excluding \$100,354 for petty cash and tax holding. The City's bank balance is the sum of all accounts which totals \$5,314,759 and the market values of pledged securities, excluding FDIC, were \$9,774,045. The pledged securities are held by a third party custodian in the City's name.

Investments

As of September 30, 2013 the City had the following investments:

Investment Type	Fair Value			Weighted Average Maturity (Years)
	Primary Government	Blended Component Unit	Discretely Presented	
		Pasadena Second Century Corporation	Component Unit Pasadena Crime Control and Prevention District	
Texpool Local Government Investment Pools	\$ 77,827,070	\$ 28,514,667	\$ 3,769,753	0.11
Logic Local Government Investment Pools	1,199,592	-	-	0.15
Class Local Government Investment Pools	38,694,139	7,069,336	-	0.09
Total Fair Value	<u>\$ 117,720,801</u>	<u>\$ 35,584,003</u>	<u>\$ 3,769,753</u>	
Portfolio Weighted Average Maturity				0.12

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

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

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

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

CLASS is required by the Public Funds Investment Act to maintain an "AAAm" rating. It has an "AAAm" 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 fair 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 2012 taxable assessed valuation of the City's property in the amount of \$6,026,013,995 was certified by the Appraisal District. The City Council adopted the following tax rate per \$100 of assessed taxable value for the current year.

Purpose	Tax Rate
General government	\$ 0.394768
Debt service	0.196825
	<u>\$ 0.591593</u>

2. Receivables

Receivables as of September 30, 2013, 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 Second Century Corporation	Capital Projects	Grant Management	Nonmajor Governmental Funds	Water and Sewer System	Health Insurance	Total
Receivables									
Property taxes	\$2,158,666	\$1,277,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,436,453
Sales taxes	3,083,242	-	1,541,621	-	-	-	-	-	4,624,863
Accounts	3,918,641	-	-	8,974	-	-	6,600,460	34,845	10,562,920
Less: allowance for uncollectible	(2,801,121)	(890,000)	-	(8,974)	-	-	(412,097)	-	(4,112,192)
	6,359,428	387,787	1,541,621	-	-	-	6,188,363	34,845	14,512,044
Intergovernmental - restricted	85,428	-	-	-	3,632,402	80,709	-	-	3,798,539
Accounts restricted	-	-	-	-	1,059,273	186,239	-	-	1,245,512
Net total receivables	\$6,444,856	\$ 387,787	\$1,541,621	\$ -	\$4,691,675	\$ 266,948	\$6,188,363	\$ 34,845	\$19,556,095

Governmental funds report unearned 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 unearned revenue unavailable reported in the governmental funds were as follows:

	Unearned
Unearned revenue insurance proceeds-Hurricane Ike (General fund)	\$ 2,182,554
Unearned revenue (Nonmajor governmental)	13,292
Total unearned revenue for governmental funds	\$ 2,195,846

C. Restricted Assets

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

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects	Grant Management	Nonmajor Governmental Funds	Water and Sewer Enterprise
Cash and cash equivalents	\$ -	\$ -	\$ 10,867	\$ -	\$ 438,261	\$ 52,967	\$ -
Investments	-	5,147,105	35,584,003	9,516,732	3,258,593	4,031,919	4,260,464
Intergovernmental receivables	85,428	-	-	-	3,632,402	80,709	-
Accounts receivables	-	-	-	-	1,059,273	186,239	-
	\$ 85,428	\$ 5,147,105	\$ 35,594,870	\$ 9,516,732	\$ 8,388,529	\$ 4,351,834	\$ 4,260,464
	(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, 2013 was as follows:

1. Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 136,655,096	\$ 23,003	\$ (122,748)	\$ 136,555,351
Construction in progress	34,822,047	10,618,565	(15,841,118)	29,599,494
Total capital assets, not being depreciated	<u>171,477,143</u>	<u>10,641,568</u>	<u>(15,963,866)</u>	<u>166,154,845</u>
Capital assets, being depreciated:				
Buildings and building improvements	83,822,899	116,264	-	83,939,163
Facilities and other improvements	6,625,985	1,209,984	-	7,835,969
Machinery and equipment	32,491,922	2,192,110	(309,759)	34,374,273
Infrastructure	460,706,125	13,462,087	(685)	474,167,527
Automotive equipment	34,903,452	2,936,760	(1,527,725)	36,312,487
Total capital assets being depreciated	<u>618,550,383</u>	<u>19,917,205</u>	<u>(1,838,169)</u>	<u>636,629,419</u>
Less accumulated depreciation for:				
Building and building improvements	(22,154,587)	(1,511,767)	-	(23,666,354)
Facilities and other improvements	(2,040,420)	(203,226)	-	(2,243,646)
Machinery and equipment	(19,405,431)	(1,967,041)	143,200	(21,229,272)
Infrastructure	(159,175,361)	(7,134,987)	-	(166,310,348)
Automotive equipment	(24,628,826)	(2,739,695)	1,478,760	(25,889,761)
Total accumulated depreciation	<u>(227,404,625)</u>	<u>(13,556,716)</u>	<u>1,621,960</u>	<u>(239,339,381)</u>
Total capital assets, being depreciated, net	<u>391,145,758</u>	<u>6,360,489</u>	<u>(216,209)</u>	<u>397,290,038</u>
Governmental activities capital assets, net	<u>\$ 562,622,901</u>	<u>\$ 17,002,057</u>	<u>\$ (16,180,075)</u>	<u>\$ 563,444,883</u>

2. Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,276,074	\$ -	\$ (890,996)	\$ 1,385,078
Construction in progress	17,963,068	6,824,379	(3,562,064)	21,225,383
Total capital assets, not being depreciated	<u>20,239,142</u>	<u>6,824,379</u>	<u>(4,453,060)</u>	<u>22,610,461</u>
Capital assets, being depreciated:				
Buildings and building improvements	4,644,458	-	(836,411)	3,808,047
Facilities and other improvements	6,964,026	12,705	-	6,976,731
Machinery and equipment	11,284,460	40,643	(212,329)	11,112,774
Infrastructure	307,238,289	3,813,153	(2,043,583)	309,007,859
Automotive equipment	457,159	39,656	(170,626)	326,189
Total capital assets being depreciated	<u>330,588,392</u>	<u>3,906,157</u>	<u>(3,262,949)</u>	<u>331,231,600</u>
Less accumulated depreciation for:				
Building and building improvements	(3,439,914)	(79,857)	781,601	(2,738,170)
Facilities and other improvements	(2,539,593)	(113,825)	-	(2,653,418)
Machinery and equipment	(7,836,611)	(374,734)	93,101	(8,118,244)
Infrastructure	(87,675,885)	(4,629,502)	1,468,688	(90,836,699)
Automotive equipment	(445,360)	(9,920)	170,626	(284,654)
Total accumulated depreciation	<u>(101,937,363)</u>	<u>(5,207,838)</u>	<u>2,514,016</u>	<u>(104,631,185)</u>
Total capital assets, being depreciated, net	<u>228,651,029</u>	<u>(1,301,681)</u>	<u>(748,933)</u>	<u>226,600,415</u>
Business-type activities capital assets, net	<u>\$ 248,890,171</u>	<u>\$ 5,522,698</u>	<u>\$ (5,201,993)</u>	<u>\$ 249,210,876</u>

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

Governmental activities:

General Government	\$ 448,541
Public Safety	2,162,523
Public Works	6,710,634
Health	40,867
Culture and Recreation	1,192,516
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>3,001,635</u>
	<u>\$ 13,556,716</u>

Business-type activities

Water and Sewer System	<u>\$ 5,207,838</u>
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E. Construction Commitments

The City's commitments with contractors as of September 30, 2013 are as follows:

	Projects	Project Appropriation	Spent-to-Date
<u>Drainage</u>			
D009	Thomas St Outfall Planning Study	\$ 64,541	\$ 63,842
D013	2013 Annual Storm Swr Drainage	884,940	350,745
D023	Vista Drainage; Btwy 8 - Space Center	300,000	46,550
D040	Red Bluff Terrace Planning Study	207,966	207,083
D050	Cotton Patch Detention Pond	3,182,685	110,581
D051	Cotton Patch-Thomas St Outfall	1,312,748	2,884
D052	Martha Ditch Concrete Lining	981,440	63,722
D053	Drainage Study	199,995	155,489
		<u>\$ 7,134,315</u>	<u>\$ 1,000,896</u>
<u>Municipal Facilities</u>			
M008	North Pasadena Redevelopment	1,307,624	6,724
M011	Arena Improvement Project	656,828	379,999
M015	Conv Ctr Infrastructure Improvmnt	444,200	149,529
		<u>\$ 2,408,652</u>	<u>\$ 536,252</u>
<u>Parks</u>			
R016	South St Soccer Field	\$ 1,178,716	\$ 933,313
R017	Prospective Park Complex	99,900	97,400
R022	Strawberry Park Swimming Pool Renov	162,124	65,588
R024	Partnership Park (components split with HC)	14,000	12,600
		<u>\$ 1,454,740</u>	<u>\$ 1,108,901</u>
<u>Streets</u>			
S025	Pinnacle Bridge	\$ 200,000	\$ 17,500
S029	Scarborough; 225 to Southmore	410,560	318,685
S031	Finrock St; Harris to Southmore	200,000	47,186
S032	Bearle St; SH225 to Thomas	166,000	89,999
S034	EGR-Shaw II; Winonoma LS; Construct Shaw II	2,000,000	571,183
S036	Genoa-Red Bluff PH III	1,495,152	1,309,534
S037	Finrock; Thomas to Harris	84,700	-
S040	2013 CDBG W Ellaine; Richey-Cherokee	7,200	-
S041	Southmore PH I; Richey to Johnson	1,933,422	1,696,840
S049	Preston; Beltway 8 to Genoa-Red Bluff	332,328	320,487
S051	Main St; 225 to Southmore	7,366,808	7,015,487
S052	Pansy; Old Vista to Crenshaw	4,342,710	3,652,710
S055	Southmore PH II; Johnson to Strawberry	1,017,480	998,392
S057	Pasadena Blvd Overlay; Harris-Jackson	108,221	29,382
S067	2012 CDBG Sidewalk Replacement	9,500	-
S072	2013 Annual Pavement Replacement	1,300,058	773,840
S082	Fairmont Pkwy; BW8-Space Center	922,400	865,392
S083	Fairmont Pkwy; Space Center to Red Bluff	1,151,650	-
S090	Urban Street Design	1,785,275	1,730,293
S092	2012 CDBG Marshall St Paving & Drainage	7,200	6,400
S095	Paving & Drainage Program Management	1,000,000	19,593
S096	CDBG Magnolia St Paving & Drainage Improv	431,998	-
		<u>\$ 26,272,662</u>	<u>\$ 19,462,903</u>

	Projects	Project Appropriation	Spent-to-Date
<u>Traffic</u>			
T001	Evacuation Route Traffic Signal Study	\$ 199,995	\$ 155,034
T005	Spencer Highway Traffic Signals	50,016	-
T007	Yellowstone/Preston Traffic Signals	326,150	24,800
		<u>\$ 576,161</u>	<u>\$ 179,834</u>
<u>Water</u>			
W004	New Transmission Line	\$ 1,267,436	\$ 1,033,055
W011	SEWPP Meter Station	375,813	102,217
W012	SE Water Plant/Pump Station Improvements	594,050	406,296
W014	Loop Completion of Distribution System	4,910,310	4,682,263
W018	CDBG Waterline Improvements	730,659	712,671
W020	Westside Air Gap System	417,113	40,905
W021	Waterline Improvement Project	320,852	178,172
W022	Rodeo Grounds Pump Sta	39,000	-
W027	Bay Area Blvd/Port Rd Inter Improv	188,401	-
W028	Crenshaw Water Plant	658,000	-
W040	Guthrie Ground Storage	4,750,422	248,072
W041	Wafer Ground Storage	1,128,910	66,071
W042	Garner Water Well & Booster	894,792	46,999
W043	Pansy Water Plant	1,617,275	103,561
W044	Deepwater Water Plant	219,052	15,555
W045	Red Bluff Water Plant	224,646	16,073
		<u>\$ 18,336,731</u>	<u>\$ 7,651,910</u>
<u>Wastewater</u>			
WW012	Winona Lift Station Construction	\$ 302,000	\$ -
WW013	Gulfport Ind District Utility	2,089,671	909,825
WW015	CDBG WW Replace/Rehab	1,041,027	6,777
WW019	Citywide WW Rehab 2012-2017	2,099,354	1,283,166
WW020	Golden Acres Subdivision WW Rehab	1,000,380	12,515
WW040	TCEQ Sanitary Sewer Overflow Action Plan	40,000	29,795
WW041	SSR Shaw Ave	542,272	33,152
WW042	SSR Pasadena Terrace	166,090	17,208
WW043	SSR South Houston	777,092	49,102
WW044	SSR Bramley Subdivision	287,483	25,407
WW050	RTS; Skylark - West	2,453,269	2,179,822
WW051	SSR RTS; Spencer - Skylark	1,055,713	57,614
WW052	Vince St SSR	1,063,891	40,103
WW053	RTS IV; Force Main W Pitts LS	653,302	28,678
WW054	Vince WWTP Generator	625,985	34,038
WW055	Vista Lift Sta	302,785	24,792
WW056	Vista Trunk Sewer PH III	2,525,520	139,259
WW057	RTS V; West Pitts (Randall-Winona)	11,865	4,920
WW058	Pineswept Subdiv WW Rehab	7,949	-
		<u>\$ 17,045,648</u>	<u>\$ 4,876,173</u>
<u>Others</u>			
Z001	Post Office Building	1,085,000	216,119
Z003	AT&T Building	400,000	63,347
Z004	Chase Building	1,041,832	1,028,379
Z022	Prep Application TxCDBG	80,000	67,520
		<u>\$ 2,606,832</u>	<u>\$ 1,375,365</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, 2013 is as follows:

1. Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>		<u>Amount</u>
General	Grant management	\$ 3,247,751	
	** State forfeited project	3,394	
	** Hotel and motel tax	799	
	Water and sewer system	316,946	
	* General liability insurance	<u>33,894</u>	\$ 3,602,784
	Debt Service	General	
** Special charge allocation	General		363,645
** Abandoned motor vehicles and property	General		55,055
* Health Insurance	General		50,653
* Maintenance	General		1,248,264
* Workers' compensation Insurance	General		42
Water and sewer system	Debt Service	7,435	
	Maintenance	<u>36,538</u>	<u>43,973</u>
	Total		<u>\$ 5,401,596</u>
* Internal service funds			
** Nonmajor governmental			

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

<u>Receiving Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government- General fund	Pasadena Crime Control and Prevention District	<u>\$ 236,633</u>

3. Interfund Transfers:

Fund Financial Statements

	<u>Transfer In:</u>							<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Grant Management</u>	<u>* Maintenance</u>	<u>* General Liability Insurance</u>	<u>* Health Insurance</u>	
Transfer out:								
General	\$ -	\$ -	\$ 14,851	\$ -	\$ 3,716,500	\$ 500,000	\$ 150,000	4,381,351
Pasadena Second Century	240,000	-	-	-	-	-	-	240,000
Capital Projects	-	968	-	-	-	-	-	968
Water and Sewer System	2,200,000	-	-	-	571,727	1,000,000	-	3,771,727
* Maintenance	-	-	-	236,699	-	-	-	236,699
* Workers' Compensation Insurance	250,000	-	-	-	-	-	-	250,000
Total	<u>\$ 2,690,000</u>	<u>\$ 968</u>	<u>\$ 14,851</u>	<u>\$ 236,699</u>	<u>\$ 4,288,227</u>	<u>\$ 1,500,000</u>	<u>\$ 150,000</u>	<u>\$ 8,880,745</u>

* Internal service funds

Transfers are used to move unrestricted and restricted funds from the general, debt, capital projects, water and sewer system, and internal service 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 general fund received \$240,000 from the Pasadena Second Century Corporation (the City's blended component unit) to reimburse funds on completed or cancelled projects which had been authorized by the Board of Directors.

Government-Wide Financial Statements

During the fiscal year, the transfer activities between the governmental and business-type activities totaled \$1,668,346 and can be summarized as follows:

- The amount of \$3,702,000 was transferred out to the governmental activities from the business-type activities.
- Capital assets in the amount of \$2,103,381 were transferred into the business-type activities from the governmental activities.
- Capital assets in the amount of \$69,727 were transferred to the maintenance fund (internal service funds) from the business-type 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 \$91,330,000. The original amount of general obligation refunding bonds was \$54,195,000.

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:

	<u>Interest %</u>	<u>Maturity</u>	<u>Purpose</u>	<u>Installments</u>	<u>Amount</u>
\$13,200,000 GOB, 2004	4.50	2/15/2024	Governmental type	\$615,000 to \$980,000	\$ 730,000
\$1,835,000 GOB Refunding, 2005	5.00	2/15/2014	Governmental type	\$950,000 to \$975,000	975,000
\$19,380,000 GO and Refunding, 2005A	5.00	2/15/2025	Governmental type	\$60,000 to \$1,565,000	6,590,000
\$8,915,000 GO and Refunding, 2006	4.00	2/15/2026	Both	\$100,000 to \$1,540,000	7,440,000
\$5,950,000 COB, 2007	4.88	2/15/2027	Governmental type	\$55,000 to \$390,000	4,720,000
\$13,665,000 GOB, 2007	5.63	2/15/2027	Governmental type	\$675,000 to \$840,000	10,905,000
\$21,635,000 GOB, 2008	4.75	2/15/2028	Governmental type	\$735,000 to \$1,720,000	18,510,000
\$6,725,000 GO and Refunding, 2009	4.00	2/15/2017	Governmental type	\$125,000 to \$2,240,000	4,985,000
\$20,030,000 GOB Refunding, 2012	4.00	2/15/2023	Governmental type	\$435,000 to \$2,385,000	18,995,000
\$16,690,000 GOB Refunding, 2012A	3.08	2/15/2025	Governmental type	\$145,000 to \$1,840,000	16,545,000
					\$ 90,395,000

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
2014	\$ 6,840,000	\$ 3,680,409	\$ 10,520,409
2015	7,045,000	3,416,598	10,461,598
2016	7,635,000	3,128,006	10,763,006
2017	6,980,000	2,822,867	9,802,867
2018	6,795,000	2,528,154	9,323,154
2019-2023	37,435,000	7,904,621	45,339,621
2024-2028	17,665,000	1,592,450	19,257,450
	<u>\$ 90,395,000</u>	<u>\$ 25,073,105</u>	<u>\$ 115,468,105</u>

Other Long-Term Debt

\$4,960,000 Sales Tax Revenue Bonds, Series 2011 dated February 15, 2011, interest at 2.00% - 3.75%, due in an installment of \$770,000 - \$895,000 through February 15, 2017 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.

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

Year Ending September 30,	Principal	Interest	Total
2014	\$ 810,000	\$ 105,213	\$ 915,213
2015	835,000	78,450	913,450
2016	865,000	48,700	913,700
2017	895,000	16,781	911,781
	<u>\$ 3,405,000</u>	<u>\$ 249,144</u>	<u>\$ 3,654,144</u>

2. Business-Type Activities

Revenue Bonds, Revenue Refunding Bonds and General Obligation Refunding Bonds

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
\$ 17,675,000	3.25 - 5.00	2/15/2020	Water and sewer	\$120,000 to \$2,755,000	\$ 10,130,000
\$ 9,970,000	3.25 - 5.00	2/15/2022	Water and sewer	\$440,000 to \$2,860,000	3,900,000
\$ 55,400,000	4.75 - 5.00	4/1/2033	SEWPP expansion	\$35,000 to \$5,235,000	53,395,000
\$ 15,285,000	2.00 - 3.00	4/1/2019	Refunding	\$780,000 to \$2,355,000	12,070,000
\$ 5,885,000	4.00 - 5.00	2/15/2022	Refunding	\$275,000 to \$1,840,000	5,885,000
					<u>\$ 85,380,000</u>

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 3,990,000	\$ 3,845,831	\$ 7,835,831
2015	4,130,000	3,683,841	7,813,841
2016	4,285,000	3,520,675	7,805,675
2017	4,455,000	3,349,475	7,804,475
2018	4,630,000	3,170,625	7,800,625
2019-2023	21,445,000	12,805,906	34,250,906
2024-2028	18,645,000	8,154,313	26,799,313
2029-2033	23,800,000	2,943,956	26,743,956
	\$ 85,380,000	\$ 41,474,622	\$ 126,854,622

3. Advance Refunding

During the fiscal year, the City issued \$22,575,000 General Obligation Refunding Bonds, Series 2012A to advance refund the following:

- General Obligation Refunding Bonds, Series 2004 in the amount of \$8,555,000, a governmental fund debt.
- Governmental fund debt portion of General Obligation Refunding Bonds, Series 2005A in the amount of \$8,690,000 consisting of principal amount due on February 15, 2016 through 2025.
- Water and sewer system enterprise fund debt portion of the General Obligation Refunding Bonds, Series 2005A in the amount of \$6,070,000 consisting of Principal amount due on February 15, 2016 through 2022.

The refunding was to take advantage of lower interest rates and reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of old debt by \$2,024,487, consisting of \$1,492,154 – governmental fund debt portion and \$532,333 – water and sewer enterprise fund debt portion. These amounts are being netted against the new debt and amortized over the new debt's life, which is shorter than the old debt. The transaction also resulted in an economic gain of \$1,326,865 and a reduction of life of the \$1,514,115 in future debt service payments.

4. 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, 2013, \$12,915,000 of general obligation bonds and \$3,305,000 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 amounts of \$27,795,000 and \$17,255,000 remain outstanding.

5. 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.

6. Legal Debt Margin

At September 30, 2013, the City's legal debt margin was 10% of assessed property valuation totaling \$6,026,013,995, reduced by the amount of bonded debt outstanding of \$91,952,482 and netted with the amount available in the debt service fund. The City's legal debt margin was \$515,868,496.

7. Rebatable Arbitrage

The City is taking the approach of treating rebatable arbitrage as a claim. For the interim computation period through September 30, 2013, the City has no cumulative rebate liability.

8. Changes in Long-Term Liabilities

Governmental Activities:

Long-term liability activity for the year ended September 30, 2013 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
<u>Governmental Activities:</u>					
Debt payable:					
General obligation and refunding bonds	\$ 92,720,000	\$ 16,690,000	\$ (23,735,000)	\$ 85,675,000	\$ 6,550,000
Certificate of obligation bonds	5,010,000	-	(290,000)	4,720,000	290,000
Other Long-Term Debt	4,190,000	-	(785,000)	3,405,000	810,000
	101,920,000	16,690,000	(24,810,000)	93,800,000	7,650,000
Less deferred amounts:					
For issuance premium	227,170	-	(116,994)	110,176	-
On refunding	1,047,373	1,001,513	(498,601)	1,550,285	-
Total debt payable	103,194,543	17,691,513	(25,425,595)	95,460,461	7,650,000
Claims	2,371,762	8,528,711	(8,033,606)	2,866,867	1,720,120
Compensated absences	23,357,720	7,985,895	(7,468,393)	23,875,222	2,387,522
Other post employment benefits	15,559,862	4,962,411	(2,922,209)	17,600,064	-
Governmental activity Long-term liabilities	<u>\$ 144,483,887</u>	<u>\$ 39,168,530</u>	<u>\$ (43,849,803)</u>	<u>\$ 139,802,614</u>	<u>\$ 11,757,642</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, 2013, \$1,013,532 of internal service funds' compensated absences and \$16,491 of other post employment benefits are included in the above amounts.

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

Business-Type Activities:

Long-term liability activity for the year ended September 30, 2013 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
<u>Business-type activities:</u>					
Bonds payable					
Revenue bonds	\$ 53,430,000	\$ -	\$ (35,000)	\$ 53,395,000	\$ 130,000
Revenue refunding bonds	13,255,000	-	(1,185,000)	12,070,000	1,105,000
General obligation refunding bonds	22,710,000	5,885,000	(8,680,000)	19,915,000	2,755,000
Less deferred amounts:					
For premiums on issuance	1,976,740	879,283	(375,973)	2,480,050	-
On refunding					
For deferred loss on early retirement	(719,587)	(532,333)	130,812	(1,121,108)	-
Total Bonds payable	90,652,153	6,231,950	(10,145,161)	86,738,942	3,990,000
Compensated absences	1,860,239	554,267	(461,765)	1,952,741	195,274
Other post employment benefits	2,275,481	643,306	(549,250)	2,369,537	-
Business-type activity Long-term liabilities	<u>\$ 94,787,873</u>	<u>\$ 7,429,523</u>	<u>\$ (11,156,176)</u>	<u>\$ 91,061,220</u>	<u>\$ 4,185,274</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 used Arthur J. Gallagher and Company as its third-party administrator for run off claims incurred before November 30, 2004 which was completed as of September 30, 2011. 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. until May 25, 2011. As of that date, the City purchased a new policy with MCGriff Seibels & Williams of Texas Insurance for the same coverage. The deductibles range 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, Rust, Ewing, Watt & Haney, Inc. and MCGriff Seibels & Williams of Texas Insurance are all 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 until January 1, 2012, when the City hired Allegiance as the administrator. UMR continued to process "run-out" claims until March 2013. The City has two health insurance plans and two dental insurance plans. The health insurance plans, A or B, offer 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 Allegiance as the third party administrator.

Being self insured, the City deposits \$960 each month for each employee for 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 plan cost 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	Health/Dental Insurance
<u>Current Fiscal Year</u>		
Unpaid claims and claim adjustment expenses at the beginning of the current fiscal year	\$ 267,294	\$ 2,104,468
Incurred claims and claim adjustment expenses:		
Provisions for insured events of the current fiscal year	-	12,517,510
(Decrease) in provision for insured events-prior years	(18,171)	(3,970,628)
Total incurred claims and claim adjustment expenses	<u>(18,171)</u>	<u>8,546,882</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events-		
Current fiscal year	-	9,797,854
Prior fiscal years	101,912	(1,866,160)
Total payments	<u>101,912</u>	<u>7,931,694</u>
Total unpaid claims and claim adjustment expenses at end of current fiscal year	<u>\$ 147,211</u>	<u>\$ 2,719,656</u>
<u>Prior Fiscal Year</u>		
Unpaid claims and claim adjustment expenses at the beginning of the prior fiscal year	\$ 310,219	\$ 2,535,011
Incurred claims and claim adjustment expenses:		
Provisions for insured events of the current fiscal year	-	9,456,487
Increase (decrease) in provision for insured events-prior years	32,528	(3,510,362)
Total incurred claims and claim adjustment expenses	<u>32,528</u>	<u>5,946,125</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events-		
Current fiscal year	-	7,352,019
Prior fiscal years	75,453	(975,351)
Total payments	<u>75,453</u>	<u>6,376,668</u>
Total unpaid claims and claim adjustment expenses at end of prior fiscal year	<u>\$ 267,294</u>	<u>\$ 2,104,468</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 amounts 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, 2013, one hundred and seventy-four retirees, excluding spouses, participated and received OPEB.

In fiscal year 2013, retirees made contributions totaling \$602,473, while the City paid \$3,303,791 in claims and \$618,452 in stop-loss premiums and administrative fees on behalf of retirees, their spouses and dependents. The City did recover \$362,875 in stop loss insurance revenue associated with the retirees during this fiscal year. Effective January 1, 2004, revised January 1, 2011 and again January 1, 2012 to exclude spouses, retired employees age 65 or older, who are no longer eligible for the City's health plan, are enrolled in a Medicare Supplement plan for a total of one hundred and fifty at September 30, 2013. For these retirees, the City paid up to \$300 from October to December 2012 and up to \$300 from January to September 2013 per person, per month, at a cost of \$514,564 for fiscal year 2013.

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, 2013, as required by GASB.

The City's annual OPEB cost for the fiscal year ending September 30, 2013 is as follows:

	OPEB
Annual required contribution	\$ 5,546,719
Interest on OPEB obligation	802,590
Adjustment to ARC	<u>(743,592)</u>
Annual OPEB cost (expense) end of year	5,605,717
Net estimated employer contributions	<u>(3,471,459)</u>
Increase in net OPEB obligation	2,134,258
Net OPEB obligation - beginning	<u>17,835,343</u>
Net OPEB obligation - end of year	<u>\$ 19,969,601</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years are as follows:

Fiscal Year	Annual OPEB Costs	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 6,541,365	\$ 2,297,310	35.1%	\$ 15,350,138
2012	\$ 5,435,942	\$ 2,950,737	54.3%	\$ 17,835,343
2013	\$ 5,605,717	\$ 3,471,459	61.9%	\$ 19,969,601

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, 2011 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%
2011	\$ -	\$ 63,104,143	\$ 63,104,143	0%	\$ 42,970,265	147%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$63,104,143 at December 31, 2011. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 147%.

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 assets. 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
Inflation Rate -	3.0% per year
Salary Growth Rate-	3.0% per year
Medical and Rx Trend -	8.5% per year in 2012 decreasing by .5% per year to a rate of 4.5% for 2020 and later

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 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, 2010	\$ 6,315,171	\$ 1,017,589	\$ 260,521	\$ 241,370	23.9854	\$ 6,334,322	\$ 5,316,733	\$ 11,106,083
September 30, 2011	\$ 6,504,626	\$ 2,297,310	\$ 499,774	\$ 463,035	23.9854	\$ 6,541,365	\$ 4,244,055	\$ 15,350,138
September 30, 2012	\$ 5,385,164	\$ 2,950,737	\$ 690,756	\$ 639,978	23.9854	\$ 5,435,942	\$ 2,485,205	\$ 17,835,343
September 30, 2013	\$ 5,546,719	\$ 3,471,459	\$ 802,590	\$ 743,592	23.9854	\$ 5,605,717	\$ 2,134,258	\$ 19,969,601

The percentage contributed and schedule of funding progress is required to present the current and the three preceding years.

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 eligible 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 employees' 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 percentage (100%, 150%, or 200%) of the employees' 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 employees' accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employees' 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 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, 2011 valuation is effective for rates beginning January 2013).

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 is available on TMRS' website at www.TMRS.com.

Trend Information - Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial Value of Assets	\$ 280,321,666	\$ 297,846,995	\$ 315,127,856
Actuarial Accrued Liability	311,835,392	324,359,878	334,283,261
Percentage Funded	89.89%	91.83%	94.27%
Unfunded Actuarial Accrued Liability (UAAL)	31,513,726	26,512,883	19,155,405
Annual Covered Payroll	53,339,116	47,658,550	49,508,417
UAAL as a Percentage of Covered Payroll	59.10%	55.60%	38.70%
Net Pension Obligation at the Beginning of Period	\$ -	\$ -	\$ -
Annual Pension Cost:			
Annual required contribution (ARC)	\$ 10,378,750	\$ 9,200,068	\$ 7,216,237
Contributions Made (1)	10,378,750	9,200,068	7,216,237
Net Pension Obligation at the end of the period	\$ -	\$ -	\$ -

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

(2) See Funded Status and Funding Progress for explanation.

Actuarial Assumptions

Actuarial Cost Method -	Projected Unit Credit
Amortization Method -	Level Percent of Payroll
GASB 25 Equivalent Single	
Amortization Period -	24.9 Years - Closed Period
Amortization Period for new	
Gains/Losses -	30 years
Asset Valuation Method -	10-year Smoothed Market
Investment Rate of Return -	7.0%
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 2013, 2012 and 2011 are \$115,626, \$107,583, and \$140,674, respectively, which 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, 2012, there were 188 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, 2012, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,750
Terminated members entitled to benefits but not yet receiving them	2,252
Current active members (vested and nonvested)	<u>4,446</u>
	<u>9,448</u>

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS, and established the applicable benefit provisions. The 79th 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, 65th 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, 2013, 2012 and 2011 were \$372,356, \$402,185, and \$479,831, 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 a limited amount to make TESRS actuarially sound.

Contributions Required and Contributions Made

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, 2012, total contributions (dues and prior service) of \$3,517,455 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 years ending August 31, 2012 and 2013. Total contributions made were less than the contributions required by the State statute and required based on the August 31, 2010 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, 2012 revealed the inadequacy of the expected contributions from the political subdivisions (dues and prior service contributions) even together with the actual state appropriations for the fiscal year ending August 31, 2013 (\$528,538 to pay for the part of the System's administrative expenses) and with the assumed 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 \$530,000 each year to help pay for the System's administrative expenses.

To the best of our knowledge, the actuarial information supplied in this section is complete, accurate and in compliance with GASB Statement No. 25. In our opinion, the assumptions used are reasonably related to the experience of the System and to reasonable expectations. The assumptions represent a reasonable estimate of anticipated experience of the System over the long-term future, and their selection complies with the appropriate actuarial standards of practice.

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.

**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, 2013**

ASSETS

Cash and cash equivalents	\$	2,278,069
Investments		
TexPool		23,446,431
LOGIC CLASS A		546,562
CLASS		26,930,255
		50,923,248
Receivables (net, where applicable, of allowances for uncollectible)		
General property taxes		653,666
Accounts receivable		5,705,772
		6,359,438
Due from other funds		3,602,784
Due from component unit		236,633
Restricted assets		
Receivables (net, where applicable, of allowances for uncollectible)		85,428
TOTAL ASSETS	\$	63,485,600

LIABILITIES

Accounts payable	\$	6,564,681
Accrued payroll payable		2,305,509
Due to other funds		1,754,839
Unearned revenue		2,182,554
		12,807,583

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes		580,835
Unavailable revenue - industrial district fees		16,855
		597,690

FUND BALANCES

Committed		1,733,497
Assigned		605,417
Unassigned		47,741,413
		50,080,327
TOTAL FUND BALANCES		50,080,327
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$	63,485,600

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**CITY OF PASADENA, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR YEAR ENDED SEPTEMBER 30, 2013**

REVENUES

General property taxes	\$ 23,549,653
Business taxes and fees	
Industrial district fees	17,755,534
Sales taxes	18,625,390
Utility taxes	8,751,774
Other taxes and fees	191,083
Total business taxes and fees	45,323,781
Licenses and permits	2,315,116
Municipal court fines	5,597,498
Charges for services	9,507,936
Intergovernmental	55,663
Miscellaneous	591,101
Investment income	72,298
TOTAL REVENUES	87,013,046

EXPENDITURES

Current	
General government	14,416,942
Public safety	36,714,601
Public works	12,800,704
Health	3,109,669
Culture and recreation	12,297,823
TOTAL EXPENDITURES	79,339,739

**EXCESS OF REVENUES OVER
EXPENDITURES**

7,673,307

OTHER FINANCING SOURCES (USES)

Operating transfers in (out)	
Maintenance fund	(3,716,500)
Capital projects fund	(14,851)
Water and sewer system	2,200,000
General liability insurance fund	(500,000)
Workers' compensation fund	250,000
Health insurance fund	(150,000)
Pasadena second century corporation fund	240,000
Insurance recovery	1,223,378
Sale of capital assets	139,788
TOTAL OTHER FINANCING SOURCES (USES)	(328,185)

NET CHANGE IN FUND BALANCE

7,345,122

FUND BALANCE - BEGINNING

42,735,205

FUND BALANCE - ENDING

\$ 50,080,327

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General Property Taxes				
Ad valorem taxes	\$ 20,850,000	\$ 23,350,000	\$ 23,124,341	\$ (225,659)
Penalty and interest	380,000	380,000	425,312	45,312
Total General Property Taxes	21,230,000	23,730,000	23,549,653	(180,347)
Business Taxes				
Industrial district fees	16,130,000	16,130,000	17,755,534	1,625,534
Sales tax	16,500,000	16,500,000	18,625,390	2,125,390
Utility taxes	8,330,110	8,330,110	8,751,774	421,664
Other taxes and fees				
Mixed drink tax	150,000	150,000	191,021	41,021
Bingo tax	-	-	62	62
Total Business Taxes	41,110,110	41,110,110	45,323,781	4,213,671
Licenses and Permits				
Business types	1,821,190	1,821,190	2,119,449	298,259
Occupational types	95,750	95,750	118,319	22,569
Non-business types	79,500	79,500	77,348	(2,152)
Total Licenses and Permits	1,996,440	1,996,440	2,315,116	318,676
Municipal Court Fines and Fees				
	5,811,000	5,811,000	5,597,498	(213,502)
Charges for Services				
Ellington municipal golf course	604,015	604,015	585,715	(18,300)
Recreational activities	216,700	216,700	190,849	(25,851)
Swimming pool	65,000	65,000	73,651	8,651
Tennis court	2,500	2,500	960	(1,540)
Civic center	349,000	349,000	300,159	(48,841)
Other centers	75,250	75,250	86,515	11,265
Miscellaneous	722,500	722,500	702,437	(20,063)
Solid waste collection	6,817,200	6,817,200	6,828,770	11,570
Health services	294,050	294,050	323,818	29,768
Library services	41,500	41,500	61,448	19,948
Property management	347,800	347,800	353,614	5,814
Total Charges for Services	9,535,515	9,535,515	9,507,936	(27,579)
Intergovernmental				
Fire protection	105,000	105,000	76,596	(28,404)
Ike - Disaster Grant	-	-	(236,027)	(236,027)
Reimbursement from other agencies	91,000	91,000	98,126	7,126
TxDOT - traffic signal maintenance	29,205	29,205	29,205	-
Emergency management performance grant	81,500	81,500	85,428	3,928
Restitution - Harris County	1,000	1,000	2,335	1,335
Total Intergovernmental	307,705	307,705	55,663	(252,042)
Miscellaneous	363,450	363,450	591,101	227,651
Investment Income	47,300	47,300	72,298	24,998
TOTAL REVENUES	\$ 80,401,520	\$ 82,901,520	\$ 87,013,046	\$ 4,111,526

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Current				
General Government				
City Council				
Personnel services	\$ 97,171	\$ 97,171	\$ 93,529	\$ 3,642
Contractual services	38,900	43,200	21,437	21,763
Materials and supplies	5,900	5,900	4,199	1,701
Maintenance charges	44,627	45,627	45,615	12
	186,598	191,898	164,780	27,118
Mayor				
Personnel services	313,615	313,615	266,136	47,479
Contractual services	17,400	17,400	13,002	4,398
Materials and supplies	7,250	7,250	1,265	5,985
Maintenance charges	28,366	28,366	24,637	3,729
	366,631	366,631	305,040	61,591
Budget and Financial Planning				
Personnel services	284,247	298,747	298,460	287
Contractual services	11,080	6,980	6,240	740
Materials and supplies	2,150	8,250	8,178	72
Maintenance charges	11,435	11,435	11,124	311
	308,912	325,412	324,002	1,410
Municipal Court				
Personnel services	1,655,981	1,655,981	1,654,585	1,396
Contractual services	67,430	64,430	51,724	12,706
Materials and supplies	41,320	44,320	38,767	5,553
Maintenance charges	206,396	206,396	167,200	39,196
	1,971,127	1,971,127	1,912,276	58,851
City Controller				
Personnel services	1,539,220	1,508,220	1,441,830	66,390
Contractual services	94,050	104,050	98,937	5,113
Materials and supplies	20,600	20,600	17,398	3,202
Maintenance charges	65,851	65,851	63,040	2,811
	\$ 1,719,721	\$ 1,698,721	\$ 1,621,205	\$ 77,516

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, 2013**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
General Government, Continued				
Tax				
Contractual services	\$ 445,000	\$ 444,980	\$ 435,585	\$ 9,395
Materials and supplies	-	20	12	8
	445,000	445,000	435,597	9,403
Purchasing				
Personnel services	300,849	300,849	293,060	7,789
Contractual services	11,290	11,290	8,824	2,466
Materials and supplies	2,850	2,850	2,115	735
Maintenance charges	26,983	26,983	26,571	412
	341,972	341,972	330,570	11,402
Legal				
Personnel services	827,458	827,458	802,826	24,632
Contractual services	180,675	180,675	94,084	86,591
Materials and supplies	29,053	29,053	24,258	4,795
Maintenance charges	58,962	58,962	56,944	2,018
Other charges	90,395	90,395	81,581	8,814
	1,186,543	1,186,543	1,059,693	126,850
City Secretary				
Personnel services	249,465	249,465	243,410	6,055
Contractual services	79,450	79,450	38,615	40,835
Materials and supplies	5,850	5,850	(1,640)	7,490
Maintenance charges	52,428	52,428	43,778	8,650
	387,193	387,193	324,163	63,030
Elections				
Personnel services	-	1,100	1,066	34
Contractual services	112,500	109,600	88,710	20,890
Materials and supplies	5,200	5,200	2,662	2,538
	117,700	115,900	92,438	23,462
Human Resources				
Personnel services	529,388	485,488	485,414	74
Contractual services	88,650	131,650	131,404	246
Materials and supplies	45,500	40,500	29,567	10,933
Maintenance charges	57,507	60,607	60,582	25
	\$ 721,045	\$ 718,245	\$ 706,967	\$ 11,278

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
City Marshall				
Personnel services	\$ 511,609	\$ 522,309	\$ 522,271	\$ 38
Contractual services	11,500	9,300	6,141	3,159
Materials and supplies	9,200	11,400	9,342	2,058
Maintenance charges	105,639	105,989	105,951	38
	637,948	648,998	643,705	5,293
Community Relations				
Personnel services	734,926	706,926	678,303	28,623
Contractual services	60,270	60,270	52,397	7,873
Materials and supplies	36,848	36,848	30,953	5,895
Maintenance charges	66,033	66,033	61,773	4,260
	898,077	870,077	823,426	46,651
Pasadena Action Line				
Personnel services	340,228	348,228	348,161	67
Contractual services	2,550	2,550	-	2,550
Materials and supplies	2,400	2,400	1,015	1,385
Maintenance charges	29,845	29,845	29,064	781
	375,023	383,023	378,240	4,783
Planning				
Personnel services	439,407	350,407	301,860	48,547
Contractual services	83,810	83,810	51,097	32,713
Materials and supplies	8,000	8,000	5,041	2,959
Maintenance charges	76,270	76,270	71,140	5,130
	607,487	518,487	429,138	89,349
Planning/Development				
Administration				
Personnel services	157,521	165,621	165,552	69
Contractual services	1,675	1,675	434	1,241
Materials and supplies	1,050	1,050	290	760
	160,246	168,346	166,276	2,070
Economic Development Liaison				
Personnel services	147,966	238,966	238,560	406
Contractual services	6,650	11,150	11,057	93
Materials and supplies	3,150	3,150	1,868	1,282
Maintenance charges	6,317	6,617	6,603	14
	\$ 164,083	\$ 259,883	\$ 258,088	\$ 1,795

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, 2013**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
General Government, Continued				
Neighborhood Network				
Personnel services	\$ 76,527	\$ 81,027	\$ 80,951	\$ 76
Contractual services	25,040	230,040	118,272	111,768
Materials and supplies	11,650	11,650	9,915	1,735
Maintenance charges	23,574	25,324	25,277	47
	136,791	348,041	234,415	113,626
Inspections				
Personnel services	1,140,567	1,092,567	1,085,642	6,925
Contractual services	36,300	31,800	21,980	9,820
Materials and supplies	17,191	17,191	12,222	4,969
Maintenance charges	190,443	190,443	184,268	6,175
	1,384,501	1,332,001	1,304,112	27,889
Property Management				
Personnel services	246,973	254,573	254,526	47
Contractual services	391,450	386,450	235,932	150,518
Materials and supplies	129,659	136,659	58,524	78,135
Maintenance charges	408,100	381,394	218,109	163,285
Capital outlay	470,300	660,130	491,985	168,145
	1,646,482	1,819,206	1,259,076	560,130
Impound/Storage				
Personnel services	348,402	348,402	296,763	51,639
Contractual services	2,400	2,400	1,937	463
Materials and supplies	3,500	3,500	2,564	936
Other charges	5,744	5,749	5,748	1
	360,046	360,051	307,012	53,039
Other Charges				
Personnel services	802,236	1,236	-	1,236
Contractual services	157,500	1,362,378	1,222,877	139,501
Materials and supplies	-	3,331	3,331	-
Other charges	38,000	38,000	27,482	10,518
Other uses	65,000	83,500	83,033	467
Capital outlay	12,500,000	10,551,373	-	10,551,373
	13,562,736	12,039,818	1,336,723	10,703,095
Total General Government	\$ 27,685,862	\$ 26,496,573	\$ 14,416,942	\$ 12,079,631

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Safety				
Emergency Preparedness				
Personnel services	\$ 276,173	\$ 277,173	\$ 277,169	\$ 4
Contractual services	51,500	51,500	39,986	11,514
Materials and supplies	10,946	17,516	12,868	4,648
Maintenance charges	114,755	114,755	109,435	5,320
	453,374	460,944	439,458	21,486
Fire Fighting				
Personnel services	490,462	521,462	520,686	776
Contractual services	1,180,010	1,180,010	1,005,016	174,994
Materials and supplies	416,779	507,319	398,596	108,723
Maintenance charges	756,306	756,306	754,468	1,838
Capital outlay	25,400	34,860	34,813	47
	2,868,957	2,999,957	2,713,579	286,378
Fire Prevention				
Personnel services	772,466	781,166	781,154	12
Contractual services	44,477	43,777	43,618	159
Materials and supplies	23,967	25,269	25,234	35
Maintenance charges	173,738	173,738	167,214	6,524
Capital outlay	5,000	4,398	4,398	-
	1,019,648	1,028,348	1,021,618	6,730
Police				
Personnel services	28,453,465	29,180,965	28,670,140	510,825
Contractual services	555,103	604,103	568,266	35,837
Materials and supplies	313,966	314,966	293,650	21,316
Maintenance charges	3,042,317	3,052,468	3,007,890	44,578
	32,364,851	33,152,502	32,539,946	612,556
Total Public Safety	\$ 36,706,830	\$ 37,641,751	\$ 36,714,601	\$ 927,150

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, 2013**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Works				
Engineering				
Personnel services	\$ 1,262,082	\$ 1,262,082	\$ 1,038,550	\$ 223,532
Contractual services	106,400	366,290	152,710	213,580
Materials and supplies	39,800	39,800	34,807	4,993
Maintenance charges	223,604	223,604	209,007	14,597
	1,631,886	1,891,776	1,435,074	456,702
Street Lighting and Signals				
Contractual services	1,441,000	1,441,000	1,395,254	45,746
	1,441,000	1,441,000	1,395,254	45,746
Sanitation				
Personnel services	2,237,445	2,237,445	2,187,948	49,497
Contractual services	3,733,400	3,733,400	3,437,945	295,455
Materials and supplies	310,250	320,150	269,352	50,798
Maintenance charges	234,862	234,962	232,821	2,141
	6,515,957	6,525,957	6,128,066	397,891
Street and Bridge				
Personnel services	1,755,857	1,809,857	1,808,998	859
Contractual services	70,850	56,850	35,657	21,193
Materials and supplies	402,770	459,670	287,451	172,219
Maintenance charges	377,056	377,056	369,344	7,712
Capital Outlay	25,000	209,676	209,579	97
	2,631,533	2,913,109	2,711,029	202,080
Traffic and Transportation				
Personnel services	677,244	694,244	693,955	289
Contractual services	153,050	238,050	157,230	80,820
Materials and supplies	172,369	172,369	140,951	31,418
Maintenance charges	140,113	140,113	139,145	968
	1,142,776	1,244,776	1,131,281	113,495
Total Public Works	\$ 13,363,152	\$ 14,016,618	\$ 12,800,704	\$ 1,215,914

EXPENDITURES**Health****Health**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Personnel services	\$ 668,178	\$ 668,178	\$ 629,722	\$ 38,456
Contractual services	816,060	816,060	576,556	239,504
Materials and supplies	17,650	38,896	30,405	8,491
Maintenance charges	100,503	100,553	100,537	16
	1,602,391	1,623,687	1,337,220	286,467

Animal Rescue and Assistance

Personnel services	1,381,022	1,348,522	1,132,065	216,457
Contractual services	234,160	263,310	257,305	6,005
Materials and supplies	254,400	246,900	191,842	55,058
Maintenance charges	173,654	173,804	170,574	3,230
Capital outlay	-	20,700	20,663	37
	2,043,236	2,053,236	1,772,449	280,787

Total Health

	3,645,627	3,676,923	3,109,669	567,254
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Parks

Personnel services	1,888,053	1,885,953	1,713,316	172,637
Contractual services	1,152,215	1,142,315	393,328	748,987
Materials and supplies	246,665	311,034	207,947	103,087
Maintenance charges	764,039	764,039	723,914	40,125
Capital outlay	921,562	1,199,162	50,037	1,149,125
	4,972,534	5,302,503	3,088,542	2,213,961

Recreation

Personnel services	1,698,441	1,742,441	1,625,683	116,758
Contractual services	323,605	310,105	216,291	93,814
Materials and supplies	303,751	306,745	233,958	72,787
Maintenance charges	304,727	304,827	268,694	36,133
Other charges	64,000	64,000	52,832	11,168
Capital outlay	32,500	42,906	38,405	4,501
	\$ 2,727,024	\$ 2,771,024	\$ 2,435,863	\$ 335,161

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, 2013**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Culture and Recreation, Continued				
Clean Streets				
Personnel services	\$ 1,120,315	\$ 1,120,315	\$ 1,011,399	\$ 108,916
Contractual services	194,650	194,650	165,081	29,569
Materials and supplies	73,123	73,123	40,160	32,963
Maintenance charges	252,883	252,883	245,363	7,520
	1,640,971	1,640,971	1,462,003	178,968
Golf Course				
Personnel services	477,564	467,564	404,447	63,117
Contractual services	98,900	123,900	93,119	30,781
Materials and supplies	114,195	114,195	59,937	54,258
Maintenance charges	69,790	70,990	70,848	142
Capital outlay	30,000	15,000	-	15,000
	790,449	791,649	628,351	163,298
Multi-Purpose Center				
Personnel services	361,209	361,209	310,529	50,680
Contractual services	36,850	36,850	28,797	8,053
Materials and supplies	38,450	31,450	22,306	9,144
Maintenance charges	49,521	58,321	58,274	47
Other charges	10,000	17,000	15,053	1,947
Capital outlay	26,708	26,708	18,605	8,103
	522,738	531,538	453,564	77,974
Civic Center				
Personnel services	354,669	354,669	320,750	33,919
Contractual services	166,600	161,400	119,183	42,217
Materials and supplies	13,975	13,975	10,277	3,698
Maintenance charges	207,576	207,576	142,497	65,079
Capital outlay	-	5,200	5,200	-
	742,820	742,820	597,907	144,913
Senior Center - Madison Jobe				
Personnel services	204,893	205,193	205,115	78
Contractual services	39,750	39,750	22,869	16,881
Materials and supplies	24,150	24,100	9,095	15,005
Maintenance charges	58,566	58,616	54,045	4,571
Other charges	20,000	20,000	15,147	4,853
Capital outlay	5,827	5,827	-	5,827
	\$ 353,186	\$ 353,486	\$ 306,271	\$ 47,215

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Library				
Personnel services	\$ 2,400,006	\$ 2,400,006	\$ 2,374,094	\$ 25,912
Contractual services	317,610	317,610	284,061	33,549
Materials and supplies	214,980	242,476	209,203	33,273
Maintenance charges	309,978	310,078	291,026	19,052
Capital outlay	310,000	285,200	166,938	118,262
	3,552,574	3,555,370	3,325,322	230,048
Total Culture and Recreation	15,302,296	15,689,361	12,297,823	3,391,538
TOTAL EXPENDITURES	96,703,767	97,521,226	79,339,739	18,181,487
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,302,247)	(14,619,706)	7,673,307	22,293,013
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
Maintenance fund	(2,252,500)	(3,716,500)	(3,716,500)	-
Capital projects fund	-	(23,004)	(14,851)	8,153
Water and sewer system fund	2,200,000	2,200,000	2,200,000	-
Insurance fund	(500,000)	(500,000)	(500,000)	-
Workers' compensation fund	250,000	250,000	250,000	-
Health insurance fund	(150,000)	(150,000)	(150,000)	-
Pasadena second century corporation fund	350,000	590,000	240,000	(350,000)
Insurance recovery	-	1,500,000	1,223,378	(276,622)
Sale of capital assets	40,000	40,000	139,788	99,788
TOTAL OTHER FINANCING SOURCES (USES)	(62,500)	190,496	(328,185)	(518,681)
NET CHANGE IN FUND BALANCES	(16,364,747)	(14,429,210)	7,345,122	21,774,332
FUND BALANCE - BEGINNING	35,614,316	42,735,205	42,735,205	-
FUND BALANCE - ENDING	\$ 19,249,569	\$ 28,305,995	\$ 50,080,327	\$ 21,774,332

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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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes				
Ad valorem taxes	\$ 10,957,693	\$ 11,800,000	\$ 11,712,889	\$ (87,111)
Investment income	3,500	3,500	4,556	1,056
TOTAL REVENUES	10,961,193	11,803,500	11,717,445	(86,055)
EXPENDITURES				
Debt service				
Principal	6,635,000	6,780,000	6,780,000	-
Interest	4,017,693	4,017,693	3,825,423	192,270
Fiscal charges	5,000	5,000	-	5,000
Underwriter/issuance costs	-	252,284	242,921	9,363
TOTAL EXPENDITURES	10,657,693	11,054,977	10,848,344	206,633
EXCESS OF REVENUES OVER EXPENDITURES	303,500	748,523	869,101	120,578
OTHER FINANCING SOURCES (USES)				
Transfers in - capital projects fund	-	-	968	968
Premiums on bonds	-	2,493,667	2,493,667	-
Refunding bonds issued	-	16,690,000	16,690,000	-
Payment to refunded bond escrow agent	-	(18,931,383)	(18,931,383)	-
TOTAL OTHER FINANCING SOURCES	-	252,284	253,252	968
NET CHANGE IN FUND BALANCE	303,500	1,000,807	1,122,353	121,546
FUND BALANCES - BEGINNING	3,263,569	4,097,226	4,097,226	-
FUND BALANCES - ENDING	\$ 3,567,069	\$ 5,098,033	\$ 5,219,579	\$ 121,546

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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).

1% Public, Educational and Governmental Access Channel fee (PEG Fee) (Sec 66.006) collected to be spent on capital cost items for PEG Channel Access facilities.

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, 2013**

	<u>Special Revenue</u>				<u>Total Funds</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>ASSETS</u>					
Due from other funds	\$ 363,645	\$ -	\$ -	\$ 55,055	\$ 418,700
Restricted assets					
Cash and cash equivalents	-	52,967	-	-	52,967
Investments	1,269,177	1,247,584	1,449,601	65,557	4,031,919
Receivables (net of allowances of uncollectibles)					
Intergovernmental	80,709	-	-	-	80,709
Accounts	-	-	186,239	-	186,239
TOTAL ASSETS	<u>\$1,713,531</u>	<u>\$1,300,551</u>	<u>\$1,635,840</u>	<u>\$ 120,612</u>	<u>\$4,770,534</u>
<u>LIABILITIES</u>					
Due to other funds	\$ -	\$ 3,394	\$ 799	\$ -	\$ 4,193
Liabilities payable from restricted assets					
Accounts payable	32,254	12,726	25,497	776	71,253
Accrued payroll payable	11,684	19,151	5,172	-	36,007
Unearned revenue	13,292	-	-	-	13,292
TOTAL LIABILITIES	<u>57,230</u>	<u>35,271</u>	<u>31,468</u>	<u>776</u>	<u>124,745</u>
<u>FUND BALANCES</u>					
Restricted	1,656,301	1,265,280	1,604,372	119,836	4,645,789
TOTAL FUND BALANCES	<u>1,656,301</u>	<u>1,265,280</u>	<u>1,604,372</u>	<u>119,836</u>	<u>4,645,789</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,713,531</u>	<u>\$1,300,551</u>	<u>\$1,635,840</u>	<u>\$ 120,612</u>	<u>\$4,770,534</u>

**CITY OF PASADENA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<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>Total Funds</u>
REVENUES					
Business taxes					
Franchise taxes	\$ 278,917	\$ -	\$ -	\$ -	\$ 278,917
Other taxes	-	-	610,001	-	610,001
Licenses and permits	2,820	-	-	-	2,820
Municipal court fines	394,643	-	-	-	394,643
Intergovernmental	268,265	649,012	-	-	917,277
Miscellaneous	4,583	-	1,000	267,135	272,718
Investment income	1,163	1,393	1,518	112	4,186
TOTAL REVENUES	<u>950,391</u>	<u>650,405</u>	<u>612,519</u>	<u>267,247</u>	<u>2,480,562</u>
EXPENDITURES					
Current					
General government					
Personnel services	195,417	-	-	-	195,417
Contractual services	169,410	-	-	-	169,410
Materials and supplies	71,813	-	-	-	71,813
Capital outlay	148,178	-	-	-	148,178
Public safety					
Personnel services	99,309	375,496	-	-	474,805
Contractual services	52,343	97,950	-	271,061	421,354
Materials and supplies	21,653	183,236	-	33,288	238,177
Other charges	-	-	-	18,808	18,808
Capital outlay	-	143,684	-	-	143,684
Culture and recreation					
Personnel services	-	-	127,024	-	127,024
Contractual services	-	-	81,331	-	81,331
Materials and supplies	-	-	40,940	-	40,940
Other charges	-	-	953	-	953
Capital outlay	-	-	84,800	-	84,800
TOTAL EXPENDITURES	<u>758,123</u>	<u>800,366</u>	<u>335,048</u>	<u>323,157</u>	<u>2,216,694</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	192,268	(149,961)	277,471	(55,910)	263,868
FUND BALANCES - BEGINNING	<u>1,464,033</u>	<u>1,415,241</u>	<u>1,326,901</u>	<u>175,746</u>	<u>4,381,921</u>
FUND BALANCES - ENDING	<u>\$1,656,301</u>	<u>\$1,265,280</u>	<u>\$1,604,372</u>	<u>\$ 119,836</u>	<u>\$4,645,789</u>

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Franchise taxes	\$ 200,000	\$ 200,000	\$ 278,917	\$ 78,917
Licenses and permits	3,000	3,000	2,820	(180)
Municipal court fines	400,000	400,000	394,643	(5,357)
Intergovernmental	244,000	244,000	268,265	24,265
Miscellaneous	6,000	6,000	4,583	(1,417)
Investment income	1,170	1,170	1,163	(7)
TOTAL REVENUES	<u>854,170</u>	<u>854,170</u>	<u>950,391</u>	<u>96,221</u>
EXPENDITURES				
Current				
General government				
Personnel services	185,474	197,474	195,417	2,057
Contractual services	211,848	239,848	169,410	70,438
Materials and supplies	164,100	134,100	71,813	62,287
Capital outlay	218,870	218,870	148,178	70,692
Public safety				
Personnel services	146,313	146,313	99,309	47,004
Contractual services	134,340	134,340	52,343	81,997
Materials and supplies	38,500	38,500	21,653	16,847
Capital outlay	10,000	10,000	-	10,000
TOTAL EXPENDITURES	<u>1,109,445</u>	<u>1,119,445</u>	<u>758,123</u>	<u>361,322</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(255,275)</u>	<u>(265,275)</u>	<u>192,268</u>	<u>457,543</u>
FUND BALANCES - BEGINNING	<u>1,088,013</u>	<u>1,464,033</u>	<u>1,464,033</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 832,738</u>	<u>\$ 1,198,758</u>	<u>\$ 1,656,301</u>	<u>\$ 457,543</u>

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 649,012	\$ 649,012
Investment income	650	650	1,393	743
TOTAL REVENUES	650	650	650,405	649,755
EXPENDITURES				
Current				
Public safety				
Personnel services	306,394	376,394	375,496	898
Contractual services	156,430	100,430	97,950	2,480
Materials and supplies	227,440	189,440	183,236	6,204
Other charges	20,000	-	-	-
Capital outlay	25,000	144,000	143,684	316
TOTAL EXPENDITURES	735,264	810,264	800,366	9,898
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(734,614)	(809,614)	(149,961)	659,653
FUND BALANCES - BEGINNING	1,210,257	1,415,241	1,415,241	-
FUND BALANCES - ENDING	\$ 475,643	\$ 605,627	\$1,265,280	\$ 659,653

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Other taxes	\$ 325,000	\$ 325,000	\$ 610,001	\$ 285,001
Miscellaneous	-	-	1,000	1,000
Investment income	1,350	1,350	1,518	168
TOTAL REVENUES	326,350	326,350	612,519	286,169
EXPENDITURES				
Current				
Culture and recreation				
Personnel services	123,774	127,074	127,024	50
Contractual services	115,000	111,700	81,331	30,369
Materials and supplies	86,410	86,410	40,940	45,470
Other charges	30,000	30,000	953	29,047
Capital outlay	150,000	233,240	84,800	148,440
TOTAL EXPENDITURES	505,184	588,424	335,048	253,376
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(178,834)	(262,074)	277,471	539,545
FUND BALANCES - BEGINNING	1,173,425	1,326,901	1,326,901	-
FUND BALANCES - ENDING	\$ 994,591	\$ 1,064,827	\$ 1,604,372	\$ 539,545

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 250,000	\$ 250,000	\$ 267,135	\$ 17,135
Investment income	75	75	112	37
TOTAL REVENUES	<u>250,075</u>	<u>250,075</u>	<u>267,247</u>	<u>17,172</u>
EXPENDITURES				
Current				
Public safety				
Contractual services	250,700	271,700	271,061	639
Materials and supplies	50,499	35,499	33,288	2,211
Other charges	25,000	19,000	18,808	192
TOTAL EXPENDITURES	<u>326,199</u>	<u>326,199</u>	<u>323,157</u>	<u>3,042</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(76,124)	(76,124)	(55,910)	20,214
FUND BALANCES - BEGINNING	<u>121,321</u>	<u>175,746</u>	<u>175,746</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 45,197</u>	<u>\$ 99,622</u>	<u>\$ 119,836</u>	<u>\$ 20,214</u>

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 workers' 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 POSITION
SEPTEMBER 30, 2013**

	<u>Maintenance</u>	<u>Workers' Compensation Insurance</u>	<u>General Liability Insurance</u>	<u>Health Insurance</u>	<u>Total Funds</u>
<u>ASSETS</u>					
Current Assets					
Investments - Texpool	\$ 2,493,274	\$ 1,762,605	\$ 5,989,929	\$ 4,514,759	\$ 14,760,567
Accounts receivable	-	20	6,658	28,167	34,845
Due from other funds					
General	1,248,264	42	-	50,653	1,298,959
Inventory, at cost	630,525	-	-	-	630,525
Prepaid items	-	-	506,067	-	506,067
Total Current Assets	4,372,063	1,762,667	6,502,654	4,593,579	17,230,963
Noncurrent Assets					
Deposits	-	15,000	-	25,000	40,000
Capital Assets					
Land	602	-	-	-	602
Buildings and building improvements	2,143,366	-	-	-	2,143,366
Accumulated depreciation - buildings and building improvements	(1,710,880)	-	-	-	(1,710,880)
Facilities and other improvements	175,754	-	-	-	175,754
Accumulated depreciation - facilities and other improvements	(60,585)	-	-	-	(60,585)
Machinery and equipment	6,869,671	-	-	-	6,869,671
Accumulated depreciation - machinery and equipment	(4,753,815)	-	-	-	(4,753,815)
Infrastructure	41,746	-	-	-	41,746
Accumulated depreciation - infrastructure	(16,115)	-	-	-	(16,115)
Automotive equipment	36,312,487	-	-	-	36,312,487
Accumulated depreciation - automotive equipment	(25,889,761)	-	-	-	(25,889,761)
Net Capital Assets	13,112,470	-	-	-	13,112,470
Total Noncurrent Assets	13,112,470	15,000	-	25,000	13,152,470
TOTAL ASSETS	17,484,533	1,777,667	6,502,654	4,618,579	30,383,433
<u>LIABILITIES</u>					
Current Liabilities					
Accounts payable	584,359	3,568	51,066	23,291	662,284
Accrued payroll payable	211,052	4,415	-	8,363	223,830
Due to other funds					
General	-	-	33,894	-	33,894
Water and sewer	36,538	-	-	-	36,538
Claims payable	-	88,327	-	1,631,793	1,720,120
Compensated absences payable	101,353	-	-	-	101,353
Total Current Liabilities	933,302	96,310	84,960	1,663,447	2,778,019
Noncurrent Liabilities					
Claims payable	-	58,884	-	1,087,863	1,146,747
Compensated absences payable	912,179	-	-	-	912,179
Other post employment benefits	16,491	-	-	-	16,491
Total Noncurrent Liabilities	928,670	58,884	-	1,087,863	2,075,417
TOTAL LIABILITIES	1,861,972	155,194	84,960	2,751,310	4,853,436
<u>NET POSITION</u>					
Net investment in capital assets	13,112,470	-	-	-	13,112,470
Unrestricted	2,510,091	1,622,473	6,417,694	1,867,269	12,417,527
TOTAL NET POSITION	\$ 15,622,561	\$ 1,622,473	\$ 6,417,694	\$ 1,867,269	\$ 25,529,997

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**CITY OF PASADENA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
OPERATING REVENUES					
Charges for sales and services	\$ 12,088,549	\$ 1,011,800	\$ 110,745	\$ 13,610,508	\$ 26,821,602
OPERATING EXPENSES					
Personnel services	4,963,380	103,438	-	-	5,066,818
Contractual services	1,252,297	19,215	-	40,632	1,312,144
Materials and supplies	4,743,904	-	-	-	4,743,904
Maintenance charges	1,300,467	-	-	-	1,300,467
Insurance/reinsurance premiums	-	531,512	1,203,696	2,568,783	4,303,991
Claim and legal expenses	-	-	380,004	13,244,069	13,624,073
Administration fees	-	-	-	535,824	535,824
Miscellaneous	-	1,139	-	892,867	894,006
Depreciation	3,001,635	-	-	-	3,001,635
TOTAL OPERATING EXPENSES	15,261,683	655,304	1,583,700	17,282,175	34,782,862
OPERATING INCOME (LOSS)	(3,173,134)	356,496	(1,472,955)	(3,671,667)	(7,961,260)
NONOPERATING REVENUES					
Gain on sale of capital assets	199,530	-	-	-	199,530
Investment income	3,429	1,217	6,305	6,499	17,450
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(2,970,175)	357,713	(1,466,650)	(3,665,168)	(7,744,280)
Capital contributions	1,695,528	-	-	-	1,695,528
Transfers in	4,288,227	-	1,500,000	150,000	5,938,227
Transfers out	(236,699)	(250,000)	-	-	(486,699)
CHANGES IN NET POSITION	2,776,881	107,713	33,350	(3,515,168)	(597,224)
TOTAL NET POSITION - BEGINNING	12,845,680	1,514,760	6,384,344	5,382,437	26,127,221
TOTAL NET POSITION - ENDING	\$ 15,622,561	\$ 1,622,473	\$ 6,417,694	\$ 1,867,269	\$ 25,529,997

**CITY OF PASADENA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from customers and users	\$ 10,873,105	\$ 1,011,758	\$ 110,745	\$ 13,810,804	\$ 25,806,412
Cash payments to suppliers for goods and services	(7,146,913)	-	-	-	(7,146,913)
Cash payments to employees for services	(4,901,440)	(103,935)	-	5,056	(5,000,319)
Cash payments for insurance premiums, liability claims and administration	-	(668,679)	(1,554,621)	(16,546,984)	(18,770,284)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,175,248)	239,144	(1,443,876)	(2,731,124)	(5,111,104)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>					
Transfers (to)/from other funds					
General	3,716,500	-	500,000	150,000	4,366,500
General	-	(250,000)	-	-	(250,000)
Water and sewer system	502,000	-	1,000,000	-	1,502,000
Grant management	(236,699)	-	-	-	(236,699)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	3,981,801	(250,000)	1,500,000	150,000	5,381,801
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Proceeds from sale of capital assets	287,020	-	-	-	287,020
Acquisition and construction of capital assets	(2,125,861)	-	-	-	(2,125,861)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,838,841)	-	-	-	(1,838,841)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of investments	(4,130,816)	(936,277)	(1,086,206)	(11,661,911)	(17,815,210)
Proceeds from sale and maturities of investments	3,159,675	945,916	1,023,777	14,236,536	19,365,904
Investment income received	3,429	1,217	6,305	6,499	17,450
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(967,712)	10,856	(56,124)	2,581,124	1,568,144
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	-	-	-	-	-
CASH AND CASH EQUIVALENTS - BEGINNING	-	-	-	-	-
CASH AND CASH EQUIVALENTS - ENDING	\$ -	\$ -	\$ -	\$ -	\$ -

	<u>Maintenance</u>	<u>Workers' Compensation Insurance</u>	<u>General Liability Insurance</u>	<u>Health Insurance</u>	<u>Total Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	<u>\$ (3,173,134)</u>	<u>\$ 356,496</u>	<u>\$ (1,472,955)</u>	<u>\$ (3,671,667)</u>	<u>\$ (7,961,260)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	3,001,635	-	-	-	3,001,635
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	-	(20)	(6,658)	35,795	29,117
(Increase) in prepaid items	-	-	(7,202)	-	(7,202)
Decrease (increase) in due from other funds	(1,215,444)	(42)	-	164,501	(1,050,985)
(Increase) in inventory	(67,161)	-	-	-	(67,161)
Decrease in deposits	-	-	-	110,000	110,000
(Decrease) increase in accounts and claims payable	180,378	(117,932)	19,341	625,191	706,978
Increase in accrued payroll payable	52,201	642	-	5,056	57,899
(Decrease) in compensated absences payable	(2,683)	-	-	-	(2,683)
Increase in other post employment benefits	12,422	-	-	-	12,422
Increase in due to other funds	36,538	-	23,598	-	60,136
Total Adjustments	<u>1,997,886</u>	<u>(117,352)</u>	<u>29,079</u>	<u>940,543</u>	<u>2,850,156</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (1,175,248)</u>	<u>\$ 239,144</u>	<u>\$ (1,443,876)</u>	<u>\$ (2,731,124)</u>	<u>\$ (5,111,104)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Contribution of capital assets from the government	\$ 1,558,413	\$ -	\$ -	\$ -	\$ 1,558,413
Capital assets donated from outside source	137,115	-	-	-	137,115
Transfer of capital assets from the Water and Sewer Fund	69,727	-	-	-	69,727

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STATISTICAL SECTION

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

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I. Financial Trends

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

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These schedules contain 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.

City Government Employees by Function 143
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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 POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 387,778,628	\$ 370,470,916	\$ 403,974,440	\$ 412,109,172
Restricted	18,624,939	22,888,815	30,687,355	47,364,187
Unrestricted	9,571,244	3,579,793	4,719,202	15,953,388
Total governmental activities net position	<u>\$ 415,974,811</u>	<u>\$ 396,939,524</u>	<u>\$ 439,380,997</u>	<u>\$ 475,426,747</u>
Business-type activities				
Net investment in capital assets	\$ 154,149,232	\$ 184,638,432	\$ 154,352,867	\$ 154,799,229
Restricted	1,634,435	483,859	1,272,277	1,128,275
Unrestricted (deficit)	(681,964)	(1,229,867)	2,092,369	6,580,409
Total business-type activities net position	<u>\$ 155,101,703</u>	<u>\$ 183,892,424</u>	<u>\$ 157,717,513</u>	<u>\$ 162,507,913</u>
Primary government				
Net investment in capital assets	\$ 541,927,860	\$ 555,109,348	\$ 558,327,307	\$ 566,908,401
Restricted	20,259,374	23,372,674	31,959,632	48,492,462
Unrestricted	8,889,280	2,349,926	6,811,571	22,533,797
Total primary government net position	<u>\$ 571,076,514</u>	<u>\$ 580,831,948</u>	<u>\$ 597,098,510</u>	<u>\$ 637,934,660</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 431,100,171	\$ 451,397,477	\$ 463,105,305	\$ 472,614,231	\$ 478,211,050	\$ 483,252,803
48,856,439	40,253,459	36,063,307	35,271,243	40,271,155	46,905,633
19,220,043	15,209,325	16,138,845	14,744,816	22,491,388	24,702,945
<u>\$ 499,176,653</u>	<u>\$ 506,860,261</u>	<u>\$ 515,307,457</u>	<u>\$ 522,630,290</u>	<u>\$ 540,973,593</u>	<u>\$ 554,861,381</u>
\$ 155,671,798	\$ 154,942,535	\$ 157,245,239	\$ 159,525,608	\$ 160,991,697	\$ 163,652,579
988,591	2,255,328	1,929,345	2,020,890	2,241,698	2,339,483
6,559,351	11,385,007	13,307,492	17,664,879	28,726,466	30,944,862
<u>\$ 163,219,740</u>	<u>\$ 168,582,870</u>	<u>\$ 172,482,076</u>	<u>\$ 179,211,377</u>	<u>\$ 191,959,861</u>	<u>\$ 196,936,924</u>
\$ 586,771,969	\$ 606,340,012	\$ 620,350,544	\$ 632,139,839	\$ 639,202,747	\$ 646,905,382
49,845,030	42,508,787	37,992,652	37,292,133	42,512,853	49,245,116
25,779,394	26,594,332	29,446,337	32,409,695	51,217,854	55,647,807
<u>\$ 662,396,393</u>	<u>\$ 675,443,131</u>	<u>\$ 687,789,533</u>	<u>\$ 701,841,667</u>	<u>\$ 732,933,454</u>	<u>\$ 751,798,305</u>

**CITY OF PASADENA, TEXAS
CHANGES IN NET POSITION**

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities				
General government	\$ 12,499,970	\$ 14,760,376	\$ 11,958,225	\$ 11,200,559
Public safety	35,031,295	35,897,408	36,671,473	35,213,887
Public works	21,881,082	19,516,410	20,305,363	19,851,288
Health	2,300,482	2,481,836	2,322,840	2,340,163
Culture and recreation	12,277,865	12,676,655	13,022,789	12,687,318
Housing and community development	7,989,705	8,433,494	8,720,771	7,968,458
Interest and fiscal agent fees on long-term debt	2,578,646	4,252,445	4,231,769	4,478,707
Total governmental activities expenses	<u>94,559,045</u>	<u>98,018,624</u>	<u>97,233,230</u>	<u>93,740,380</u>
Business-type activities				
Water and sewer	30,641,552	29,491,431	29,117,047	25,729,728
Total business-type activities expenses	<u>30,641,552</u>	<u>29,491,431</u>	<u>29,117,047</u>	<u>25,729,728</u>
Total primary government expenses	<u>\$ 125,200,597</u>	<u>\$ 127,510,055</u>	<u>\$ 126,350,277</u>	<u>\$ 119,470,108</u>
Program Revenues				
Governmental activities:				
Charges for service				
General government	\$ 7,134,722	\$ 7,348,053	\$ 8,704,860	\$ 9,077,366
Public safety	6,106,518	6,312,465	6,936,436	7,845,825
Other activities	3,629,777	3,794,530	4,586,379	4,662,239
Operating grants and contributions	9,555,552	10,377,127	11,135,131	9,499,817
Capital grants and contributions	4,984,476	9,913,507	2,266,320	15,711,854
Total governmental activities program revenues	<u>31,411,045</u>	<u>37,745,682</u>	<u>33,629,126</u>	<u>46,797,101</u>
Business-type activities:				
Charges for services:				
Water and sewer	25,175,410	26,261,124	31,279,537	30,744,928
Capital grants and contributions	-	1,315,972	-	-
Total business-type activities program revenues	<u>25,175,410</u>	<u>27,577,096</u>	<u>31,279,537</u>	<u>30,744,928</u>
Total primary government program revenues	<u>\$ 56,586,455</u>	<u>\$ 65,322,778</u>	<u>\$ 64,908,663</u>	<u>\$ 77,542,029</u>
Net (Expense)/Revenue				
Governmental activities	\$ (63,148,000)	\$ (60,272,942)	\$ (63,604,104)	\$ (47,294,485)
Business-type activities	(5,466,142)	(1,914,335)	2,162,490	5,015,200
Total primary government net expense	<u>\$ (68,614,142)</u>	<u>\$ (62,187,277)</u>	<u>\$ (61,441,614)</u>	<u>\$ (42,279,285)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
General property taxes	\$ 24,889,552	\$ 26,630,894	\$ 27,210,647	\$ 28,855,714
Industrial district fees	15,175,399	15,064,575	14,971,745	15,153,643
Sales taxes	20,308,039	18,771,552	20,576,013	23,088,652
Utility taxes	6,938,968	7,132,803	7,148,517	7,582,443
Other taxes/fees	528,727	478,159	579,428	604,342
Investment earnings				
Unrestricted	457,598	898,174	1,765,482	2,580,560
Restricted	607,827	1,656,818	3,201,891	3,839,946
Gain on sale of capital assets	58,456	-	-	102,835
Transfers	746,492	(29,395,320)	30,424,114	1,180,894
Total governmental activities	<u>69,711,058</u>	<u>41,237,655</u>	<u>105,877,837</u>	<u>82,989,029</u>
Business-type activities:				
Investment earnings				
Unrestricted	96,440	24,737	74,873	386,097
Restricted	469,671	1,284,999	2,011,840	569,997
Transfers	(746,492)	29,395,320	(30,424,114)	(1,180,894)
Total business-type activities	<u>(180,381)</u>	<u>30,705,056</u>	<u>(28,337,401)</u>	<u>(224,800)</u>
Total primary government	<u>\$ 69,530,677</u>	<u>\$ 71,942,711</u>	<u>\$ 77,540,436</u>	<u>\$ 82,764,229</u>
Change in Net Position				
Governmental activities	\$ 6,563,058	\$ (19,035,287)	\$ 42,273,733	\$ 36,045,750
Business-type activities	(5,646,523)	28,790,721	(26,174,911)	4,790,400
Total primary government	<u>\$ 916,535</u>	<u>\$ 9,755,434</u>	<u>\$ 16,098,822</u>	<u>\$ 40,836,150</u>

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 12,819,859	\$ 16,735,291	\$ 16,369,013	\$ 17,498,400	\$ 15,344,585	\$ 17,825,589	
40,486,310	44,930,012	46,743,243	45,242,538	44,094,055	48,354,722	
24,938,059	28,489,685	22,194,436	21,049,209	19,734,083	21,579,683	
2,711,459	3,170,468	3,543,536	3,419,292	3,385,069	3,493,148	
13,647,614	16,082,335	15,533,525	14,629,653	13,999,948	15,492,340	
8,821,136	9,615,124	10,102,166	10,672,024	9,976,482	9,324,100	
4,711,542	4,990,590	5,002,086	4,832,227	4,123,021	3,877,613	
<u>108,135,979</u>	<u>124,013,505</u>	<u>119,488,005</u>	<u>117,343,343</u>	<u>110,657,243</u>	<u>119,947,195</u>	
28,593,719	28,622,955	29,274,247	29,982,837	29,019,663	30,765,422	
28,593,719	28,622,955	29,274,247	29,982,837	29,019,663	30,765,422	
<u>\$ 136,729,698</u>	<u>\$ 152,636,460</u>	<u>\$ 148,762,252</u>	<u>\$ 147,326,180</u>	<u>\$ 139,676,906</u>	<u>\$ 150,712,617</u>	
\$ 13,444,472	\$ 9,881,296	\$ 11,802,432	\$ 9,431,596	\$ 9,411,401	\$ 9,022,279	
7,769,911	8,236,156	7,685,606	7,757,395	7,891,097	7,880,922	
4,422,153	5,116,673	4,220,825	4,134,589	4,139,681	5,058,845	
15,960,153	16,102,417	13,576,536	12,087,315	12,370,427	11,579,631	
5,215,499	5,578,582	4,999,237	8,610,718	12,799,735	7,769,209	
<u>46,812,188</u>	<u>44,915,124</u>	<u>42,284,636</u>	<u>42,021,613</u>	<u>46,612,341</u>	<u>41,310,886</u>	
30,489,659	35,096,384	33,419,961	36,894,886	36,790,596	37,235,536	
-	35,000	-	-	212,675	147,596	
<u>30,489,659</u>	<u>35,131,384</u>	<u>33,419,961</u>	<u>36,894,886</u>	<u>37,003,271</u>	<u>37,383,132</u>	
<u>\$ 77,301,847</u>	<u>\$ 80,046,508</u>	<u>\$ 75,704,597</u>	<u>\$ 78,916,499</u>	<u>\$ 83,615,612</u>	<u>\$ 78,694,018</u>	
\$ (61,323,791)	\$ (79,098,381)	\$ (77,203,369)	\$ (75,321,730)	\$ (64,044,902)	\$ (78,636,309)	
1,895,940	6,508,429	4,145,714	6,912,049	7,983,608	6,617,710	
<u>\$ (59,427,851)</u>	<u>\$ (72,589,952)</u>	<u>\$ (73,057,655)</u>	<u>\$ (68,409,681)</u>	<u>\$ (56,061,294)</u>	<u>\$ (72,018,599)</u>	
\$ 31,071,723	\$ 33,728,265	\$ 32,609,811	\$ 33,224,390	\$ 34,997,328	\$ 35,501,359	
15,551,252	16,100,049	15,777,475	15,980,044	16,773,145	17,548,408	
23,835,369	26,084,712	23,213,061	23,954,810	25,789,345	27,938,085	
7,644,267	7,817,369	7,948,433	8,550,770	8,704,878	8,932,383	
691,263	698,023	5,523,330	544,183	671,036	716,284	
1,590,544	363,528	125,652	84,799	96,098	89,748	
2,748,233	685,824	154,475	89,411	86,079	65,620	
73,265	-	-	-	-	63,864	
1,867,781	1,304,219	298,328	216,156	(4,729,704)	1,668,346	
<u>85,073,697</u>	<u>86,781,989</u>	<u>85,650,565</u>	<u>82,644,563</u>	<u>82,388,205</u>	<u>92,524,097</u>	
363,757	95,551	26,823	22,636	25,510	23,752	
319,911	63,369	24,997	10,772	9,662	3,947	
(1,867,781)	(1,304,219)	(298,328)	(216,156)	4,729,704	(1,668,346)	
(1,184,113)	(1,145,299)	(246,508)	(182,748)	4,764,876	(1,640,647)	
<u>\$ 83,889,584</u>	<u>\$ 85,636,690</u>	<u>\$ 85,404,057</u>	<u>\$ 82,461,815</u>	<u>\$ 87,153,081</u>	<u>\$ 90,883,450</u>	
\$ 23,749,906	\$ 7,683,608	\$ 8,447,196	\$ 7,322,833	\$ 18,343,303	\$ 13,887,788	
711,827	5,363,130	3,899,206	6,729,301	12,748,484	4,977,063	
<u>\$ 24,461,733</u>	<u>\$ 13,046,738</u>	<u>\$ 12,346,402</u>	<u>\$ 14,052,134</u>	<u>\$ 31,091,787</u>	<u>\$ 18,864,851</u>	

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

Source	Fiscal Year			
	2004	2005	2006	2007
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 (1)	20,576,013
Franchise taxes	7,712,646	6,938,968	7,132,803	7,148,517
Other taxes/fees	477,992	528,727	478,159	579,428
	\$ 65,180,420	\$ 67,840,685	\$ 68,077,983	\$ 70,486,350

- (1) Sales tax is reduced by \$957,031. This represents collections overpaid to the City by the State Comptroller's office.
- (2) The City received a one-time payment from the Port of Houston.
- (3) The City is currently reporting Commercial Services in this category causing an increase from prior years.

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 28,855,714	\$ 33,728,265	\$ 32,609,811	\$ 33,224,390	\$ 34,997,328	\$ 35,501,359	
15,153,643	16,100,049	15,777,475	15,980,044	16,773,145	17,548,408	
23,088,652	26,084,712	23,213,061	23,954,810	25,789,345	27,938,085	
7,582,443	7,817,369	7,948,433	8,550,770 (3)	8,704,878	8,932,383	
604,342	698,023	5,523,330 (2)	544,183	671,036	716,284	
\$ 75,284,794	\$ 84,428,418	\$ 85,072,110	\$ 82,254,197	\$ 86,935,732	\$ 90,636,519	

CITY OF PASADENA, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (2)
(modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Unreserved, designated for:				
Encumbrances	\$ 385,344	\$ 69,987	\$ 601,074	\$ 492,441
Capital and technology improvements	788,251 (1)	569,031	350,876	63,181
Recall, election, and charter revisions	15,000 (1)	15,000	15,000	15,000
Unreserved	13,649,372	11,549,567	13,605,764	16,869,064
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 14,837,967</u>	<u>\$ 12,203,585</u>	<u>\$ 14,572,714</u>	<u>\$ 17,439,686</u>
All Other Governmental Funds				
Reserved	\$ 1,150,518	\$ 1,009,129	\$ 1,020,164	\$ 1,495,924
Unreserved, designated for:				
Encumbrances	123,091	93,979	114,054	147,250
Encumbrances for special revenue funds	161,441	125	119,060	46,048
Unreserved, reported in:				
Pasadena Second Century Corp fund	13,661,448 (1)	19,792,426	16,304,452	15,664,093
Capital project fund	28,809,896	49,254,465	44,028,810	57,023,939
Grant management fund	2,411,987	2,179,870	3,294,231	3,565,531
Special revenue funds	2,798,734	2,962,092	3,341,554	3,772,165
Restricted	-	-	-	-
Total all other governmental funds	<u>\$ 49,117,115</u>	<u>\$ 75,292,086</u>	<u>\$ 68,222,325</u>	<u>\$ 81,714,950</u>

(1) First year amounts reported in these items.

(2) GASB Statement No. 54 requirement for statistical data is ten years with retroactive implementation encouraged; only three fiscal years are available at this time. The City chose not to restate 2004 to 2010.

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 2,549,842	\$ 404,551	\$ 1,567,841	\$ -	\$ -	\$ -
1,800,295	2,578,002	1,591,361	-	-	-
15,000	15,000	15,000	-	-	-
16,923,559	22,557,426	21,511,101	-	-	-
-	-	-	257,462	388,622	1,733,497
-	-	-	1,430,771	13,954,260	605,417
-	-	-	30,129,675	28,392,323	47,741,413
<u>\$ 21,288,696</u>	<u>\$ 25,554,979</u>	<u>\$ 24,685,303</u>	<u>\$ 31,817,908</u>	<u>\$ 42,735,205</u>	<u>\$ 50,080,327</u>
\$ 2,607,222	\$ 1,631,459	\$ 2,284,607	\$ -	\$ -	\$ -
1,219,237	66,671	1,414,244	-	-	-
379,634	368,961	18,712	-	-	-
22,399,524	27,151,207	13,421,401	-	-	-
37,863,806	36,959,612	32,358,730	-	-	-
3,631,100	3,478,625	5,330,596	-	-	-
4,289,626	3,846,713	2,939,272	-	-	-
-	-	-	52,165,350	55,763,123	58,940,029
<u>\$ 72,390,149</u>	<u>\$ 73,503,248</u>	<u>\$ 57,767,562</u>	<u>\$ 52,165,350</u>	<u>\$ 55,763,123</u>	<u>\$ 58,940,029</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Taxes	\$ 69,644,124	\$ 68,147,386	\$ 71,417,369	\$ 75,298,799
Licenses and permits	2,023,198	1,987,726	2,325,452	2,614,522
Municipal court fines	5,314,119	5,475,669	5,843,318	6,478,333
Charges for services	7,270,872	7,592,005	9,071,205	9,143,891
Intergovernmental	13,814,294	13,179,191	13,183,434	12,963,551
Investment earnings	857,257	2,153,484	4,239,860	5,354,084
Contribution from outside sources	-	-	-	-
Program income	-	-	-	-
Miscellaneous	700,514	1,060,031	1,454,507	12,762,352
Total revenues	99,624,378	99,595,492	107,535,145	124,615,532
Expenditures				
General government	10,816,187	11,377,181	11,541,363	13,063,869
Public Safety	34,596,834	34,095,458	32,789,587	34,797,520
Public works	15,104,816	14,264,010	14,368,742	14,826,289
Health	2,132,286	2,247,029	2,229,275	2,396,944
Culture and recreation	11,365,582	11,734,161	13,155,164	13,011,143
Housing and community development	10,620,479	10,350,263	9,240,567	9,166,267
Capital outlay	17,800,469	18,226,315	17,498,647	21,539,329
Debt service				
Principal	9,000,000	8,085,000	7,665,000	6,212,535
Interest	2,571,574	3,446,897	3,961,007	5,953,074
Other charges	567,609	1,112,801	4,771	346,639
Total expenditures	114,575,836	114,939,115	112,454,123	121,313,609
Excess (deficiency) of revenues over (under) expenditures	(14,951,458)	(15,343,623)	(4,918,978)	3,301,923
Other Financing Sources (Uses)				
Refunding bonds issued	18,640,000	29,570,000	-	2,415,000
Payment to refunded bond escrow agent	(19,433,731)	(31,465,435)	-	(2,364,119)
Bonds issued	17,500,000	37,580,000	-	12,450,000
Premiums on bonds issued	1,259,946	3,254,647	-	56,793
Transfers in	4,582,177	3,623,734	10,015,507	8,976,878
Transfers out	(3,482,177)	(3,688,734)	(9,964,901)	(8,476,878)
Sale of capital assets	-	10,000	-	-
Insurance recovery	-	-	-	-
Total other financing sources (uses)	19,066,215	38,884,212	50,606	13,057,674
Net change in fund balances	\$ 4,114,757	\$ 23,540,589	\$ (4,868,372)	\$ 16,359,597
Debt service as a percentage of noncapital expenditures	13.30%	12.47%	12.57%	12.68%

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 78,823,699	\$ 84,285,891	\$ 85,021,762	\$ 82,200,858	\$ 86,974,148	\$ 90,787,936	
2,377,189	2,384,655	2,048,459	2,144,525	2,075,020	2,317,936	
6,318,981	6,072,604	6,083,691	6,459,457	6,312,595	5,992,141	
9,516,526	9,547,090	9,241,590	9,680,697	9,595,662	9,507,936	
19,748,247	20,601,837	15,940,787	20,202,246	23,875,081	16,291,635	
3,594,698	895,156	249,214	149,265	162,330	137,918	
-	-	-	-	18,621	1,362,099	
-	-	-	165,174	176,537	145,534	
1,514,999	1,057,115	2,973,015	808,983	910,662	1,375,816	
<u>121,894,339</u>	<u>124,844,348</u>	<u>121,558,518</u>	<u>121,811,205</u>	<u>130,100,656</u>	<u>127,918,951</u>	
12,461,993	14,144,783	13,876,473	14,325,552	13,364,086	15,001,760	
36,975,770	40,633,853	40,670,046	38,619,020	40,228,303	42,780,930	
19,038,620	21,178,029	17,217,317	18,912,137	21,354,811	15,081,752	
2,612,142	2,880,092	3,343,040	3,446,535	3,168,772	3,109,669	
13,441,738	14,690,854	14,336,405	12,611,085	12,096,056	12,632,871	
10,943,860	11,477,417	10,544,584	11,208,701	10,496,692	9,699,937	
34,743,955	25,765,715	23,824,715	16,876,471	5,917,040	7,265,134	
7,484,660	7,394,661	7,653,050	7,480,000	8,020,000	7,565,000	
4,666,601	5,035,933	5,114,584	4,774,501	4,135,448	3,952,598	
171,897	397,929	5,016	143,075	299,426	242,921	
<u>142,541,236</u>	<u>143,599,266</u>	<u>136,585,230</u>	<u>128,397,077</u>	<u>119,080,634</u>	<u>117,332,572</u>	
(20,646,897)	(18,754,918)	(15,026,712)	(6,585,872)	11,020,022	10,586,379	
-	6,725,000	-	-	20,030,000	16,690,000	
-	(8,709,369)	-	-	(21,356,307)	(18,931,383)	
13,665,000	21,635,000	-	4,960,000	-	-	
-	180,403	-	183,075	1,631,546	2,493,667	
1,800,190	3,741,587	16,564,533	3,870,996	4,971,697	2,942,518	
(800,190)	(1,254,610)	(19,636,533)	(1,350,256)	(2,446,697)	(4,622,319)	
-	6,868	390,749	43,495	239,875	139,788	
506,106	1,809,421	1,102,601	408,955	424,934	1,223,378	
<u>15,171,106</u>	<u>24,134,300</u>	<u>(1,578,650)</u>	<u>8,116,265</u>	<u>3,495,048</u>	<u>(64,351)</u>	
<u>\$ (5,475,791)</u>	<u>\$ 5,379,382</u>	<u>\$ (16,605,362)</u>	<u>\$ 1,530,393</u>	<u>\$ 14,515,070</u>	<u>\$ 10,522,028</u>	
11.76%	11.11%	11.54%	11.49%	11.12%	10.78%	

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

<u>Source</u>	<u>Fiscal Year</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General property taxes	\$ 25,099,303	\$ 26,639,546	\$ 27,184,635	\$ 28,869,719
Industrial district fees	15,175,399	15,064,576	14,971,745	15,153,643
Sales taxes	20,308,039	18,771,552	21,533,044	23,088,652
Franchise taxes	8,528,068	7,181,942	7,148,517	7,582,443
Other taxes	533,315	489,770	579,428	604,342
	<u>\$ 69,644,124</u>	<u>\$ 68,147,386</u>	<u>\$ 71,417,369</u>	<u>\$ 75,298,799</u>

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

(2) The City is currently reporting Commercial Services in this category causing an increase from prior years.

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 31,101,548	\$ 33,585,738	\$ 32,559,463	\$ 33,171,051	\$ 35,195,121	\$ 35,262,542	
15,551,252	16,100,049	15,777,475	15,980,044	16,549,164	17,755,534	
23,835,369	26,084,712	23,213,061	23,954,810	25,789,345	27,938,085	
7,644,267	7,817,369	7,948,433	8,550,770 (2)	8,751,762	9,030,691	
691,263	698,023	5,523,330 (1)	544,183	688,756	801,084	
<u>\$ 78,823,699</u>	<u>\$ 84,285,891</u>	<u>\$ 85,021,762</u>	<u>\$ 82,200,858</u>	<u>\$ 86,974,148</u>	<u>\$ 90,787,936</u>	

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

2013						
Consumers	Consumption (per month)	Annualized Consumption	Billed Amount	Rank	% of Water/Sewer Revenues	% of All System Fund Revenues
City of Seabrook (2)	54,211.2	650,534.5	\$ 479,238	1	1.29%	1.28%
Pasadena Independent School District	7,855.7	94,268.9	958,220	2	2.57%	2.57%
Nestle Waters North America	6,583.9	79,007.2	334,588	3	0.90%	0.90%
Focus	5,291.1	63,492.7	448,707	4	1.20%	1.20%
Mbmi Apartments	4,998.3	59,979.2	390,590	5	1.05%	1.05%
Brighton Hill Apartments	4,561.6	54,739.0	361,819	6	0.97%	0.97%
Lyondell	4,357.6	52,291.0	335,109	7	0.90%	0.90%
CCI-B Genoa	4,056.8	48,681.2	432,759	8	1.16%	1.16%
San Jacinto College	3,460.5	41,525.4	365,110	9	0.98%	0.98%
Columbia Bayshore Hospital	3,084.8	37,017.8	234,587	10	0.63%	0.63%
Brandywood Housing Corporation	-	-	-	-	-	-
Sandstone	-	-	-	-	-	-
Phillips Chemical	-	-	-	-	-	-
Minh Food Company	-	-	-	-	-	-
Air Products	-	-	-	-	-	-
Total	98,461.5	1,181,536.9	\$ 4,340,727		11.65%	11.64%

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 six years ago is available at this time.
 (2) Per ordinances, this water customer was charged \$0.6429 per 1,000 gallons in 2007 and \$0.7297 per 1,000 gallon effective August 2011.

2007

Consumption (per month)	Annualized Consumption	Billed Amount	Rank	% of Water/Sewer Revenues	% of All System Fund Revenues
35,068.8	420,825.0	\$ 395,991	1	1.99%	1.84%
8,553.4	102,641.2	628,756	2	2.18%	2.02%
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,116.2	49,394.7	418,897	4	1.45%	1.35%
-	-	-	-	-	-
-	-	-	-	-	-
1,522.8	18,273.6	236,243	8	0.82%	0.76%
3,853.7	46,243.9	525,157	5	1.82%	1.69%
4,147.7	49,772.6	432,057	3	1.50%	1.39%
2,208.9	26,506.8	217,462	6	0.75%	0.70%
1,804.2	21,650.7	118,761	7	0.41%	0.38%
1,322.3	15,867.8	173,722	9	0.34%	0.32%
1,253.2	15,038.8	99,000	10	0.60%	0.56%
<u>63,851.2</u>	<u>766,215.1</u>	<u>\$ 3,246,046</u>		<u>11.86%</u>	<u>11.01%</u>

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

	Cumulative Blocks (Gallons)	Usage Blocks (per 1,000 gallons)	2006		2007		2008	
			Water Rates	Sewer Rates	Water Rates	Sewer Rates	Water Rates	Sewer Rates
Residential	2,000	up to 2.0	\$ 5.50	\$ 8.00	\$ 5.50	\$ 8.00	\$ 5.50	\$ 8.00
	8,000	next 6.0	2.75	2.75	2.75	2.75	2.75	2.75
	10,000	next 2.5	3.00	3.00	3.00	3.00	3.00	3.00
	12,000	next 2.0	3.25	3.50	3.25	3.50	3.25	3.50
	30,000	next 18.0	4.00	3.50	4.00	3.50	4.00	3.50
	30,001	over 30.0	4.50	3.50	4.50	3.50	4.50	3.50
Residential => 65	2,000	up to 2.0	3.59	4.99	3.59	4.99	3.59	4.99
	10,000	next 8.0	2.16	1.37	2.16	1.37	2.16	1.37
	12,000	next 2.0	3.25	3.50	3.25	3.50	3.25	3.50
	30,000	next 18.0	4.00	3.50	4.00	3.50	4.00	3.50
	30,001	over 30.0	4.50	3.50	4.50	3.50	4.50	3.50
Commercial	2,000	up to 2.0	5.59	8.00	5.59	8.00	5.59	8.00
	10,000	next 8.0	2.75	3.00	2.75	3.00	2.75	3.00
	20,000	next 10.0	3.00	3.25	3.00	3.25	3.00	3.25
	30,000	next 10.0	3.25	3.50	3.25	3.50	3.25	3.50
	40,000	next 10.0	4.50	4.00	4.50	4.00	4.50	4.00
	50,000	next 10.0	4.50	4.15	4.50	4.15	4.50	4.15
	50,001	over 50.0	4.50	4.15	4.50	4.15	4.50	4.15
Apartments	2,000	up to 2.0	4.59	8.00	4.59	8.00	5.50	8.00
	5,000	next 3.0	2.75	2.75	2.75	2.75	2.75	2.75
	10,000	next 5.0	3.00	3.25	3.00	3.25	3.00	3.25
	12,000	next 2.0	3.25	3.50	3.25	3.50	3.25	3.50
	30,000	next 18.0	4.00	3.50	4.00	3.50	4.00	3.50
	30,001	over 30.0	4.50	3.50	4.50	3.50	4.50	3.50
Sprinklers	2,000	up to 2.0	4.59	-	4.59	-	4.59	-
	10,000	next 8.0	3.25	-	3.25	-	3.25	-
	28,000	next 18.0	4.00	-	4.00	-	4.00	-
	28,001	over 28.0	4.50	-	4.50	-	4.50	-

Source: Prepared by the City's Water Department.

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

2009		2010		2011		2012		2013	
Water Rates	Sewer Rates								
\$ 5.50	\$ 8.00	\$ 5.50	\$ 8.00	\$ 5.50	\$ 8.00	\$ 10.50	\$ 8.00	\$ 10.50	\$ 8.00
2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50
4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50
4.50	3.50	4.50	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	6.59	4.99	6.59	4.99
2.16	1.37	2.16	1.37	2.16	1.37	2.16	1.37	2.16	1.37
3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.00
4.00	3.50	4.00	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	4.50	3.50	4.50	3.50
5.59	8.00	5.59	8.00	5.59	8.00	8.59	8.00	8.59	8.00
2.75	3.00	2.75	3.00	2.75	3.00	2.75	3.00	2.75	3.00
3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25
3.25	3.50	3.25	3.50	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	4.00	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	4.50	4.15	4.50	4.15	4.50	4.15	4.50	4.15
5.50	8.00	5.50	8.00	5.50	8.00	8.50	8.00	8.50	8.00
2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25
3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50
4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50
4.50	3.50	4.50	3.50	4.50	3.50	4.50	3.50	4.50	3.50
4.59	-	4.59	-	4.59	-	9.59	-	9.59	-
3.25	-	3.25	-	3.25	-	3.25	-	3.25	-
4.00	-	4.00	-	4.00	-	4.00	-	4.00	-
4.50	-	4.50	-	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,			
	2004	2005	2006	2007
	2003 Tax Year	2004 Tax Year	2005 Tax Year	2006 Tax Year
Assessed Value of Taxable Property				
Real Property				
Real Residential	\$ 3,266,300,400	\$ 3,440,020,230	\$ 3,610,874,137	\$ 3,779,716,024
Real Commercial	788,524,850	810,536,290	869,515,809	922,067,090
Real Industrial	127,572,470	123,296,580	118,187,838	131,759,087
Real Agriculture	219,820	930,250	634,834	624,222
Real Vacant	68,388,720	66,377,580	73,973,512	100,398,134
Real Acreage Undeveloped	54,660,110	51,182,580	50,408,184	45,515,120
Real Farm & Ranch Improved	-	-	-	-
Total Real Property	4,305,666,370	4,492,343,510	4,723,594,314	4,980,079,677
Less: Exemptions	(718,866,840)	(741,233,200)	(765,632,990)	(797,405,237)
Net Total Real Property	3,586,799,530	3,751,110,310	3,957,961,324	4,182,674,440
Other Property				
Oil Gas and Mineral Reserves	3,468,740	1,546,720	1,603,070	8,334,609
Real and Tangible Personal - Utility	513,290	464,650	252,591	363,865
Gas Companies	8,255,430	8,118,090	8,022,960	8,434,840
Electric Companies	59,291,710	61,042,420	61,266,427	60,799,352
Telephone Companies	22,956,210	23,967,470	23,452,876	23,570,812
Railroad	262,600	310,450	308,280	308,110
Pipelines	24,829,790	25,554,840	27,800,375	28,640,460
Inventory	-	-	5,554,061	20,656,653
Major Cable TV Systems	12,036,930	5,135,200	5,063,930	5,960,690
Tangible Personal Commercial	435,964,970	446,662,770	458,136,790	446,580,327
Tangible Personal Industrial	285,370,390	302,988,360	407,988,270	515,099,420
Tangible Personal Other - Mobile Homes	18,001,500	18,725,010	18,363,900	18,514,607
Residential Inventory - Vacant	4,153,050	8,765,750	-	-
Governmental Exemption	5,715,590	665,870	312,682,653	373,205,856
Charitable Exemption	455,900	14,700	27,158,235	27,948,364
Religious Exemption	4,962,650	681,920	101,908,422	114,620,604
Private School Exempt	-	-	17,011,007	17,331,096
Miscellaneous Exempt	-	-	387,520	387,520
Agricultural	17,598,310	-	-	-
Low-Moderate Income Housing	104,400	-	19,746	-
Unknown	-	139,750	-	-
Total Other Property	903,941,460	904,783,970	1,476,981,113	1,670,757,185
Less: Exemptions	(144,102,394)	(127,855,460)	(669,872,733)	(820,663,243)
Net Total Other Property	759,839,066	776,928,510	807,108,380	850,093,942
Total Property	5,209,607,830	5,397,127,480	6,200,575,427	6,650,836,862
Less: Total Exemptions	(862,969,234)	(869,088,660)	(1,435,505,723)	(1,618,068,480)
Total Assessed Value of Taxable Property	\$ 4,346,638,596	\$ 4,528,038,820	\$ 4,765,069,704	\$ 5,032,768,382
Total Actual Value of Taxable Property	\$ 4,346,638,596	\$ 4,528,038,820	\$ 4,765,069,704	\$ 5,032,768,382
Total Direct Tax Rate Per \$ 100	\$ 0.567	\$ 0.567	\$ 0.567	\$ 0.567

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,

2008		2009		2010		2011		2012		2013	
2007 Tax Year		2008 Tax Year		2009 Tax Year		2010 Tax Year		2011 Tax Year		2012 Tax Year	
\$	3,999,177,768	\$	4,232,641,041	\$	4,129,237,231	\$	4,052,171,721	\$	3,966,049,464	\$	3,852,056,577
	1,076,316,825		1,198,814,394		1,249,370,402		1,164,598,370		1,237,888,449		1,328,287,594
	134,299,360		147,127,450		154,349,049		158,854,677		165,773,388		170,231,894
	668,106		229,086		215,563		221,790		241,507		227,549
	93,398,249		107,109,632		123,659,890		117,984,092		120,572,974		127,123,041
	36,458,789		34,480,311		36,659,482		36,725,841		42,021,873		37,424,971
	-		-		-		-		-		248,262
	5,340,319,097		5,720,401,914		5,693,491,617		5,530,556,491		5,532,547,655		5,515,599,888
	(819,227,558)		(841,604,642)		(839,474,827)		(836,075,493)		(813,327,025)		(792,375,980)
	4,521,091,539		4,878,797,272		4,854,016,790		4,694,480,998		4,719,220,630		4,723,223,908
	10,807,745		9,270,819		6,764,074		7,854,851		241,610		1,100
	371,338		331,940		330,068		272,549		272,549		234,003
	8,145,690		7,961,540		8,286,315		7,692,460		7,515,900		7,635,305
	58,450,652		54,628,038		53,755,344		52,300,077		52,011,882		54,036,712
	23,762,316		20,113,792		19,731,446		17,917,042		16,078,872		12,681,172
	318,730		347,390		392,796		428,700		495,520		1,474,440
	29,088,230		29,628,470		24,795,395		28,491,661		30,614,337		35,354,411
	28,715,903		30,451,933		26,415,373		28,064,363		26,438,731		28,837,389
	11,926,584		10,181,107		7,984,017		14,286,631		13,783,892		12,539,470
	458,779,115		532,377,581		553,633,704		532,372,461		525,877,003		541,207,611
	555,453,193		675,428,776		648,801,280		668,423,788		1,053,499,087		1,182,300,519
	17,697,725		18,689,409		17,046,042		15,915,686		16,357,302		15,604,926
	-		-		-		-		-		-
	356,709,579		496,046,506		519,756,039		531,014,416		558,111,018		598,471,214
	30,959,147		32,977,016		33,317,985		25,685,661		26,110,291		28,122,328
	108,956,786		113,848,612		119,839,982		115,848,852		119,018,125		121,779,281
	17,364,543		16,771,140		16,771,140		17,061,755		17,595,212		17,427,256
	408,198		494,967		486,462		826,251		844,407		879,116
	-		-		-		-		-		-
	72,341		184,120		-		209,748		216,978		338,200
	-		-		-		-		-		-
	1,717,987,815		2,049,733,156		2,058,107,462		2,064,666,952		2,465,082,716		2,658,924,453
	(813,195,895)		(918,569,343)		(1,117,092,435)		(1,142,444,955)		(1,402,974,610)		(1,356,134,366)
	904,791,920		1,131,163,813		941,015,027		922,221,997		1,062,108,106		1,302,790,087
	7,058,306,912		7,770,135,070		7,751,599,079		7,595,223,443		7,997,630,371		8,174,524,341
	(1,632,423,453)		(1,760,173,985)		(1,956,567,262)		(1,978,520,448)		(2,216,301,635)		(2,148,510,346)
\$	5,425,883,459	\$	6,009,961,085	\$	5,795,031,817	\$	5,616,702,995	\$	5,781,328,736	\$	6,026,013,995
\$	5,425,883,459	\$	6,009,961,085	\$	5,795,031,817	\$	5,616,702,995	\$	5,781,328,736	\$	6,026,013,995
\$	0.567	\$	0.562	\$	0.562	\$	0.591593	\$	0.591593	\$	0.591593

**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
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
2011	2010	0.3782	0.2134	0.5916	0.2800	1.3600	1.3967
2012	2011	0.3822	0.2094	0.5916	0.2800	1.3600	1.3967
2013	2012	0.3948	0.1968	0.5916	0.2800	1.3600	1.5267

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)

La Porte ISD	Pasadena ISD	(2) Harris County	Harris County Department of Education	San Jacinto College District	Total Direct and Overlapping Rates
\$ 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
1.3250	1.3500	0.6366	0.0066	0.1763	7.1227
1.3550	1.3500	0.6366	0.0066	0.1856	7.1620
1.3300	1.3500	0.6366	0.0066	0.1856	7.2671

CITY OF PASADENA, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Fiscal Year and Ten Fiscal Years Ago (1)

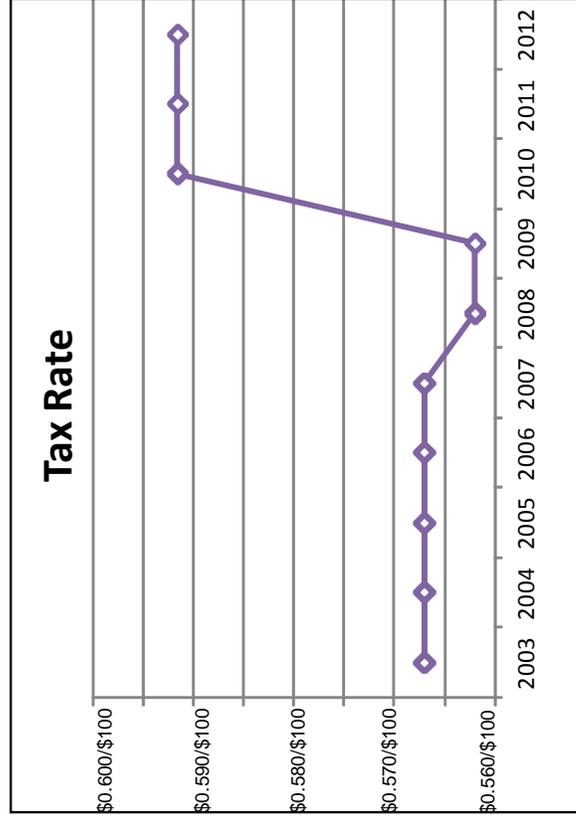
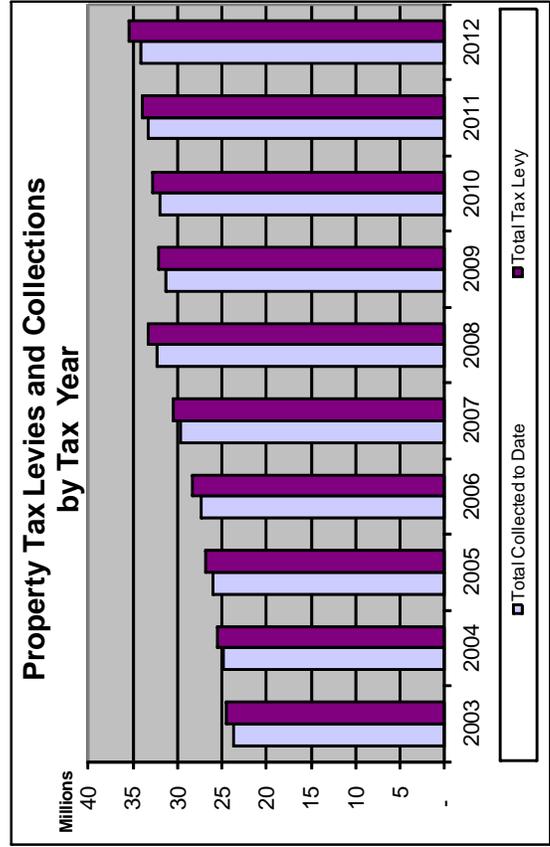
Property Taxpayer	Fiscal Year Ended September 30, 2013			Fiscal Year Ended September 30, 2003		
	2012 Tax Year		% of Taxable Assessed Value	2002 Tax Year		% of Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Calpine Operating	\$ 111,449,400	1	1.85%	\$ -	-	-
Shell Oil Co.	62,380,606	2	1.04%	-	-	-
Centerpoint Energy Inc	61,328,176	3	1.02%	-	-	-
Conoco Phillips Co	48,450,511	4	0.80%	-	-	-
Kir Pasadena LP	48,099,578	5	0.80%	-	-	-
Valero Energy Corp	47,817,600	6	0.79%	-	-	-
The Boeing Co	45,818,356	7	0.76%	-	-	-
NA Industries Inc	41,439,847	8	0.69%	-	-	-
Wal Mart	41,228,173	9	0.68%	-	-	-
GATX Terminals / Kinder	41,025,160	10	0.68%	-	-	-
Tejas Gas Marketing LLC	-	-	-	58,788,870	1	1.45%
Reliant Energy HL&P	-	-	-	43,646,480	2	1.08%
CHCA Bayshore LP	-	-	-	34,557,880	3	0.85%
Trizechahn Office Properties	-	-	-	27,199,990	4	0.67%
SWB Telephone	-	-	-	26,995,800	5	0.67%
GATX Terminals / Kinder	-	-	-	25,447,410	6	0.63%
Village on the Lake Ltd	-	-	-	24,029,480	7	0.59%
Crown Central Petroleum	-	-	-	23,549,300	8	0.58%
Tejas Gas Pipeline LLC	-	-	-	19,998,820	9	0.50%
Celenese LTD	-	-	-	19,760,060	10	0.50%
Subtotal	\$ 549,037,407		9.10%	\$ 303,974,090		7.52%
Other Taxpayers	5,476,976,588		90.90%	3,738,771,810		92.48%
Total	\$ 6,026,013,995		100.00%	\$ 4,042,745,900		100.00%

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

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

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

Fiscal Year Ended September 30,	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy			
2004	2003	\$0.5670/\$100	\$ 24,585,694	\$ 23,677,426	96.31%	\$ 760,607	\$ 24,438,033	99.40%
2005	2004	\$0.5670/\$100	25,603,793	24,842,437	97.03%	602,058	25,444,495	99.38%
2006	2005	\$0.5670/\$100	26,894,284	25,952,683	96.50%	785,682	26,738,365	99.42%
2007	2006	\$0.5670/\$100	28,344,607	27,297,253	96.30%	918,919	28,216,172	99.55%
2008	2007	\$0.5670/\$100	30,445,466	29,614,437	97.27%	707,295	30,321,732	99.59%
2009	2008	\$0.5620/\$100	33,283,072	32,386,497	97.31%	719,620	33,106,117	99.47%
2010	2009	\$0.5620/\$100	32,112,708	31,296,353	97.46%	590,138	31,886,491	99.30%
2011	2010	\$0.591593/\$100	32,819,606	31,967,660	97.40%	581,896	32,549,556	99.18%
2012	2011	\$0.591593/\$100	33,911,519	33,262,827	98.09%	292,314	33,555,141	98.95%
2013	2012	\$0.591593/\$100	35,531,991	34,147,313	96.10%	-	34,147,313	96.10%



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

Fiscal Year Ended September 30,	2004	2005	2006	2007
Governmental Activities				
General Obligation Bonds	\$ 34,175,000	\$ 46,850,000	\$ 46,800,000	\$ 46,750,000
General Obligation Refunding Bonds	22,807,875	35,797,875	11,422,875	7,255,000
General Obligation and Refunding Bonds	-	29,350,000	19,380,000	28,275,000
Certificates of Obligation	-	-	-	5,950,000
Combination Tax and Revenue				
Certificates of Obligation	13,885,000	11,945,000	11,910,000	9,605,000
Other Long-Term Debt				
Volunteer Fireman Prior Service Costs Note	168,038	115,185	59,233	-
Tax Notes, 2000	1,515,000	1,225,000	1,005,000	-
Overpaid Sales Tax Note	-	-	638,020	471,581
Blended Component Unit - Pasadena Second Century Corporation				
Sales Tax Notes	-	-	-	-
Sales Tax Revenue Bonds	-	4,375,000	3,715,000	3,030,000
Overpaid Sales Tax Note	-	-	319,011	235,790
	72,550,913	129,658,060	95,249,139	101,572,371
Business-Type Activities				
Waterworks and Sewer System Revenue Bonds	28,265,000	18,625,000	18,625,000	17,120,000
Waterworks and Sewer System Revenue Refunding Bonds	4,630,000	3,590,000	2,565,000	1,550,000
Combination Tax and Revenue				
Certificates of Obligation	54,400,000	33,665,000	3,405,000	2,495,000
General Obligation Refunding Bonds	-	-	17,675,000	17,675,000
General Obligation and Refunding Bonds	-	-	9,970,000	9,970,000
Deferred Water Charges Debt	2,555,736	1,987,795	1,419,854	851,912
	89,850,736	57,867,795	53,659,854	49,661,912
Total Primary Government	\$ 162,401,649	\$ 187,525,855	\$ 148,908,993	\$ 151,234,283
Percentage of Personal Income	6.40%	7.31%	6.41%	5.55%
Per Capita	\$ 1,142	\$ 1,317	\$ 1,045	\$ 1,030
(1) Population	142,242	142,384	142,526	146,769
(1) Per Capita Personal Income	\$ 17,830	\$ 18,008	\$ 16,301	\$ 18,558
(1) Personal Income (amount expressed in thousands)	\$ 2,536,173	\$ 2,564,096	\$ 2,323,324	\$ 2,723,739

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

The debt amounts presented from 2004 to 2012 were not netted with related premiums, discounts and adjustments.

(1) See the Schedule of Demographic and Economic Statistics on page 141 for personal income and population data.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	57,725,000	\$ 74,535,000	\$ 70,500,000	\$ 66,485,000	\$ 41,960,000	\$ 30,152,196
	4,440,000	8,525,000	8,355,000	8,180,000	26,680,000	42,767,888
	28,165,000	28,020,000	26,700,000	25,395,000	24,080,000	14,312,398
	5,895,000	5,840,000	5,570,000	5,290,000	5,010,000	4,720,000
	8,755,000	1,780,000	900,000	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	305,140	138,700	-	-	-	-
	-	-	-	-	-	-
	2,315,000	1,575,000	805,000	4,960,000	4,190,000	3,507,979
	152,571	69,350	-	-	-	-
	107,752,711	120,483,050	112,830,000	110,310,000	101,920,000	95,460,461
	71,775,000	70,855,000	70,430,000	54,290,000	53,430,000	53,846,804
	550,000	-	-	14,505,000	13,255,000	18,584,663
	1,280,000	-	-	-	-	-
	17,550,000	17,430,000	15,895,000	14,285,000	12,740,000	10,176,548
	9,970,000	9,970,000	9,970,000	9,970,000	9,970,000	4,130,927
	283,970	-	-	-	-	-
	101,408,970	98,255,000	96,295,000	93,050,000	89,395,000	86,738,942
	\$ 209,161,681	\$ 218,738,050	\$ 209,125,000	\$ 203,360,000	\$ 191,315,000	\$ 182,199,403
	7.45%	7.75%	7.15%	7.19%	6.16%	5.89%
\$	1,428	\$ 1,500	\$ 1,430	\$ 1,364	\$ 1,256	\$ 1,197
	146,523	145,789	146,265	149,043	152,281	152,272
\$	19,167	\$ 19,359	\$ 19,992	\$ 18,967	\$ 20,383	\$ 20,305
\$	2,808,455	\$ 2,822,330	\$ 2,924,130	\$ 2,826,899	\$ 3,103,944	\$ 3,091,883

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
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%	149,043	910
2011	129,605,000	(2,875,586)	126,729,414	5,616,702,995	2.26%	149,043	850
2012	120,440,000	(4,097,226)	116,342,774	5,781,328,736	2.01%	152,281	764
2013	106,259,957	(5,219,579)	101,040,378	6,026,013,995	1.68%	152,272	664

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.

The debt amounts presented from 2004 to 2012 were not netted with related premiums, discounts and adjustments.

(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, 2013

<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>
Debt repaid with property taxes				
Harris County	2/28/2011	\$2,330,652,485	1.97%	\$ 44,748,528
Harris County Flood Control District	2/28/2011	93,645,830	1.91%	1,788,635
Port of Houston Authority	12/31/2010	714,526,397	1.92%	13,718,907
Clear Lake City Water Authority	5/31/2011	60,338,989	17.76%	10,716,204
Clear Creek Independent School District	2/29/2012	634,010,000	6.91%	43,810,091
Deer Park Independent School District	2/29/2012	183,505,000	18.81%	34,517,291
La Porte Independent School District	6/30/2011	210,078,567	5.83%	12,247,580
Pasadena Independent School District	8/31/2011	454,535,079	38.85%	176,586,878
San Jacinto College District	2/29/2012	309,215,568	18.51%	57,235,802
Harris County WC & ID #156	2/29/2012	3,465,000	44.26%	1,533,609
Harris County Dept. of Education	2/29/2012	7,795,000	1.92%	149,664
Subtotal, overlapping debt				397,053,189
Add - City direct debt (2)				95,460,461
Total direct and overlapping debt				\$ 492,513,650

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, 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 where 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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit				
Assessed value based on tax year	2003	2004	2005	2006
	<u>\$ 4,346,638,596</u>	<u>\$ 4,528,038,820</u>	<u>\$ 4,765,069,704</u>	<u>\$ 5,032,768,382</u>
10% of assessed value	434,663,860	452,803,882	476,506,970	503,276,838
Less: net debt applicable to limit				
Debt to be repaid from ad valorem tax	72,382,875	125,167,875	90,517,875	97,835,000
Less: amount available in debt service fund	<u>(1,103,283)</u>	<u>(1,009,129)</u>	<u>(1,020,164)</u>	<u>(1,495,924)</u>
	<u>71,279,592</u>	<u>124,158,746</u>	<u>89,497,711</u>	<u>96,339,076</u>
Legal Debt Margin	<u>\$ 363,384,268</u>	<u>\$ 328,645,136</u>	<u>\$ 387,009,259</u>	<u>\$ 406,937,762</u>
Total net debt applicable to the limit as a percentage of debt limit	16.40%	27.42%	18.78%	19.14%

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
2007	2008	2009	2010	2011	2012
<u>\$ 5,425,883,459</u>	<u>\$ 6,009,961,085</u>	<u>\$ 5,795,031,817</u>	<u>\$ 5,616,702,995</u>	<u>\$ 5,781,328,736</u>	<u>\$ 6,026,013,995</u>
542,588,346	600,996,109	579,503,182	561,670,300	578,132,874	602,601,400
104,980,000	118,700,000	112,025,000	105,350,000	97,730,000	91,952,482
<u>(2,607,222)</u>	<u>(1,631,459)</u>	<u>(2,284,607)</u>	<u>(2,875,586)</u>	<u>(4,097,226)</u>	<u>(5,219,578)</u>
102,372,778	117,068,541	109,740,393	102,474,414	93,632,774	86,732,904
<u>\$ 440,215,568</u>	<u>\$ 483,927,568</u>	<u>\$ 469,762,789</u>	<u>\$ 459,195,886</u>	<u>\$ 484,500,100</u>	<u>\$ 515,868,496</u>
18.87%	19.48%	18.94%	18.24%	16.20%	14.39%

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	
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
2011	36,938,654	20,802,695	16,135,959	3,105,000	4,242,051	2.20
2012	36,790,596	19,579,375	17,211,221	3,655,000	4,170,825	2.20
2013	37,235,536	20,309,713	16,925,823	3,830,000	3,943,694	2.18

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

Fiscal Year Ended September 30,	Population(1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income(1)	Median Age (1)	School Enrollment(2)	Unemployment Rate (3)
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 (4)	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%
2011	149,043	2,826,899	18,967	30.5	52,919	8.1%
2012	152,281	3,103,944	20,383	30.7	53,677	6.8%
2013	152,272	3,091,883	20,305	29.6	54,525	6.7% (P)

Data sources:

(1) Bureau of the Census

(2) Pasadena Independent School District

(3) Bureau of Labor Statistics

(P) - Preliminary

(4) 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 Eight Years Ago (1)

<u>Employer</u>	<u>2013</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	6.25%	4,946	1	4.10%
Dorsett Brothers Concrete Supply, Inc.	3,400	2	3.67%	-	-	-
San Jacinto College District	2,924	3	3.15%	1,058	4	0.88%
The Boeing Company	2,300	4	2.48%	2,300	2	1.91%
Mundy Company	1,500	5	1.62%	-	-	-
Zachry Holdings Inc.	1,400	6	1.51%	-	-	-
Shell - Deer Park	1,400	7	1.51%	-	-	-
SGS Petroleum Service Corp.	1,127	8	1.21%	-	-	-
Silver Eagle Distributors, L.P.	1,100	9	1.19%	-	-	-
City of Pasadena	1,030	10	1.11%	1,058	5	0.88%
Lyondell-Citgo, Refining LP (2)	-	-	-	1,080	3	0.90%
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>21,981</u>		<u>23.71%</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 eight 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 Fiscal Years

Function	Fiscal Year Ended September 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
City Council	8	8	8	8	8	8	8	8	8	7
Mayor	4	4	3	3	3	3	3	1	3	2
Budget and Financial Planning	2	2	2	2	2	2	2	2	2	2
Municipal Court	32	31	31	33	35	33	33	34	34	34
City Controller	15	12	13	15	16	16	15	16	15	15
Purchasing	3	3	3	3	4	4	4	4	4	4
Legal	9	8	8	8	8	8	8	8	8	7
City Secretary	3	3	3	4	4	4	4	4	4	4
Human Resources	9	9	8	7	8	7	7	9	11	7
City Marshal	6	6	6	7	7	6	6	6	6	7
Community Relations	7	6	6	6	7	7	7	7	7	8
Pasadena Action Line	5	4	3	5	5	4	4	4	6	6
Planning	4	5	4	3	3	4	5	6	4	5
Planning/Development Administration	1	2	2	1	1	1	1	1	1	1
Neighborhood Network	1	1	1	1	1	1	1	1	1	1
Inspections	24	23	21	21	20	21	19	16	15	15
Property Management	2	2	1	-	-	-	1	8	1	3
Impound/Storage	-	-	-	-	-	-	6	7	5	6
Economic Development Liaison	-	-	-	-	1	1	1	1	1	2
Public Safety										
Emergency Preparedness	3	2	2	2	3	3	3	3	3	3
Fire Fighting	10	4	4	3	3	3	3	3	7	10
Fire Prevention	11	9	11	10	11	11	10	9	10	10
Police	329	330	327	362	340	369	358	344	349	335
Public Works										
Engineering	20	20	19	20	19	17	14	15	15	17
Sanitation	48	49	44	43	44	43	43	38	37	39
Street and Bridge	51	49	44	36	36	34	31	30	30	32
Traffic and Transportation	11	13	11	11	12	12	12	11	10	9
Health										
Health	14	13	12	12	11	11	11	10	10	11
Animal Rescue and Assistance	14	14	14	15	13	17	19	19	18	22
Culture and Recreation										
Leisure Services Administration	2	2	2	1	-	-	-	6	4	4
Parks	42	42	42	41	33	35	37	33	38	42
Recreation	43	51	33	36	38	55	75	57	60	64
Clean Streets	11	12	12	12	17	21	21	17	14	19
Golf Course	10	9	10	10	10	16	10	9	9	6
Multi-Purpose Center	7	14	7	9	5	13	9	8	9	8
Civic Center	9	9	9	7	8	9	10	6	6	7
Senior Center - Madison Jobe	8	6	5	4	6	5	5	4	4	4
Library	50	50	46	47	47	45	49	41	45	53
Water and Sewer System	136	125	114	110	119	123	120	112	116	119
Maintenance	87	81	74	75	76	82	72	69	75	78
Health Insurance	4	-	3	1	1	1	3	2	4	1
Grant Management	17	18	18	20	20	19	21	25	21	16
TOTAL CITY POSITIONS	1,072	1,051	986	1,014	1,005	1,074	1,071	1,014	1,030	1,045

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

Function	Fiscal Year Ended September 30,			
	2004	2005	2006	2007
Public Safety				
Police				
Arrests	12,073	13,768	13,197	14,142
Accident reports	4,056	3,827	3,812	4,139
Citations issued	76,448	76,132	83,967	79,708
Calls for service	85,119	88,770	85,492	83,599
Public Works				
Refuse collection				
Refuse collected Type 1 (tons/day)	107	97	120	123
Refuse collected Type 2 (cubic yards/day)	236	195	273	202
Mulching collected (cubic yards/day)	68	71	91	64
Recyclables collected (tons/day)	1.26	1.57	2.84	2.65
Health				
Number of food permits issued	1,004	1,132	1,135	893
Number of health inspections	2,626	2,184	1,925	2,604
Culture and Recreation				
Convention Center				
Number of Events	137	133	157	169
Library				
Visitors	673,081	762,135	710,297	812,357
Water and Sewer System				
Average daily consumption (millions of gallons)	17.49	18.92	18.51	17.50
Total Consumption (billions of gallons)	6,384.79	6,906.26	6,754.82	6,500.00
Average daily Waste Water Plant Flow (millions of gallons)	14.36	11.54	10.38	14.54
Total Waste Water Plant Flow (millions of gallons)	5,239.80	4,213.41	3,786.63	5,110.09

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,

2008	2009	2010	2011	2012	2013
12,853	12,552	12,119	11,926	10,747	11,185
3,549	3,635	3,376	3,335	3,474	3,520
78,789	82,153	82,576	84,551	69,209	69,888
82,603	82,949	81,633	61,625	75,869	84,146
136	120	170	110	103	105
251	492	267	145	166	179
146	104	102	124	107	83
2.29	1.13	3.75	3.53	4.35	7.31
1,081	1,120	1,125	1,215	1,229	1,219
2,180	2,344	2,223	2,511	2,529	2,675
145	138	143	178	165	158
324,983	241,891 (2)	424,568	303,074	342,628	(1)
17.60	19.30	17.97	21.17	20.37	18.90
6,800.00	7,043.30	6,871.37	7,749.38	7,435.00	7,100.00
12.39	11.22	13.90	10.40	12.41	11.57
4,500.66	4,095.21	5,084.80	3,796.45	4,542.14	4,212.54

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

Function / Program	Fiscal Year Ended September 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety									
Police									
Stations	2	2	2	2	2	2	2	2	2
Patrol units	152	145	153	167	199	181	198	198	181
Fire stations	10	10	10	10	10	10	10	10	10
Public Works									
Streets (miles)	534	539	520	524	526	527	541	542	522
Streetlights	7,027	7,092	7,426	7,504	7,493	7,548	7,550	7,541	7,590
Traffic signals	185	195	196	194	192	184	189	191	195
Sanitation									
Collection trucks	37	33	24	28	28	28	28	26	25
Culture and Recreation									
Parks	48	47	47	47	47	47	47	47	47
Parks acreage	768	819	1,084	1,084	1,084	1,084	1,104	1,104	1,120
Swimming pools	5	5	5	5	5	5	4	4	4
Tennis courts	15	15	15	15	15	15	15	15	15
Community centers	8	8	8	8	9	9	8	8	8
Water and Sewer System									
Water									
Water mains (miles)	463	465	465	481	471	473	473	474	476
Fire hydrants	2,150	2,190	2,150	2,154	2,203	2,247	2,259	2,283	2,327
Maximum daily capacity (millions of gallons)	27	22	26	24	25	23	32 (2)	26	26
Sewer									
Sanitary sewers (miles)	386	386	387	388	392	396	397	402	404
Storm sewers (miles)	216	217	217	217	228	231	233	259	340
Maximum daily treatment capacity (millions of gallons)	19	24	24	24	24	24	24	24	24

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 nine fiscal years are available at this time.

(2) The southern region of Texas experienced a severe drought increasing the maximum daily capacity as compared to previous years.



City of Pasadena

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