

CITY OF PASADENA, TEXAS
Comprehensive Annual
Financial Report
*For the Fiscal Year Ended
September 30, 2015*



**CITY OF PASADENA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

**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, 2015**

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal.....	1
GFOA Certificate of Achievement	9
Organization Chart	10
Principal Officials.....	11
 II. FINANCIAL SECTION	
Independent Auditors' Report.....	13
Management's Discussion and Analysis	19
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	31
Statement of Activities	33
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet.....	34
Statement of Revenues, Expenditures and Changes in Fund Balances.....	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	39
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
General Fund.....	40
Grant Management (Major Special Revenue Fund) Budgeted	
Federal Equitable Sharing of Forfeited Property Justice Department	42
Federal Equitable Sharing of Forfeited Property Treasury Department ...	43
Proprietary Fund Financial Statements	
Statement of Net Position	44
Statement of Revenues, Expenses and Changes in Fund Net Position	47
Statement of Cash Flows.....	48
 Notes to Financial Statements	51
 Required Supplementary Information	
Other Post Employment Benefits (OPEB)	
Schedule of Funding Progress	91
Texas Municipal Retirement System (TMRS)	
Schedule of Changes in Net Pension Liability and Related Ratios.....	92
Schedule of Contributions	93
Methods and Assumptions Used to Determine Contribution Rates	94
Schedule of Pension Expense	95
Texas Emergency Services Retirement System	
Schedule of the City's Proportionate Share of the Net Pension Liability	96
Schedule of Contributions	96

II. FINANCIAL SECTION (Continued)**Combining and Individual Fund Statements and Schedules****General Fund**

Balance Sheet.....	97
Statement of Revenues, Expenditures and Changes in Fund Balance.....	99
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	100

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	111
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Nonmajor Governmental Funds

Combining Balance Sheet	113
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	114
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
Special Charge Allocation Special Revenue Fund.....	115
State Forfeited Property Special Revenue Fund.....	116
Hotel and Motel Tax Special Revenue Fund.....	117
Abandoned Motor Vehicle and Property Special Revenue Fund.....	118

Internal Service Funds

Combining Statement of Net Position	119
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	121
Combining Statement of Cash Flows.....	122

III. STATISTICAL SECTION

Net Position by Component	126
Changes in Net Position	128
Governmental Activities Tax Revenues by Source.....	130
Fund Balances of Governmental Funds	132
Changes in Fund Balances of Governmental Funds.....	134
General Governmental Tax Revenues by Source	136
Water and Sewer System Principal Customers.....	138
Water and Sewer Rates	140
Assessed Value and Actual Value of Taxable Property	142
Property Tax Rates – Direct and Overlapping Governments	144
Principal Property Taxpayers.....	146
Property Tax Levies and Collections	147
Ratios of Outstanding Debt by Type	148
Ratios of General Bonded Debt Outstanding	150
Direct and Overlapping Governmental Activities Debt.....	151
Legal Debt Margin Information.....	152
Pledged-Revenue Coverage.....	154
Demographic and Economic Statistics	155
Principal Employers	156
City Government Employees by Function.....	157
Operating Indicators by Function	158
Capital Asset Statistics by Function.....	160

INTRODUCTORY SECTION



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CITY OF PASADENA

OFFICE OF THE CITY CONTROLLER

March 3, 2016

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, 2015, 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 *Generally Accepted Government Auditing Standards* (GAGAS) issued by the Government Accountability Office (GAO) 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 Charter requires an independent audit of the accounts of the City by an independent auditor. Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Pasadena's financial statements for the year ended September 30, 2015. The independent auditors' reports is located at the front 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, 2015 and the City's Single Audit Report is separately available.

This letter of transmittal is designed to complement 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 19-30.

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 2015 population is estimated at 153,887 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 is made up of six single member district and two at large members who are elected citywide. 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. The Mayor Pro-tem can be elected anytime there is a vacancy in the office, and there is a requirement that each candidate show proof of living in a district for at least one year before running for office. Since the City has initiated two Council meetings a month, agenda items need to be submitted to the City Secretary's office in a timely manner to get ordinances approved on the required two readings. Also, vendor checks are released only twice a month after Council approval.



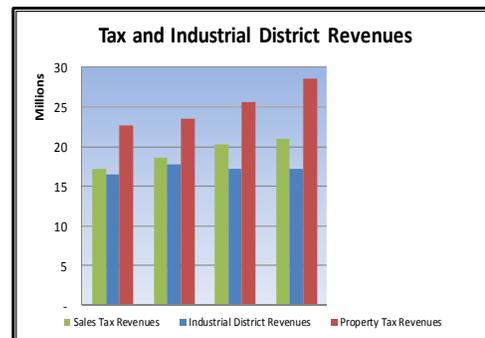
The City of Pasadena provides a full range of municipal services including: police and fire protection, traffic and municipal courts, sanitation services, construction and maintenance of streets and related infrastructure, water and sewer systems, recreational activities, (i.e., parks, swimming pools, 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 61 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 of Houston Authority is the Gulf Coast's leading gateway to North America's fastest growing markets between the Mississippi River and the Rocky Mountains. The modern container terminals and multipurpose facilities can handle virtually any size and type of cargo,

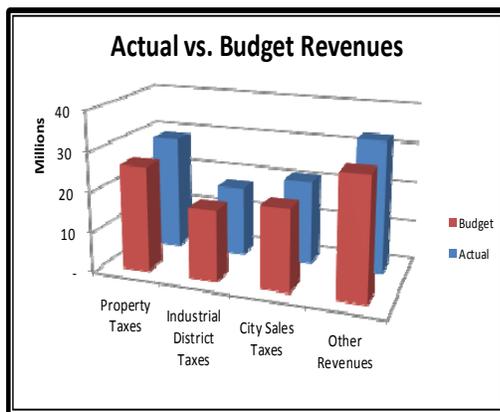


connecting world markets to America’s heartland quickly and efficiently. The Port has ranked first among all U.S. seaports in foreign waterborne tonnage for the last 18 consecutive years, first in U.S. imports, first in U.S. export tonnage, and second in the U.S. in total tonnage. Additionally, the operation of the Bayport cruise terminal located in the City of Pasadena is hosting Princess Cruises’ Emerald Princess and Norwegian Cruise Lines with their seven-day Western Caribbean cruises on the Norwegian Jewel out of the terminal. They are expected to bring more than 400,000 passengers through 2016, estimating an impact of \$2 million to the greater Houston region with each sailing, \$50 million annually, and more than 200 jobs.

Significant indicators that impact the economic condition are the employment and unemployment statistics. In December 2014, the City’s unemployment rate was 5.8 percent. In April 2015, the Bureau of Labor Statistics reported a preliminary local unemployment rate at 4.7 percent and, as of December 2015, was 5.5 percent, with the 2015 national average rate at 5.0 percent while Texas’ unemployment rate on December 2015 was at 4.7 percent. The projection for 2016 is not as promising and experts are expecting stabilization in the unemployment rate for the year.

Pasadena was recently awarded “The City of the Future Award”, which was bestowed upon the City by *The Financial Times*. The City was the only small city in Texas to win a ranking. It’s about to grow even more with some of the nation’s top retail space, companies are looking to relocate in Pasadena representing a \$4 billion potential – enough that there is a wave of hiring projected in the next five years. The City’s existing businesses that started here, built from the ground up and have now been here for years, have grown into some of the largest, most successful businesses in the region. Pasadena’s recent job growth rate is five and a half times higher than the national average and the cost of living is fifteen percent lower than the rest of the nation. Projections for Pasadena are looking up and people and businesses are taking notice.

The energy landscape, which is the metropolitan area’s growth advantage, is changing radically as the global oil demand growth flips from a near five year high in the third quarter of 2015 to a low in the fourth quarter. Persistent oversupply, bloated inventories, and a slew of negative economic news pressured prices so that by mid-January 2016 crude oil touched a 12-year low. The International Energy Agency predicts that crude prices will average about \$60 per barrel for the next two years as U.S. shale extraction and Iran, now relieved of sanctions, continues to suppress prices with boosting crude output. Currently, prices are fluctuating at \$42 to \$45 per barrel, but analysts predicted that higher supplies would weigh down the price of crude oil. The local refineries are taking advantage of the low crude prices and using reserves to expand and update facilities and tank farms are expanding and developing on available land to store the large supplies of crude. Consumers are also enjoying the lower prices at the gas pumps and driving more. Bottom line, the Pasadena area is somewhat dependent on what happens in the oil and gas industry and watches it carefully. Natural gas prices, on the other hand, are predicted to steadily increase from an average of \$2.63/MMBtu in 2015 to \$3.22/MMBtu in 2017 with prices forecast to rise through much of 2016. According to the U.S. Energy Information Administration, price increases reflect consumption growth, mainly from the industrial sector, that outpaces production growth in 2016. Industrial sector consumption of natural gas is expected to increase by 3.5% in 2016 and by 2.5% in 2017 as new projects in the fertilizer and chemicals sectors come online. Although a slight decline in consumption of natural gas for power generation through 2017 is predicted, an increase is projected in the residential and commercial sectors.



The City’s sales tax revenues, in the general fund only, for fiscal year 2015 increased 3.27 percent from \$20,314,683 in 2014 to \$20,959,755 in 2015, which creates a positive outlook that the local economy is stable. As seen in the chart to the left, most revenues came in above budgeted amounts. The City’s 2016 property tax collection is anticipated to increase approximately \$5,838,356 or 15.7 percent over 2015 due to the increase in population and jobs in the Pasadena area.

Housing and real estate sales are other indicators of our local economic conditions and home sales are stable with home prices remaining steady. The average home price in Pasadena is \$115,000. Pricing leveling and decreasing foreclosures are good signs of a stable economy.

The trend of employees continuing to migrate closer to workplaces makes renting an attractive option. Occupancy rates are turning up from early 2013 and are forecast to continue through 2016. Rents and occupancy rates in both residential and commercial properties are following the housing market and increasing with signs of continuing their increases early in the 2016 estimates. Though office vacancy rates have stabilized, technology has continued to affect office size, as many have shrinking office space needs. 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 providing 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 seen, 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 created and dedicated to the promotion of local economic development. It has identified and targeted a variety of projects such as (a) certain infrastructure projects that are necessary to promote and develop new and expanded business enterprises, such as streets and roads, water and sewer utilities, and site improvement consisting of electric, utilities, and drainage; (b) convention facilities; and (c) job training classes.

PSCC is funding over \$12 million and \$5.6 million in road and sewer improvements, respectively, throughout the City and \$3.55 million in utility development. It is also funding an \$8.6 million improvement to expand the Pasadena Convention Center and create an appealing atmosphere to attract more events to Pasadena. It also continues funding of an employee training program through San Jacinto College for companies like Oxiteno and Nestle.

Health insurance for City employees has become one of the major financial burdens for the City. The City is self-insured but contracts with Allegiance Benefit Plan Management, Inc. as the administrator of health insurance benefits. Employees will again benefit by participating in the Health Awareness Program provided by the City in hopes of reducing 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 2015 is \$5,176,203, with the total actuarial accrued liability of \$59,382,006 as of December 31, 2013. An additional calculation is being prepared as of December 31, 2015. This year's calculation is slightly up from the last actuarial report due to the increase in medical costs.



The City must report the net pension liability in the government-wide financial statements because the City participates in the Texas Municipal Retirement System (TMRS) and is required to do so by the GASB in Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. The City's actuarial calculations were prepared for the purpose of complying with the GASB No. 68 and have been made on a basis that is consistent with the understanding of these accounting standards. The calculation of the liability associated with the benefits was performed for the purpose of satisfying these requirements of improving information provided by the City about financial support for pensions that is provided by TMRS.

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 85% of principal retired in 10 years. The City's management financial operations such as budgeting practices, balanced the fiscal year 2016 budget with \$1,023,857 more revenue than expenditures and adhered to a two-month reserve policy. City policies have built character in this and provided guidance to continue on with 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 2015, except for the expenditures for capital projects in the general fund, due to revenue gains and the implementation of cost-saving measures such as two advance refundings done recently. These were to take advantage of lower interest rates and to reduce the total future debt service payments. General Obligation Refunding Bonds, Series 2014 resulted in an economic gain of \$1,985,328 and General Obligation Refunding Bonds, Series 2015 resulted in an economic gain of \$937,950.



Major Initiatives

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, along with Community Development Block Grants (CDBG), Home Investment Partnership (HOME), and Emergency Solutions Grants (ESG), which are funded by Housing and Urban Development (HUD), have successfully executed the majority of its 2015 initiatives. The Annual Action Plan goal was to improve the quality of life for Pasadena's low to moderate income residents. Highlights from the 2014 – 2015 program year are:

- The City strengthened educational skills and increased low to moderate income residents' job marketability through the use of CDBG funding and oversight of the Twin Oaks Mutual Housing's GED and ESL Education Programs. The original goal of 50 students was exceeded and the agency enrolled 63 new students into their programs.
- CDBG funding for Code Enforcement assisted in their mission of nuisance abatement, by performing 2,072 code violation inspections, surpassing the expected goal of 500 investigations.
- The City's Animal Control Department provided spay and neuter vouchers to 190 pet owners to improve community health by reducing animal overpopulation.
- The Madison Jobe Transportation Program, funded through CDBG, exceeded its initial goal of assisting 160 elderly and/or disabled clients by providing transportation vouchers to 190 clients. This program allows the participants to maintain an independent lifestyle.



Public service, infrastructure improvements, and housing rehabilitation were identified as high priority activities. Public service activities have included Adult Basic Education, Health Services to increased community welfare, and enrichment opportunities for residents. The City has worked with multiple sub-recipients to accomplish goals set forth in these areas, often surpassing expectations. Housing rehabilitation is also a high priority need given the age of the City's housing stock and the decline of opportunities available to low to moderated income households to obtain affordable housing. The HOME Program furthers the City's goal of creating suitable living environments, providing affordable housing and increasing the quality of life. The HOME Program has assisted three low to moderate income families with the rehabilitation/reconstruction of their existing homes.

The ESG Program assisted the Bridge over Troubled Waters, Inc. to provide 37,734 nights of shelter and assisted 112 clients while in the shelter. The ESG Program will continue to utilize the awarded funds accordingly for eligible activities in the upcoming 2015 – 2016 Annual Action Plan.

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. To date, all 15 capital improvement projects are completed in the amount of \$15,518,429 funded by CDBG-DR grants and an additional \$346,140 was funded by the City. Currently, the City and Texas General Land Office are in the process of finalizing Round 1.

Round (2.1) commenced on October 17, 2011 and consists of 8 capital improvement projects. To date, all 8 capital improvements projects are completed in the amount of \$4,274,018 with a remaining balance of \$436,289 for final payments. The City has obligated additional funding in the amount of \$2,555,808 in which \$2,301,787 has been utilized to complete the capital improvement projects.

Round (2.2) commenced on June 13, 2012 and consists of 13 capital improvement projects. Initially, there were 14 projects, but one was eliminated and the funding was allocated to various CDBG-DR projects. To date, 5 projects are completed in the amount of \$12,383,122 with 8 remaining projects in various phases of construction in the amount of \$2,209,373. The City has obligated additional funding in the amount of \$1,046,443, of which \$750,844 has been utilized to complete the capital improvement projects.

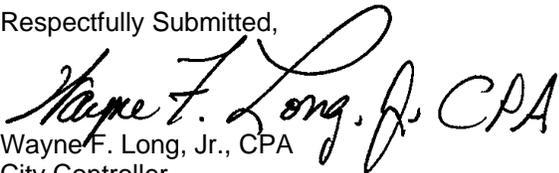
Awards and Acknowledgements

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, 2014. This was the twenty-first consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully Submitted,


Wayne F. Long, Jr., CPA
City Controller

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Government Finance Officers Association

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

Presented to

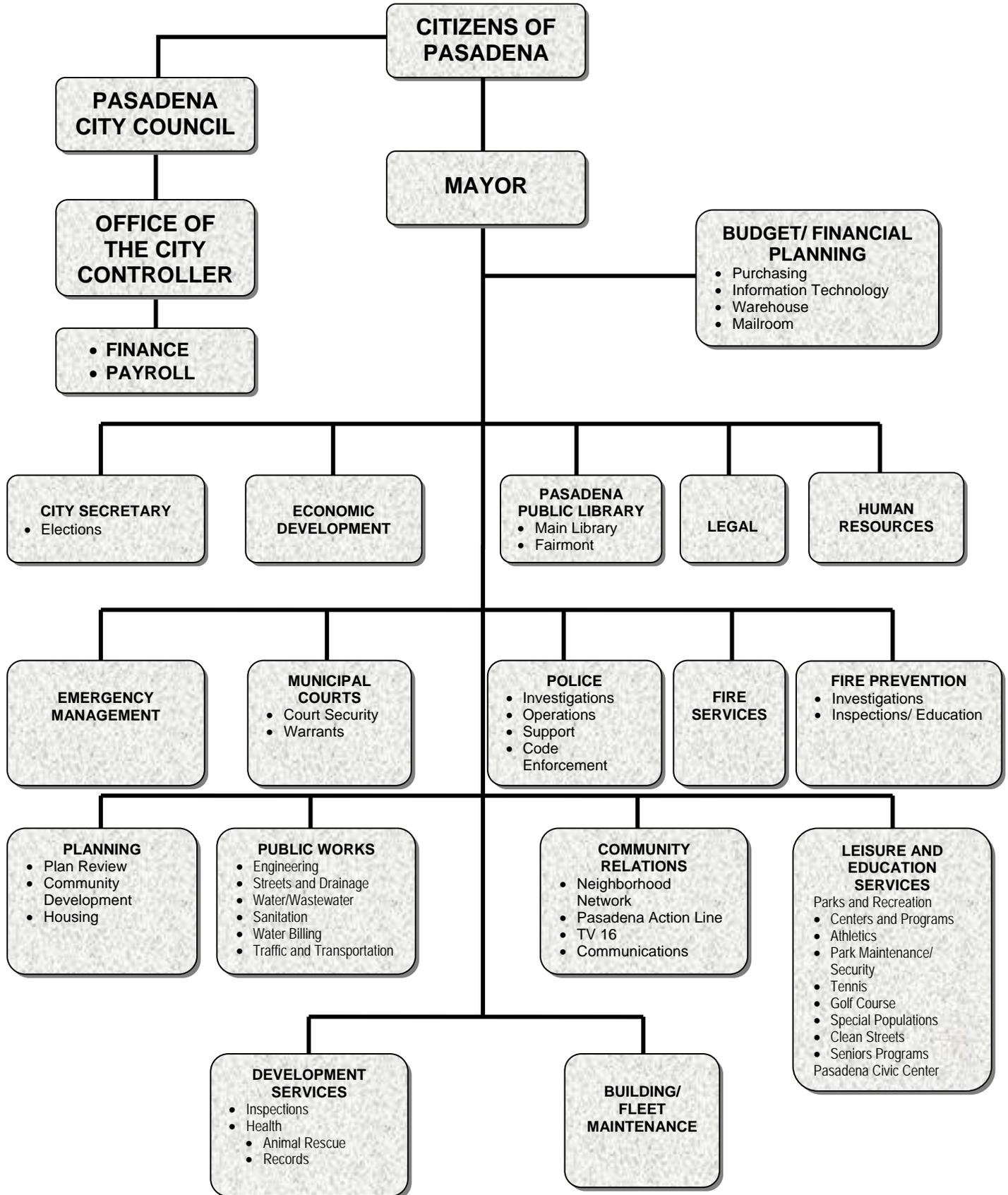
**City of Pasadena
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

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	(MAYOR PRO-TEM) ORNALDO YBARRA
DISTRICT B	BRUCE LEAMON
DISTRICT C	SAMMY CASADOS
DISTRICT D	CODY RAY WHEELER
DISTRICT E	CARY BASS
DISTRICT F	JEFF WAGNER
DISTRICT G AT-LARGE	PAT VAN HOUTE
DISTRICT H AT-LARGE	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

TERESA VASQUEZ-EVANS

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, 2015, 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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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, 2015, 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 funds (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.

Emphasis of Matter

Change in Accounting Principle

In 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules, schedule of funding progress, schedule of changes in net pension liability and related ratios, schedule of the City's proportionate share of the net pension liability, and schedules of contributions, identified as Required Supplementary Information on the table of contents, 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

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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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2016 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 3, 2016

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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, 2015. This discussion and analysis includes comparative data for fiscal year 2014. 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, 2015 are as follows:

Government-Wide Financial Statements

The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$800,533,813 (net position), showing an increase of \$31,592,961 (4.1%) compared to the prior fiscal year of \$768,940,852. Total net position of the City is comprised of the following:

Net investment in capital assets of \$706,672,322 (88.3%) 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 \$57,517,120 (7.2%) is restricted by constraints imposed from outside the City such as debt covenants, laws, and regulations.

Net position of \$36,344,371 (4.5%) 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 \$120,443,673. This compares to the prior fiscal year combined fund balances of \$126,585,371, showing a decrease of \$6,141,698 (4.8%). Approximately 36.8% of the fund balances, \$44,276,264, is available for spending at the City's discretion (unassigned); 50.3% of the fund balance, \$60,624,443 is restricted for general government, public safety, public works, culture and recreation, housing and community development, capital improvements, and debt service, and assigned is for purchases on order of \$199,868 (0.2%). The balance of \$15,343,098 (12.7%) is committed for general government capital construction in the amount of \$15,328,098 and \$15,000. The \$15,328,098 is for various capital projects including drainage improvements, fire station #5, Strawberry Park pool renovations, Finrock Street improvement, Leesa Lane extension, El Cary subdivision street improvement, and sidewalk replacement projects, to name a few.

At the end of fiscal year, the general fund had a total fund balance of \$44,491,132. The unassigned portion of the fund balance was \$44,276,264 or 50.2% of total general fund expenditures of \$88,217,372. The committed portion of the fund balance was \$15,000. The assigned portion of the fund balance was \$199,868. 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, 2015, the unassigned fund balance exceeded this required balance by \$29,573,368.

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 statement 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 funds 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 51-89.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's OPEB benefits schedule of funding progress funding and TMRS pension schedule of changes in net pension liability and related ratios, schedule of contributions, methods and assumptions used to determine contribution rates, schedule of pension expense, and Texas Emergency Services Retirement System schedule of changes in the net pension liability and related ratios. Required supplementary information can be found on pages 91-96 of this report.

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 97-123.

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$800,533,813 at fiscal year ended September 30, 2015.

CITY OF PASADENA, TEXAS
Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 160,608,348	\$ 163,711,466	\$ 28,094,646	\$ 41,430,887	\$ 188,702,994	\$ 205,142,353
Capital assets	569,406,839	556,167,169	280,557,698	259,866,852	849,964,537	816,034,021
Total assets	730,015,187	719,878,635	308,652,344	301,297,739	1,038,667,531	1,021,176,374
Deferred outflows of resources	10,873,774	7,453,635	1,000,143	1,432,272	11,873,917	8,885,907
Total deferred outflows	10,873,774	7,453,635	1,000,143	1,432,272	11,873,917	8,885,907
Long-term liabilities, outstanding	143,447,635	149,816,233	81,484,728	89,148,111	224,932,363	238,964,344
Other liabilities	16,193,626	15,514,849	6,438,169	6,642,236	22,631,795	22,157,085
Total liabilities	159,641,261	165,331,082	87,922,897	95,790,347	247,564,158	261,121,429
Deferred inflows of resources	2,260,160	-	183,317	-	2,443,477	-
Total deferred inflows	2,260,160	-	183,317	-	2,443,477	-
Net position:						
Net investment in capital assets	499,187,584	481,756,248	207,484,738	176,526,854	706,672,322	658,283,102
Restricted	55,408,353	55,218,439	2,108,767	2,298,834	57,517,120	57,517,273
Unrestricted	24,391,603	25,026,501	11,952,768	28,113,976	36,344,371	53,140,477
Total net position	\$ 578,987,540	\$ 562,001,188	\$ 221,546,273	\$ 206,939,664	\$ 800,533,813	\$ 768,940,852

By far, the largest portion of the City's net position, \$706,672,322 (88.3%), 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 \$48,389,220 compared to prior fiscal year of \$658,283,102. Capital assets had a net increase of \$33,930,516 with 61% net increase in the business-type activities and the remaining 39% net increase in the governmental activities. The major infrastructure projects in the business-type activities were Crenshaw Water Plant, Space Center sanitary sewer, and the rodeo grounds pump station. The governmental activities streets project included Fin frock at Southmore, Strawberry at Fairmont, and El Cary. Additional information can be found in Note IV, D, page 66-67.

As mention above, the current and advance refunding of bonds, including the fund payments used by the City in the amount of \$4,829,110, created a decrease of \$17,048,157 in the bond debt liabilities.

The second largest portion of the City's net position, \$57,517,120 (7.2%), represents resources that are subject to external restrictions on how they may be used. This compared to the prior fiscal year of \$57,517,273, showing a decrease of \$153. Overall, this is only a small change in restricted net position but resulted in considerable changes in major categories in the total primary government. Debt service restricted net position decreased by \$4,677,406 from \$8,796,358 to \$4,118,952 due to the additional funds contributed in the current and advance refunding of old debt and issuing of new debt, General Obligation Refunding Bonds Series 2014 and Series 2015. The majority of this reduction was in the governmental activities. Additional information can be found in Note IV, G, pages 71-74.

Capital projects restricted net position increased by \$5,451,960 from \$39,952,298 to \$45,404,259 because a portion of the unrestricted net position was committed through a transfer by Council to be used by the capital projects fund for capital expenses and also because of the restatement as of October 1, 2014 of funds from the general fund to the capital projects. See Note V, G, page 88 for additional information.

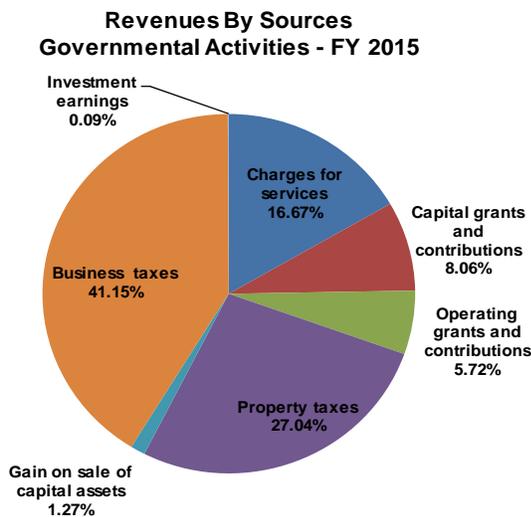
The third and final portion of the City's net position, \$36,344,371 (4.5%), represents unrestricted resources that can be used to meet the City's ongoing obligations to citizens and creditors. This portion of net position decreased by \$16,796,106 (32%) compared to the prior fiscal year of \$53,140,477. The reasons for this overall decrease 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	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 23,912,068	\$ 25,201,181	\$ 39,079,938	\$ 36,618,566	\$ 62,992,006	\$ 61,819,747
Operating grants and contributions	8,214,522	10,491,952	-	-	8,214,522	10,491,952
Capital grants and contributions	11,569,987	13,955,703	-	-	11,569,987	13,955,703
General revenues:						
Property taxes	38,799,792	36,899,872	-	-	38,799,792	36,899,872
Business taxes	57,984,238	56,919,662	-	-	57,984,238	56,919,662
Other taxes/fees	1,059,717	1,000,102	-	-	1,059,717	1,000,102
Investment earnings	118,224	77,410	16,459	11,249	134,683	88,659
Gain on sale of capital assets	1,826,646	-	12,141	200,325	1,838,787	200,325
Total Revenues	143,485,194	144,545,882	39,108,538	36,830,140	182,593,732	181,376,022
Expenses:						
General government	17,122,766	20,070,338	-	-	17,122,766	20,070,338
Public safety	48,403,071	47,153,867	-	-	48,403,071	47,153,867
Public works	23,367,837	23,789,663	-	-	23,367,837	23,789,663
Health	4,013,432	3,873,409	-	-	4,013,432	3,873,409
Culture and recreation	16,579,672	15,853,285	-	-	16,579,672	15,853,285
Housing and community development	7,512,375	7,922,281	-	-	7,512,375	7,922,281
Interest on long-term debt	3,439,836	3,564,479	-	-	3,439,836	3,564,479
Water and sewer	-	-	30,561,782	31,443,569	30,561,782	31,443,569
Total Expenses	120,438,989	122,227,322	30,561,782	31,443,569	151,000,771	153,670,891
Increase in net position before transfers	23,046,205	22,318,560	8,546,756	5,386,571	31,592,961	27,705,131
Transfers	(6,059,853)	(6,011,207)	6,059,853	6,011,207	-	-
Increase in net position	16,986,352	16,307,353	14,606,609	11,397,778	31,592,961	27,705,131
Net position - beginning	562,001,188	545,693,835	206,939,664	195,541,886	768,940,852	741,235,721
Net position - ending	\$ 578,987,540	\$ 562,001,188	\$ 221,546,273	\$ 206,939,664	\$ 800,533,813	\$ 768,940,852

Governmental Activities.

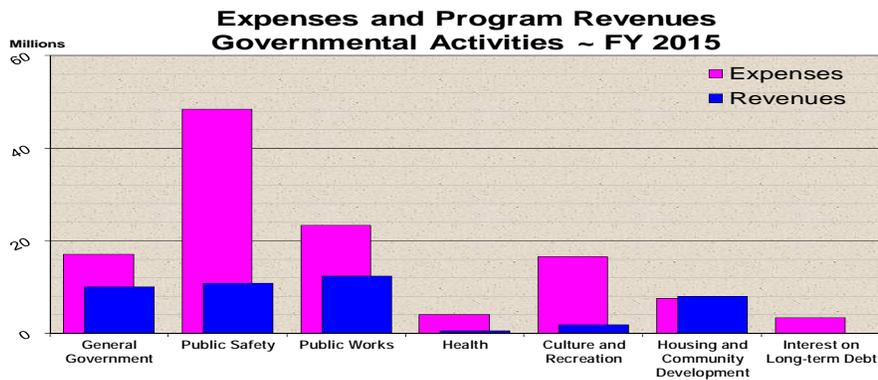


Governmental activities increased the City's net position by \$16,986,352 (3%). This was impacted by the current economic conditions. The City has seen overall revenues decreased by \$1,109,334 including transfers. Program revenue decreased by \$5,952,259 (12%) from \$49,648,836 to \$43,696,577. Operating grants and contributions decreased by \$2,277,430 and \$2,385,716, respectively. There were several factors in the decreases, first being that the City received \$985,356 less compared to \$236,598 in the current year and \$1,221,954 in the prior year from the U.S. Department of Homeland Security, an 81% decrease. Additionally, grant funds from the U.S. Department of Housing and Urban Development decreased by \$1,616,210 (9%) from \$18,917,722 to \$17,301,512. This was due in part because the City had unspent grant funds carried over from fiscal year 2013 that were spent in fiscal year 2014 from the CDBG and

HOME programs. Also, charges for service decreased by \$1,289,113. The general government function decreased by \$1,965,561 over last year's amount of \$11,987,529 due to the reduction of general fund charges for services revenue because the City received the final insurance recovery revenue in fiscal year 2014.

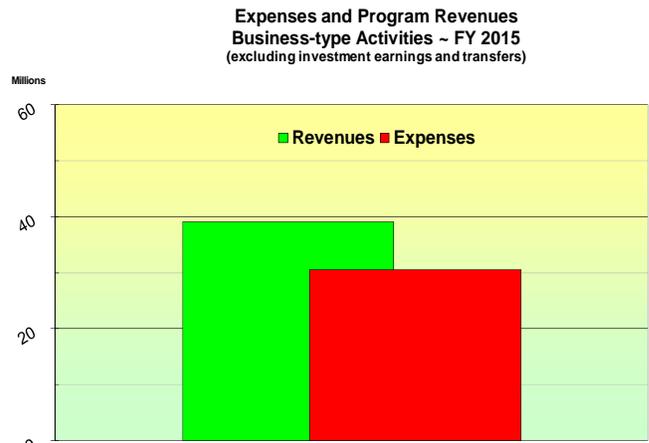
There was a \$3,024,111 (3.19%) increase in general revenues in the governmental activities. General property taxes increased by \$1,899,920 due to increased property values and sales taxes increased by \$967,609 because of increased consumer spending.

Expenses decreased by \$1,788,333 (1.46%). The largest decrease was \$2,947,572 in the general government due to the fact the City had a loss on sale of assets in the amount of \$2,562,866 last year which was included in this function/program. There was an increase of \$1,249,204 in the public safety due to increased costs in police overtime.



Business-type Activities. Business-type activities increased the City's net position by \$14,606,609. The key elements of this increase include:

The business-type activities had seen a slight decrease in expenses of \$881,787 (2.8%). Contractual services decreased by \$540,570 (8.2%) with professional services, specifically engineering services, decreased. Last year, personnel services were 28% of total operating expenses and currently they are the same at 28%. The City's capital contribution from the grant management fund and Pasadena Second Century Corporation (PSCC) capital projects fund was \$7,743,107. This is reported on the Statement of Activities as a net of \$6,059,853 including \$7,743,107 capital contribution less \$4,293,000 transfer out plus \$2,918,084 transfer in. Capital assets purchased through the Disaster Recovery Texas Community Development Block Grant program (TXCDBG) and PSCC capital projects fund were capitalized in the water and sewer funds. The projects included waterline rehabilitation; Wafer Street ground storage; Garner water well; Pansy, Deepwater and Red Bluff water plants; Winona lift station; Gulfport Industrial District; New Vince Bayou generator; and Vista lift station.



Revenue, including interest earnings, had an increase of \$2,466,582. Charges for services increased by \$2,461,372 due to an increase in water sales because of a slightly dryer year. The business-type activities had a gain in sale of capital assets in the amount of \$12,141.

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 \$120,443,673. Approximately 36.8% of this amount, or \$44,276,264, represents unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted, assigned, or committed to show that it is not available for other spending:

1. restricted for grants and special purposes with external constraints through laws or regulation (\$8,336,102 or 6.9%)
2. restricted to pay debt service (\$1,783,393 or 1.5%)
3. restricted to pay for certain capital improvements (\$50,504,948 or 42%)
4. assigned to pay purchases on order (\$199,868 or 0.2%)
5. committed to general government capital construction and recall, election, and charter revision (\$15,343,098 or 12.8%)

The general fund is the principal operating fund of the City of Pasadena. As of September 30, 2015, the general fund reported fund balance of \$44,491,132. This compared to the prior fiscal year of \$51,313,324, showing a decrease of \$6,822,192 (13.3%).

The unassigned portion of the general fund balance was \$44,276,264. 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 of \$88,217,372 or 50.2%.

The City has emerged from the recession with general property tax collection increasing by 8.6%. Industrial district fees increased by 0.6% due to the way the current contract is structured, which includes a shared increase or decrease in property values. A major indication of the improvement of the economy is sales tax collection increasing, which it did, in the amount of \$867,609 over last year. Expenditures including transfers out increased by \$2,367,760 or 2.8%. The City purchased items that were put on hold during the past several years with the economy improving.

The debt service fund has a total fund balance of \$1,783,393, all of which is restricted for the payment of debt service. The decrease in fund balance of \$4,489,015 compared to prior fiscal year of \$6,272,408 was mainly due to the City contribution of \$4,420,000 in refunding of General Obligation Refunding Bonds, Series 2014.

The Pasadena Second Century Corporation fund has a total fund balance of \$47,629,605, all of which is restricted for economic development capital projects. The increase in fund balance of \$4,009,355 or 9.2%, compared to prior fiscal year of \$43,620,250, was attributed to a slight upturn in the economy, a slight increase in sales tax collections in the amount of \$322,537, and low 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 \$18,203,441, with \$2,875,343 restricted for capital improvement projects and \$15,328,098 committed by Council, the highest level of decision making for capital improvements. The increase in fund balance amounted to \$1,476,998 or 8.8% compared to the prior fiscal year of \$16,726,443. The City committed fund balance from the general fund to finance capital improvements because the City has completed the issuance of the entire 2002 voters' authorization of \$102,000,000 in Public Improvement Bonds. The capital outlay expenditures in the amount of \$15,808,237 had increased by \$12,797,427 compared to the prior fiscal year with the majority of expenditures concentrated on public works projects, totaling \$8,857,754, and the culture and recreation project totaling \$4,824,066 with the completion of the new Strawberry Park pool project.

The grant management fund has a total fund balance of \$3,126,549, all of which is restricted for specific grant purposes. There was a decrease in the fund balance of \$719,946. The decrease was primarily due to decreased HUD funds since the City spent excess funds in the prior year.

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

General Fund Budgetary Highlights

The final amended expenditure budget of \$114,962,638, including transfers out, was \$2,902,188 (2.6%) more than the original budget of \$112,060,450.

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

- \$1,421,337 decrease for General Government - included a decrease of \$1,172,259 in other charges, mainly a reduction of sick and vacation time not used.
- \$1,948,532 increase for Public Safety - included increased costs in various police and fire prevention salary accounts due to the unexpected overtime.
- \$170,599 increase for Public Works - included an increase in engineering contractual service in the amount of \$152,000 for anticipated capital projects.
- \$11,418 increase in Health - included an increase in the amount of \$39,800 for care of additional animals in animal rescue and assistance.
- \$141,733 increase in Culture and Recreation – increases anticipated in parks which never materialized.

Even with the above mentioned amendments, total actual expenditures, including transfers out totaling \$106,615,491, were \$8,347,147 (7.8%) below the final budget. The general government function had a variance of \$2,288,606, specifically in other charges, which includes unexpended sick and vacation budget and the culture and recreation function had a variance in the amount of \$2,990,255. In the parks department, projects had been budgeted but not completed this fiscal year.

Actual revenues, including the transfers in and sale of capital assets, totaled \$99,793,299, which was over the final budgeted amount of \$93,168,239 by \$6,625,060 (7.1%). The largest favorable variances were in the other financing sources in sale of capital assets in the amount of \$2,579,811 and property taxes in the amount of \$2,498,639.

Capital Asset

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015 amounted to \$849,964,537 (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 \$33,930,516 (4.2%) compared to prior fiscal year of \$816,034,021. There was a \$13,239,670 (2.4%) increase for governmental activities and a \$20,690,846 (8%) increase for business-type activities.

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

- Continued with Vista Drainage: BW8 – Space Center (D023) - \$744,551 with \$1,012,001 in progress at the end of the fiscal year.
- Continued 2014 On Call Storm Sewer Replacement (D027) - \$422,535 with \$870,380 construction in progress at the end of the fiscal year.
- Began Pasadena Regional Detention (D035) - \$669,045 in progress at the end of the fiscal year.
- Continued with Cotton Patch Detention Pond/Pump Station (D050) - \$172,793 with \$472,515 in progress at the end of the fiscal year.

- Continued with Cotton Patch-Thomas St Outfall (D051) - \$1,849,991 with \$1,858,131 in progress at the end of the fiscal year.
- Continued with Rebuilding Station #5 (F004) - \$820,112 with \$951,877 in progress at the end of the fiscal year.
- Continued with Animal Adoption Center (M016) - \$113,796 with \$176,796 in progress at the end of the fiscal year.
- Began remodeling AT&T Building (M017) - \$747,798 in progress at the end of the fiscal year.
- Began Utility Development (M018) - \$20,187 in progress at the end of the fiscal year.
- Continued with 901 Curtis Administration Building (M124) - \$306,270 with \$518,454 in progress at the end of the fiscal year.
- Continued with Camera System Upgrade/Jail Door (P006) - \$98,365 with \$105,271 in progress at the end of the fiscal year.
- Continued with Strawberry Park Swimming Pool Renovation (R022) - \$5,144,029 with \$5,387,553 in progress at the end of the fiscal year.
- Continued Finrock St: Harris to Southmore (S031) - \$1,319,343 with \$1,455,486 in progress at the end of the fiscal year.
- Continued Winona Lift Station Engineering (S034) - \$40,391 with \$732,159 in progress at the end of the fiscal year.
- Continued with Finrock; Thomas - Harris (S037) - \$573,524 with \$706,987 in progress at the end of the fiscal year.
- Continued with Leesa Lane Extension (S039) - \$722,356 with \$1,139,675 in progress at the end of the fiscal year.
- Began Strawberry; Fairmont-Genoa RB (S042) - \$1,816,841 in progress at the end of the fiscal year.
- Began El Cary Subdivision Paving/Drainage (S046) - \$1,180,679 in progress at the end of the fiscal year.
- Continued Preston; Beltway 8-Genoa Red Bluff (S049) - \$436,373 with \$762,891 design/engineering in progress at the end of the fiscal year.
- Began Fairway Plaza Extension (S054) - \$17,509 in progress at the end of the fiscal year.
- Continued Sidewalk Replacement (S067) - \$120,435 with \$570,058 in progress at the end of the fiscal year.
- Began Fairmont; Red Bluff-Luella (S084) - \$242,822 in progress at the end of the fiscal year.
- Continued Paving/Drainage Project Management (S095) - \$84,767 with \$853,327 in progress at the end of the fiscal year.
- Continued Magnolia St Paving/Drainage (S096) - \$155,162 with \$913,125 in progress at the end of the fiscal year.
- Continued 2014 On Call Pavement Replacement (S097) - \$784,635 with \$978,721 in progress at the end of the fiscal year.
- Continued SEWPP Metering Station Improvement (W011) - \$916,160 with \$1,238,797 in progress at the end of the fiscal year.
- Began Waterline Rehabilitation (W015) - \$984,180 in progress at the end of the fiscal year.
- Continued Waterline Improvement Project (W021) - \$790,825 with \$2,173,744 in progress at the end of the fiscal year.
- Continued Rodeo Grounds Pump Station (W022) - \$983,633 with \$1,016,003 in progress at the end of the fiscal year.

- Began SEWPP Interconnect w/Crenshaw Water Plant (W026) - \$953,235 in progress at the end of the fiscal year.
- Continued Crenshaw Water Plant (South) (W028) - \$4,544,700 with \$5,052,780 in progress at the end of the fiscal year.
- Began Hwy 225 Waterline; Burke – BW8 (W029) - \$100,997 in progress at the end of the fiscal year.
- Began Fairmont Pkwy 12" Water Main (W030) - \$128,600 in progress at the end of the fiscal year.
- Began Water Distribution System Improvements (W031) - \$72,251 in progress at the end of the fiscal year.
- Continued with Guthrie Ground Storage Tank (W040) - \$992,201 with \$4,277,308 in progress at the end of the fiscal year.
- Continued with Wafer Ground Storage Facility (W041) - \$907,351 with \$1,025,398 in progress at the end of the fiscal year.
- Continued with Garner Water Well & Booster Pump (W042) - \$418,229 with \$510,129 in progress at the end of the fiscal year.
- Continued with Pansy Water Plant (W043) - \$1,234,486 with \$1,715,119 in progress at the end of the fiscal year.
- Continued Deepwater Plant Improvements (W044) - \$298,208 with \$338,848 in progress at the end of the fiscal year.
- Continued Red Bluff Water Plant Improvements (W045) - \$294,373 with \$334,764 in progress at the end of the fiscal year.
- Continued Winona Lift Station (WW012) - \$334,047 with \$1,416,015 in progress at the end of the fiscal year.
- Continued Gulfport Industrial District Utility Improvements (WW013) - \$118,266 with \$1,796,360 in progress at the end of the fiscal year.
- Continued Llano/Red Bluff/Ellaine/Wyatt Lift Station (WW022) - \$58,687 with \$141,606 in progress at the end of the fiscal year.
- Began Space Center 42" Sanitary Sewer (WW025) - \$1,375,472 in progress at the end of the fiscal year.
- Continued Golden Acres WWTP Force Main (WW037) - \$203,520 with \$392,950 in progress at the end of the fiscal year.
- Continued SSR Shaw Ave (WW041) - \$3,983 with \$365,240 in progress at the end of the fiscal year.
- Continued SSR Pasadena Terrace (WW042) - \$6,953 with \$57,811 in progress at the end of the fiscal year.
- Continued with SSR South Houston (WW043) - \$59,579 with \$506,089 in progress at the end of the fiscal year.
- Continued SSR Bramley Subdivision (WW044) - \$142,733 in progress at the end of the fiscal year.
- Continued with RTS III; Westside (WW051) - \$133,931 with \$777,204 in progress at the end of the fiscal year.
- Continued with New Vince Bayou WWTP Generator (WW054) - \$991,600 with \$1,155,919 in progress at the end of the fiscal year.
- Continued with RTS V; West Pitts (WW057) - \$873,387 with \$885,331 in progress at the end of the fiscal year.

CAPITAL ASSETS
(net of depreciation)
September 30, 2015

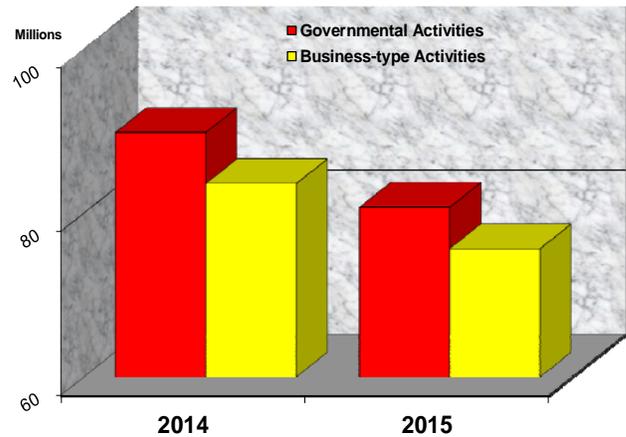
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 138,421,874	\$ 138,641,068	\$ 1,624,352	\$ 1,619,352	\$ 140,046,226	\$ 140,260,420
Buildings and building improvements	54,694,449	55,567,090	1,750,805	1,833,727	56,445,254	57,400,817
Facilities and other improvements	6,932,580	6,743,171	4,096,360	4,210,273	11,028,940	10,953,444
Machinery and equipment	12,881,846	12,997,393	2,579,653	2,699,458	15,461,499	15,696,851
Infrastructure	306,680,317	301,443,055	239,443,051	223,393,860	546,123,368	524,836,915
Automotive equipment	11,798,758	11,728,940	32,613	43,128	11,831,371	11,772,068
Construction in progress	37,997,015	29,046,452	31,030,864	26,067,054	69,027,879	55,113,506
Totals	\$ 569,406,839	\$ 556,167,169	\$ 280,557,698	\$ 259,866,852	\$ 849,964,537	\$ 816,034,021

Additional information on the City of Pasadena's capital assets can be found in Note IV, D, pages 66-67 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 \$156,377,813. Of this amount, \$80,710,657 represents debt backed and paid for by the full faith and credit of the City and/or secured by the sales tax revenues from Pasadena Second Century Corporation, a blended component unit, and \$75,667,156 represents debt either secured by the net revenues of the City's water and sewer operations (\$62,611,906) or by the full faith and credit of the City, but will be paid from the City's water and sewer operations (\$13,055,250).

Outstanding Debt ~ 2014 vs. 2015



The overall debt decreased by \$17,048,156 (9.8%), attributable to debt principal payments during the current fiscal year and two refunding activities. Please refer to note IV, G, pages 71-74 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, 2015

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
General, certificate and other obligations including refunding	\$ 80,710,657	\$ 89,838,801	\$ 13,055,250	\$ 18,624,538	\$ 93,765,907	\$ 108,463,339
Revenue bonds including refunding	-	-	62,611,906	64,962,630	62,611,906	64,962,630
Total	\$ 80,710,657	\$ 89,838,801	\$ 75,667,156	\$ 83,587,168	\$ 156,377,813	\$ 173,425,969

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 \$591,190,810, 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 2015) was 5.5%, down from 5.8% for the previous December per the Bureau of Labor Statistics.
- Assessed value for property tax used for the fiscal year 2016 budget preparation is up approximately 11% from fiscal year 2015 and is expected to bring in an increase of \$4,227,712 in revenues due to the new property added to the tax rolls and despite a decrease in the tax rate from \$0.576904 to \$0.575388.
- The general fund revenue per the fiscal year 2016 adopted budget is expected to decrease by approximately 5.5%, excluding transfers in and sale of capital assets over fiscal year 2015 actual amounts due to the expectation of an increase of \$5,233,523 in revenue.
- Sales tax revenue is expected to be slightly down with the national economy expected to remain the same. The City has experienced growth in the sales tax revenue over the prior years.
- The fiscal year 2016 adopted budget anticipates a slight increase in industrial revenue of 0.02%. This small increase can be traced to the industrial district assessed values.
- The 2016 budget under the modified accrual basis includes an increase in water and sewer operating revenues compared to the actual amount in fiscal year 2015. 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 2016. Revenues in the general fund are budgeted in the amount of \$97,637,667, excluding transfers and sales of capital assets, which is an increase of 7.4% over the final fiscal year 2015 budget of \$90,928,239 (excluding transfer in and sale of capital assets) mainly due to the revenue increase expected in property and business taxes.

Expenditures are budgeted to decrease by 14%, or \$16,108,828, in comparison to the final budgeted expenditures of fiscal year 2015. This decrease is due to using fund balance for fiscal year 2016 for CIP projects, which included \$18.4 million for capital construction.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

**CITY OF PASADENA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Pasadena Crime Control and Prevention District</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,940,683	\$ 1,615,122	\$ 4,555,805	\$ -
Investments	79,577,892	18,045,685	97,623,577	7,201,852
Receivables (net of allowances for uncollectible)	8,839,275	5,664,619	14,503,894	1,672,906
Due from component unit	12,701	-	12,701	-
Internal balances	3,617,959	(3,617,959)	-	-
Inventories	520,313	48,728	569,041	-
Prepaid items	452,066	378,773	830,839	-
Deposits	38,000	-	38,000	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	456,730	-	456,730	-
Investments	59,820,932	5,959,678	65,780,610	-
Intergovernmental receivables	4,331,797	-	4,331,797	-
Capital assets not being depreciated:				
Land	138,421,874	1,624,352	140,046,226	-
Construction in progress	37,997,015	31,030,864	69,027,879	-
Capital assets net of accumulated depreciation:				
Buildings and building improvements	54,694,449	1,750,805	56,445,254	-
Facilities and other improvements	6,932,580	4,096,360	11,028,940	-
Machinery and equipment	12,881,846	2,579,653	15,461,499	-
Infrastructure	306,680,317	239,443,051	546,123,368	-
Automotive	11,798,758	32,613	11,831,371	-
TOTAL ASSETS	730,015,187	308,652,344	1,038,667,531	8,874,758
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charges on refunding bonds	2,329,127	252,186	2,581,313	-
Deferred outflows on pension	5,207,052	448,718	5,655,770	-
Deferred outflows on investment	3,337,595	299,239	3,636,834	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,873,774	1,000,143	11,873,917	-
<u>LIABILITIES</u>				
Accounts payable and other current liabilities	9,069,117	708,921	9,778,038	32,633
Accrued payroll payable	3,347,620	351,705	3,699,325	335,254
Accrued interest payable	400,789	-	400,789	-
Due to primary government	-	-	-	12,701
Due to component unit	-	-	-	-
Liabilities payable from restricted assets	3,343,202	1,508,901	4,852,103	-
Customer deposits	-	3,868,642	3,868,642	-
Unearned revenue	32,898	-	32,898	-
Noncurrent liabilities:				
Due within one year	12,343,365	4,072,950	16,416,315	-
Due in more than one year	131,104,270	77,411,778	208,516,048	-
TOTAL LIABILITIES	159,641,261	87,922,897	247,564,158	380,588
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows on pension	2,260,160	183,317	2,443,477	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,260,160	183,317	2,443,477	-
<u>NET POSITION</u>				
Net investment in capital assets	499,187,584	207,484,738	706,672,322	-
Restricted for:				
Debt service	2,010,185	2,108,767	4,118,952	-
Capital projects	45,404,258	-	45,404,258	-
Public safety	2,040,120	-	2,040,120	8,494,170
Housing and community development	2,200,132	-	2,200,132	-
Cultural and recreation	2,360,526	-	2,360,526	-
Other purpose	1,393,132	-	1,393,132	-
Unrestricted	24,391,603	11,952,768	36,344,371	-
TOTAL NET POSITION	\$ 578,987,540	\$ 221,546,273	\$ 800,533,813	\$ 8,494,170

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, 2015**

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	\$ 17,122,766	\$ 10,021,968	\$ -	\$ 22,150	\$ (7,078,648)	\$ -	\$ -	
Public safety	48,403,071	8,236,938	1,103,149	1,532,131	(37,530,853)	-	(37,530,853)	
Public works	23,367,837	3,231,611	352,987	8,826,245	(10,956,994)	-	(10,956,994)	
Health	4,013,432	551,188	-	-	(3,462,244)	-	(3,462,244)	
Culture and recreation	16,579,672	1,810,032	15,383	9,787	(14,744,470)	-	(14,744,470)	
Housing and community development	7,512,375	60,331	6,743,003	1,179,674	470,633	-	470,633	
Interest on long-term debt	3,439,836	-	-	-	(3,439,836)	-	(3,439,836)	
Total governmental activities	120,438,989	23,912,068	8,214,522	11,569,987	(76,742,412)	-	(76,742,412)	
Business-type activities:								
Water and sewer system	30,561,782	39,079,938	-	-	-	8,518,156	8,518,156	
TOTAL PRIMARY GOVERNMENT	\$ 151,000,771	\$ 62,992,006	\$ 8,214,522	\$ 11,569,987	(76,742,412)	8,518,156	(68,224,256)	
Component unit:								
Pasadena Crime Control and Prevention District	\$ 8,418,402	\$ -	\$ 8,258	\$ -	\$ -	\$ -	\$ 8,410,144	
General revenues:								
General property taxes					38,799,792		38,799,792	
Business taxes								
Industrial district fees					17,284,062		17,284,062	
Sales taxes					31,439,633		31,439,633	
Franchise taxes					9,260,543		9,260,543	
Other taxes					1,059,717		1,059,717	
Total business taxes					59,043,955		59,043,955	
Investment earnings								
Unrestricted					73,803	12,802	86,605	
Restricted					44,421	3,657	48,078	
Gain on sale of capital assets					1,826,646	12,141	1,838,787	
Transfers					(6,059,853)	6,059,853	-	
Total general revenues and transfers					93,728,764	6,088,453	99,817,217	
CHANGE IN NET POSITION					16,986,352	14,606,609	31,592,961	
NET POSITION - BEGINNING					562,001,188	206,939,664	768,940,852	
NET POSITION - ENDING					\$ 578,987,540	\$ 221,546,273	\$ 800,533,813	

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	<u>General</u>	<u>Debt Service</u>	<u>Pasadena Second Century Corporation</u>	<u>Capital Projects</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,940,683	\$ -	\$ -	\$ -
Investments	62,095,119	-	-	-
Receivables (net of allowance for uncollectible)	5,228,373	268,787	1,738,572	502,890
Due from other funds	3,635,410	31,034	-	15,564,200
Due from component unit	12,701	-	-	-
Restricted assets				
Cash and cash equivalents	-	-	10,128	-
Investments	-	1,741,398	46,180,223	4,539,245
Receivables (net of allowance for uncollectible)	55,323	-	-	-
TOTAL ASSETS	<u>\$ 73,967,609</u>	<u>\$ 2,041,219</u>	<u>\$ 47,928,923</u>	<u>\$ 20,606,335</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 8,353,198	\$ -	\$ -	\$ -
Accrued payroll payable	3,057,204	-	-	-
Due to other funds	17,557,819	5,950	-	-
Compensated absences payable	-	-	-	-
Unearned revenue - other	-	-	-	-
Liabilities payable from restricted assets	-	-	299,318	2,402,894
TOTAL LIABILITIES	<u>28,968,221</u>	<u>5,950</u>	<u>299,318</u>	<u>2,402,894</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	473,836	251,876	-	-
Unavailable revenue - industrial district fees	34,420	-	-	-
Unavailable revenue - notes grant management	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>508,256</u>	<u>251,876</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>				
Restricted	-	1,783,393	47,629,605	2,875,343
Committed	15,000	-	-	15,328,098
Assigned	199,868	-	-	-
Unassigned	44,276,264	-	-	-
TOTAL FUND BALANCES	<u>44,491,132</u>	<u>1,783,393</u>	<u>47,629,605</u>	<u>18,203,441</u>
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 73,967,609</u>	<u>\$ 2,041,219</u>	<u>\$ 47,928,923</u>	<u>\$ 20,606,335</u>

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, which includes \$1,694,600 of unearned revenue and are less \$2,116,378 of deferred inflows of pensions.

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

The accompanying notes are an integral part of the financial statements

Grant Management	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ -	\$ 2,940,683
-	-	62,095,119
-	-	7,738,622
-	610,731	19,841,375
-	-	12,701
393,540	53,062	456,730
2,906,958	4,453,108	59,820,932
4,921,801	289,141	5,266,265
\$ 8,222,299	\$ 5,406,042	\$ 158,172,427

\$ -	\$ -	\$ 8,353,198
-	-	3,057,204
3,507,535	3,368	21,074,672
172,980	-	172,980
32,892	6	32,898
447,875	193,115	3,343,202
4,161,282	196,489	36,034,154

-	-	725,712
-	-	34,420
934,468	-	934,468
934,468	-	1,694,600

3,126,549	5,209,553	60,624,443
-	-	15,343,098
-	-	199,868
-	-	44,276,264
3,126,549	5,209,553	120,443,673

\$ 8,222,299 \$ 5,406,042

553,868,488

(421,778)

34,592,021

(129,494,864)

\$ 578,987,540

CITY OF PASADENA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Pasadena Second Century Corporation</u>	<u>Capital Projects</u>
REVENUES				
General property taxes	\$ 28,518,639	\$ 10,236,606	\$ -	\$ -
Business taxes and fees				
Industrial district fees	17,271,428	-	-	-
Sales taxes	20,959,755	-	10,479,878	-
Franchise taxes	8,935,557	-	-	-
Other taxes	306,769	-	-	-
Total business taxes and fees	47,473,509	-	10,479,878	-
Licenses and permits	2,495,926	-	-	-
Municipal court fines	5,744,774	-	-	-
Charges for services	9,755,077	-	-	-
Intergovernmental	265,564	-	-	759,025
Program income	-	-	-	-
Contribution from outside sources	-	-	-	218,727
Miscellaneous	654,930	-	191,500	-
Investment income	64,785	1,281	28,258	6,498
TOTAL REVENUES	94,973,204	10,237,887	10,699,636	984,250
EXPENDITURES				
Current:				
General government	14,893,683	-	-	-
Public safety	41,069,441	-	-	-
Public works	14,717,021	-	376,765	34,325
Health	3,734,963	-	-	-
Culture and recreation	13,802,264	-	-	-
Housing and community development	-	-	-	-
Debt Service:				
Principal	-	7,045,000	835,000	-
Interest	-	3,266,923	78,450	-
Payment to refunded bond escrow agent	-	4,829,110	-	-
Underwriter/issuance costs	-	301,303	-	-
Capital Outlay:				
General government	-	-	-	878,994
Public safety	-	-	154,635	1,213,098
Public works	-	-	4,120,088	8,857,754
Culture and recreation	-	-	1,125,343	4,824,066
TOTAL EXPENDITURES	88,217,372	15,442,336	6,690,281	15,808,237
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,755,832	(5,204,449)	4,009,355	(14,823,987)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,200,284	258	-	16,301,243
Transfers out	(18,398,119)	(2,918,084)	-	(258)
Refunding bonds issued	-	15,646,063	-	-
Premiums on bonds issued	-	1,614,726	-	-
Payment to refunded bond escrow agent	-	(13,627,529)	-	-
Sale of capital assets	2,619,811	-	-	-
TOTAL OTHER FINANCING SOURCES AND (USES)	(13,578,024)	715,434	-	16,300,985
NET CHANGE IN FUND BALANCES	(6,822,192)	(4,489,015)	4,009,355	1,476,998
FUND BALANCES, BEGINNING	51,313,324	6,272,408	43,620,250	16,726,443
FUND BALANCES, ENDING	\$ 44,491,132	\$ 1,783,393	\$ 47,629,605	\$ 18,203,441

The accompanying notes are an integral part of the financial statements

<u>Grant Management</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 38,755,245
-	-	17,271,428
-	-	31,439,633
-	324,986	9,260,543
-	752,948	1,059,717
-	1,077,934	59,031,321
-	2,850	2,498,776
-	403,604	6,148,378
-	-	9,755,077
17,467,393	540,214	19,032,196
176,096	-	176,096
-	-	218,727
-	299,524	1,145,954
2,231	6,153	109,206
17,645,720	2,330,279	136,870,976
10,250	510,905	15,414,838
1,038,238	1,046,296	43,153,975
8,734,509	16,296	23,878,916
-	-	3,734,963
15,383	353,680	14,171,327
8,567,002	-	8,567,002
-	-	7,880,000
-	-	3,345,373
-	-	4,829,110
-	-	301,303
-	-	878,994
-	-	1,367,733
-	-	12,977,842
-	-	5,949,409
18,365,382	1,927,177	146,450,785
(719,662)	403,102	(9,579,809)
-	-	18,501,785
(284)	-	(21,316,745)
-	-	15,646,063
-	-	1,614,726
-	-	(13,627,529)
-	-	2,619,811
(284)	-	3,438,111
(719,946)	403,102	(6,141,698)
3,846,495	4,806,451	126,585,371
\$ 3,126,549	\$ 5,209,553	\$ 120,443,673

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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, 2015**

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)	\$	(6,141,698)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		13,443,516
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, and donations) is a decrease to net position.		(1,055,510)
Revenues in the statement of activities that do not provide current financial resources are deferred as revenues in the funds.		57,181
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.		8,670,540
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. Governmental funds report payments as expenditures in the period of disbursement. The liquidation of long-term liabilities previously accrued should not be reported in the statement of activities.		(1,269,141)
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.		3,281,464
		<hr style="border-top: 1px solid black;"/>
Change in net position of governmental activities (page 33)	\$	<u>16,986,352</u>

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 26,020,000	\$ 26,020,000	\$ 28,518,639	\$ 2,498,639
Business taxes				
Industrial district fees	17,351,000	17,351,000	17,271,428	(79,572)
Sales taxes	20,000,000	20,000,000	20,959,755	959,755
Franchise taxes	8,628,165	8,628,165	8,935,557	307,392
Other taxes	200,000	200,000	306,769	106,769
Total business taxes	<u>46,179,165</u>	<u>46,179,165</u>	<u>47,473,509</u>	<u>1,294,344</u>
Licenses and permits	2,000,200	2,000,200	2,495,926	495,726
Municipal court fines	5,930,000	5,930,000	5,744,774	(185,226)
Charges for services	9,804,600	9,804,600	9,755,077	(49,523)
Intergovernmental	254,205	262,205	265,564	3,359
Miscellaneous	533,000	690,269	654,930	(35,339)
Investment income	41,800	41,800	64,785	22,985
TOTAL REVENUES	<u>90,762,970</u>	<u>90,928,239</u>	<u>94,973,204</u>	<u>4,044,965</u>
EXPENDITURES				
Current				
General Government				
City council	192,083	223,683	177,122	46,561
Mayor	332,746	341,546	324,070	17,476
Budget and financial planning	590,589	565,889	525,642	40,247
Municipal court	2,100,465	2,101,365	2,062,152	39,213
City controller	1,833,753	1,820,891	1,688,935	131,956
Tax	427,520	454,520	454,397	123
Purchasing	373,238	373,238	356,420	16,818
Legal	1,123,729	1,234,338	1,170,868	63,470
City secretary	389,549	395,549	353,912	41,637
Elections	117,700	118,410	48,272	70,138
Human resources	861,573	854,702	692,580	162,122
Civil service	64,400	64,400	23,368	41,032
City marshal	798,280	798,280	775,459	22,821
Community relations	1,003,268	1,040,768	1,031,624	9,144
Pasadena action line	442,442	442,477	414,951	27,526
Planning	488,235	663,916	632,593	31,323
Economic development liaison	299,010	299,010	270,884	28,126
Neighborhood network	321,585	321,585	237,058	84,527
Inspections	1,661,389	1,653,389	1,449,804	203,585
Property management	2,943,591	2,348,076	1,669,689	678,387
Impound/storage	371,466	371,501	357,486	14,015
Other charges	1,867,015	694,756	176,397	518,359
Total General Government	<u>18,603,626</u>	<u>17,182,289</u>	<u>14,893,683</u>	<u>2,288,606</u>
Public Safety				
Emergency preparedness	523,264	693,964	658,987	34,977
Fire fighting	3,373,744	3,482,670	3,200,738	281,932
Fire prevention	1,223,380	1,308,280	1,305,011	3,269
Police	35,692,080	37,256,286	35,385,088	1,871,198
Code enforcement	515,723	535,523	519,617	15,906
Total Public Safety	<u>41,328,191</u>	<u>43,276,723</u>	<u>41,069,441</u>	<u>2,207,282</u>
Public Works				
Engineering	2,340,924	2,484,573	2,395,863	88,710
Street lighting and signals	1,358,800	1,359,800	1,359,753	47
Sanitation	6,905,810	6,913,810	6,728,129	185,681
Street and bridge	2,973,676	2,962,126	2,886,057	76,069
Traffic and transportation	1,459,648	1,489,148	1,347,219	141,929
Total Public Works	<u>\$ 15,038,858</u>	<u>\$ 15,209,457</u>	<u>\$ 14,717,021</u>	<u>\$ 492,436</u>

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Health				
Health	\$ 1,589,980	\$ 1,561,598	\$ 1,470,003	\$ 91,595
Animal rescue and assistance	2,502,133	2,541,933	2,264,960	276,973
Total Health	4,092,113	4,103,531	3,734,963	368,568
Culture and Recreation				
Parks	5,130,539	5,220,114	3,456,885	1,763,229
Recreation	3,295,795	3,327,395	2,724,462	602,933
Clean streets	1,712,979	1,718,179	1,595,021	123,158
Golf course	739,607	739,607	596,583	143,024
Multi-purpose center	590,073	590,073	545,768	44,305
Civic center	704,823	704,823	637,429	67,394
Senior center - Madison Jobe	508,536	517,636	490,150	27,486
Museum	47,462	47,862	34,741	13,121
Library	3,920,972	3,926,830	3,721,225	205,605
Total Culture and Recreation	16,650,786	16,792,519	13,802,264	2,990,255
TOTAL EXPENDITURES	95,713,574	96,564,519	88,217,372	8,347,147
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,950,604)	(5,636,280)	6,755,832	12,392,112
OTHER FINANCING SOURCES (USES)				
Transfers in	2,200,000	2,200,000	2,200,284	284
Transfers out	(16,346,876)	(18,398,119)	(18,398,119)	-
Sale of capital assets	40,000	40,000	2,619,811	2,579,811
TOTAL OTHER FINANCING SOURCES (USES)	(14,106,876)	(16,158,119)	(13,578,024)	2,580,095
NET CHANGE IN FUND BALANCES	(19,057,480)	(21,794,399)	(6,822,192)	14,972,207
FUND BALANCES - BEGINNING	51,098,280	51,313,324	51,313,324	-
FUND BALANCES - ENDING	\$ 32,040,800	\$ 29,518,925	\$ 44,491,132	\$ 14,972,207

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 238,161	\$ 339,095	\$ 100,934
Program income	270	270	253	(17)
TOTAL REVENUES	270	238,431	339,348	100,917
EXPENDITURES				
Current				
Public Safety				
Contractual services	184,000	251,000	250,557	443
Materials and supplies	132,000	132,000	80,261	51,739
Intergovernmental	-	171,161	-	171,161
TOTAL EXPENDITURES	316,000	554,161	330,818	223,343
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(315,730)	(315,730)	8,530	324,260
FUND (PROGRAM) BALANCE - BEGINNING	402,642	453,890	453,890	-
FUND (PROGRAM) BALANCE - ENDING	\$ 86,912	\$ 138,160	\$ 462,420	\$ 324,260

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 49,105	\$ 49,105
Program income	120	120	308	188
TOTAL REVENUES	120	120	49,413	49,293
EXPENDITURES				
Current				
Public Safety				
Contractual services	81,000	91,000	77,479	13,521
Materials and supplies	48,900	78,900	39,723	39,177
Capital outlay	75,375	75,375	75,036	339
TOTAL EXPENDITURES	205,275	245,275	192,238	53,037
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(205,155)	(245,155)	(142,825)	102,330
FUND (PROGRAM) BALANCE - BEGINNING	520,900	674,756	674,756	-
FUND (PROGRAM) BALANCE - ENDING	\$ 315,745	\$ 429,601	\$ 531,931	\$ 102,330

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015**

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,615,122	\$ -
Investments		
TexPool	18,001,518	17,482,773
CLASS	44,167	-
Receivables (net of allowances for uncollectible)	5,664,619	166,185
Due from other funds	1,141,480	219,474
Inventory, at cost	48,728	520,313
Prepaid items	-	445,178
Restricted assets		
Investments		
Texpool	2,170,007	-
CLASS	3,789,671	-
Total Current Assets	32,475,312	18,833,923
Noncurrent Assets		
Deposits	-	38,000
Prepaid items	378,773	-
Capital assets		
Land	1,624,352	602
Buildings and building improvements	4,636,550	2,233,791
Accumulated depreciation - buildings and building improvements	(2,885,745)	(1,737,245)
Facilities and other improvements	6,977,604	175,754
Accumulated depreciation - facilities and other improvements	(2,881,243)	(67,264)
Machinery and equipment	11,419,562	7,587,486
Accumulated depreciation - machinery and equipment	(8,839,909)	(4,502,865)
Infrastructure	339,798,804	41,746
Accumulated depreciation - Infrastructure	(100,355,754)	(19,565)
Automotive	196,081	38,014,862
Accumulated depreciation - automotive	(163,468)	(26,216,104)
Construction in progress	31,030,864	27,153
Net capital assets	280,557,698	15,538,351
Total Noncurrent Assets	280,936,471	15,576,351
TOTAL ASSETS	\$ 313,411,783	\$ 34,410,274
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred charges on refunding bonds	\$ 252,186	\$ -
Deferred outflows on pension	448,718	351,945
Deferred outflows on investment	299,239	234,703
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 1,000,143	\$ 586,648

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	\$ 708,921	\$ 715,919
Accrued payroll payable	351,705	290,416
Bonds payable - current	1,405,688	-
Due to other funds	-	127,657
Claims payable	-	1,090,554
Compensated absences payable	207,262	121,833
Customer deposits	3,868,642	-
Liabilities payable from restricted assets		
Accounts payable	926,481	-
Retainage payable	521,180	-
Accrued interest payable	61,240	-
Bonds payable	2,460,000	-
Total Current Liabilities	10,511,119	2,346,379
Noncurrent Liabilities		
Bonds payable (including unamortized premiums)	71,801,468	-
Claims payable	-	727,035
Compensated absences payable	1,865,350	1,096,494
Other post-employment benefits	2,748,820	69,344
Net pension liability	996,140	781,306
Total Noncurrent Liabilities	77,411,778	2,674,179
TOTAL LIABILITIES	87,922,897	5,020,558
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows on pension	183,317	143,782
TOTAL DEFERRED INFLOWS OF RESOURCES	183,317	143,782
<u>NET POSITION</u>		
Net investment in capital assets	207,484,738	15,538,351
Restricted for debt service	2,108,767	-
Unrestricted	16,712,207	14,294,231
TOTAL NET POSITION	226,305,712	\$ 29,832,582
Adjustments to reflect the consolidation of internal service fund activities related to enterprise fund	(4,759,439)	
Net position of business-type activities (page 31)	\$ 221,546,273	

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, 2015

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
OPERATING REVENUES		
Charges for sales and services	<u>\$ 39,079,938</u>	<u>\$ 32,293,422</u>
OPERATING EXPENSES		
Personnel services	7,521,375	5,644,776
Contractual services	6,075,479	1,327,773
Material and supplies	1,920,210	4,242,265
Maintenance charges	1,272,754	1,792,387
Sewer and water payments - Clear Lake Water Authority and City of Seabrook	101,158	-
Operating, maintenance and water charges - Southeast Water Purification Plant	4,317,157	-
Insurance/reinsurance premiums	-	4,434,055
Claims and legal expenses	-	13,949,757
Administration fees	-	658,477
Miscellaneous	40,388	915,258
Depreciation	5,436,739	2,571,026
TOTAL OPERATING EXPENSES	<u>26,685,260</u>	<u>35,535,774</u>
OPERATING INCOME (LOSS)	<u>12,394,678</u>	<u>(3,242,352)</u>
NONOPERATING REVENUES (EXPENSES)		
(Loss) gain on sale and retirement of capital assets	(296,197)	326,804
Investment income	16,459	9,018
Interest expense on bonds	(3,324,683)	-
Amortization	118,852	-
Fiscal agent fees	(1,500)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(3,487,069)</u>	<u>335,822</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>8,907,609</u>	<u>(2,906,530)</u>
CAPITAL CONTRIBUTIONS	<u>7,743,107</u>	<u>1,328,927</u>
TRANSFERS IN	<u>2,918,084</u>	<u>4,189,876</u>
TRANSFERS (OUT)	<u>(4,293,000)</u>	<u>-</u>
CHANGES IN NET POSITION	<u>15,275,800</u>	<u>2,612,273</u>
TOTAL NET POSITION - BEGINNING	<u>211,029,912</u>	<u>27,220,309</u>
TOTAL NET POSITION - ENDING	<u>\$ 226,305,712</u>	<u>\$ 29,832,582</u>
 CHANGES IN NET POSITION	 \$ 15,275,800	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	<u>(669,191)</u>	
Change in net position of business-type activities (page 33)	<u>\$ 14,606,609</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from interfund services	\$ -	\$ 28,321,361
Cash received from customers and users	38,960,005	3,636,079
Cash payments to suppliers for goods and services	(16,301,960)	(7,810,226)
Cash payments to employees for services	(7,229,216)	(5,526,934)
Cash payments for insurance premiums, liability claims and administration	-	(20,347,952)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>15,428,829</u>	<u>(1,727,672)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers (to)/from other funds		
General fund	(2,200,000)	-
General fund	-	2,096,876
Debt service fund	2,918,084	-
Water and sewer system fund	-	2,093,000
Maintenance fund	(1,093,000)	-
General liability insurance fund	(1,000,000)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,374,916)</u>	<u>4,189,876</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from sale of capital assets	12,891	507,721
Acquisition and construction of capital assets	(11,747,371)	(2,217,676)
Payment placed into irrevocable escrow in debt defeasance	(2,918,084)	-
Refund received on the issuance costs related to refunding debt	2,617	-
Principal paid on capital debt	(4,130,000)	-
Deferred outflows on net pension payable	(114,405)	(89,731)
Interest and fiscal agent fees paid on capital debt	(3,369,503)	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(22,263,855)</u>	<u>(1,799,686)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(19,348,140)	(24,185,244)
Proceeds from sale and maturities of investments	26,850,006	23,513,708
Investment income received	16,459	9,018
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>7,518,325</u>	<u>(662,518)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENT	<u>(691,617)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - BEGINNING	<u>2,306,739</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 1,615,122</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)	\$ 12,394,678	\$ (3,242,352)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	5,436,739	2,571,026
Changes in assets and liabilities		
(Increase) in accounts receivables	(349,014)	(67,805)
(Increase) in due from other funds	(1,141,480)	(219,474)
Decrease in prepaid items	-	40,907
(Increase) decrease in inventory	(41,222)	83,544
Decrease in deposits	-	3,000
(Decrease) in accounts and claims payable	(425,358)	(102,991)
Increase in accrued payroll liabilities	35,530	28,892
Increase in compensated absences payable	108,540	121,527
(Decrease) in net pension payable	(82,860)	(64,990)
(Decrease) in due to other funds	(966,754)	(911,369)
Increase in other post employment benefits	230,949	32,413
Increase in customer deposits	229,081	-
Total Adjustments	3,034,151	1,514,680
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 15,428,829	\$ (1,727,672)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contribution of capital assets from the government	\$ 7,743,107	\$ 1,317,027
Capital assets donated from outside source	\$ -	\$ 11,900
The City issued GO Refunding Bonds, 2014 to refund bonds issued in 2005. The proceeds were immediately deposited into an irrevocable trust for defeasance of refunded debt.	\$ 6,592,164	\$ -

The accompanying notes are an integral part of the financial statements

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

INDEX

	<u>Page</u>
I. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>	
A. Reporting Entity	51
B. Government-Wide and Fund Financial Statements	51
C. Measurement Focus, Basis of Accounting and Financial Statement Presentation	52
D. Assets, Liabilities and Net Position or Fund Balance (Equity)	
1. Cash, Cash Equivalents and Investments	54
2. Receivables and Payables	55
3. Inventories and Prepaid Items.....	55
4. Capital Assets.....	55
5. Deferred Outflows/Inflows of Resources	56
6. Pensions	56
7. Compensated Absences	57
8. Long-Term Debt, Bond Discounts/Premiums and Issuance Costs.....	57
9. Fund Balance (Equity)	57
II. <u>RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS</u>	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position	59
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	59
III. <u>STEWARDSHIP, COMPLIANCE and ACCOUNTABILITY</u>	
A. Budgetary Information	61
B. Grant Management Reconciliation (Major Special Revenue) – Budgeted	62
C. Excess of Expenditures over Appropriations	62
IV. <u>DETAILED NOTES TO ALL FUNDS</u>	
A. Deposits and Investments	62

	<u>Page</u>
B. Property Tax Calendar and Receivables	
1. Property Tax Calendar	64
2. Receivables.....	65
C. Restricted Assets	65
D. Capital Assets	
1. Governmental Activities	66
2. Business-Type Activities	67
3. Depreciation Expense.....	67
E. Construction Commitments	68
F. Interfund Receivables, Payables and Transfers	
1. Due to/from Other Funds	70
2. Due to/from Primary Government and Component Units	70
3. Interfund Transfers.....	70
G. Long-Term Debt	
1. Governmental Activities	71
2. Business-Type Activities	72
3. Defeasance of Debt	73
4. Voter Authorized Obligations	73
5. Legal Debt Margin.....	73
6. Rebatable Arbitrage	74
7. Changes in Long-Term Liabilities	74
 V. <u>OTHER INFORMATION</u>	
A. Risk Management	75
B. Commitments and Contingent Liabilities	
1. Commitments	76
2. Litigation.....	76
3. Federal and State Grants.....	77
C. Other Post Employment Benefits	77
D. Employee Retirement Systems and Pension Plans	
1. Texas Municipal Retirement System (TMRS)	
a. Defined Benefit Pension	79
b. Other Post Employment Benefits – TMRS	
Supplemental Death Benefits	83
2. Volunteer Firemen’s Relief and Retirement Pension Trust Fund/Texas	
Statewide Emergency Service Personnel Retirement Fund	83
E. Deferred Compensation Plan	88

F. Implementation of New Cash Management Requirements for the Housing Choice Voucher Program	88
G. Restatement	88
H. Subsequent Event	89

**CITY OF PASADENA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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.

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 the City's capital projects such as repair and improvement of streets, sidewalks, sewer and water lines, drainage systems, and parks that stimulate the City's business climate, promote new and expanded business enterprises, and improve residential quality of life. All completed projects are recorded as 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; and (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, and the 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.

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, 2015.

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, and 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category on the government-wide Statement of Net Position. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made. Another deferred charge has been recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. Another deferral is recognized as a result of differences between the actuarial expectations and the actual economic experience related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investment are reported at fair value.

The fiduciary net position of the Texas Emergency Services Retirement System (TESRS) has been determined using the flow of economic resources measurement focus and full accrual

basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TESRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

7. 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.

8. 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. Gains or losses are reported as deferred inflows or outflows and are amortized over the term of the lesser of the new bonds or the refunded bonds using the effective interest method. Debt issuance costs are recognized as expenses when incurred excluding the portion related to bond insurance which is treated as a prepaid and expensed when consumed rather than when purchased.

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.

9. 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 is the Mayor and City Council. The commitment must be made prior to year end and is 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 through approval of budget appropriation. Assignments can be made at any time.
- e. **Unassigned** – represents amounts that are available for any purpose; residual net resources. The general fund is the only fund that reports a positive unassigned fund balance.

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.

2. Fund Balance Summary

A summary of the nature and purpose of fund balances at September 30, 2015 is as follows:

	Governmental Fund Balances									
	General	Debt Service	Pasadena Second Century	Capital Projects	Grant Management	Public Safety	Non-major Special Revenue Funds			Total
							Culture and Recreation	Other	Total Non major Special Revenue	
Fund balances:										
Restricted for:										
Court and other purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,036,612	\$ 1,036,612	\$ 1,036,612
Law enforcement	-	-	-	-	-	1,733,996	-	-	1,733,996	1,733,996
Economic development and other purposes	-	-	-	-	994,351	-	2,438,945	-	2,438,945	3,433,296
Housing services	-	-	-	-	2,132,198	-	-	-	-	2,132,198
Capital construction	-	-	47,629,605	2,875,343	-	-	-	-	-	50,504,948
Debt service	-	1,783,393	-	-	-	-	-	-	-	1,783,393
Total restricted	-	1,783,393	47,629,605	2,875,343	3,126,549	1,733,996	2,438,945	1,036,612	5,209,553	60,624,443
Committed to:										
Election, recall and charter revision	15,000	-	-	-	-	-	-	-	-	15,000
Capital construction	-	-	-	15,328,098	-	-	-	-	-	15,328,098
Assigned to:										
Purchases on order	199,868	-	-	-	-	-	-	-	-	199,868
Unassigned	44,276,264	-	-	-	-	-	-	-	-	44,276,264
Total	\$ 44,491,132	\$ 1,783,393	\$ 47,629,605	\$ 18,203,441	\$ 3,126,549	\$ 1,733,996	\$ 2,438,945	\$ 1,036,612	\$ 5,209,553	\$ 120,443,673

The amount restricted by enabling legislation was \$5,209,553.

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 \$129,494,864 difference are as follows:

Bonds and other payables	\$ 76,101,063
Other long-term debt	
Add: bond premiums	4,609,594
Less: deferred charges on refunded bonds	(2,329,127)
Less: issuance costs	(6,888)
Accrued interest payable	400,789
Compensated absences	25,143,678
Net pension liability	11,184,416
Less: Deferred outflow on pension	(7,957,999)
Other post employment benefits	22,349,338
	<hr/>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities.	\$ 129,494,864

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 \$34,592,021 difference are as follows:

Net position of the internal service funds	\$ 29,832,582
Add: Internal receivable representing charges less the cost to business-type activities - prior year	4,090,248
Add: Internal receivable representing charges less the cost to business-type activities - current year	669,191
	<hr/>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities.	\$ 34,592,021

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 \$13,443,516 difference is as follows:

Capital outlay	\$ 24,016,657
Depreciation expense	(10,573,141)
	<hr/>
Net adjustment to an increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	\$ 13,443,516

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 \$1,055,510 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.	\$ (1,188,306)
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>132,796</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (1,055,510)</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 \$8,670,540 difference is as follows:

Debt issued or incurred:	
General obligation bonds (Refunding bonds issued)	\$ 15,646,063
Plus premium	1,614,726
Principal repayments:	
General obligation debt	(7,045,000)
Sales tax revenue bonds	(835,000)
Payment to escrow agent for refunding	<u>(18,051,329)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (8,670,540)</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 \$1,269,141 difference is as follows:

Compensated absences	\$ (1,437,413)
Other post employment benefits	(2,618,127)
Pensions	1,215,484
Deferred inflows from pension	(2,116,378)
Deferred outflows from pension	3,075,143
Accrued interest	54,476
Amortization of bond issuance costs	(11,414)
Amortization of bond premiums	457,605
Deferred charges on refunded bonds	414,477
Amortization of deferred amounts on refunding	<u>(302,994)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (1,269,141)</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 \$3,281,464 difference is as follows:

Change in net position of the internal service funds	\$ 2,612,273
Add: Loss from charges from business-type activities	<u>669,191</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 3,281,464</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Annual budgets are adopted for the general, debt service, four of the special revenue funds (state forfeited property fund, special charge allocation fund, hotel and motel tax fund, and abandoned motor vehicles and property fund), equitable sharing of forfeited property grants received from the U.S. Department of Justice and Treasury (accounted for in the grant management fund), enterprise, and internal service funds. Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except for the enterprise and internal service funds which use a modified accrual approach. The capital projects and grant management 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 \$850,945. There was an increase in public safety in the amount of \$1,948,532 or 4.7% with an increase in the police department in the amount of \$1,564,206, with the largest increase in personnel services in the amount of \$939,834 due to a 5.73% pay increase for public safety personnel effective in July. The general government original budget decreased by \$1,421,337 or 7.6% with a decrease in other charges in the amount of \$1,172,259, because of the reduction of personnel services budget amount not needed for the funding of vacation/sick costs during the year.

Management asked each department to keep expenditures low while providing the best services to the citizens through-out the year.

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

The following provides actual fiscal year 2015 results for both budgeted and non-budgeted grant programs under the grant management fund:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfer out</u>
Budgeted grant programs:			
Federal equitable sharing of forfeited property:			
Justice Department	\$ 339,348	\$ 330,818	\$ -
Treasury Department	49,413	192,238	-
Nonbudgeted grant programs:			
Various grants	9,275,608	9,275,324	(284)
HUD Section 8 housing choice vouchers	6,028,934	6,615,100	-
FEMA DHAP program	175	-	-
FEMA DHAP IKE	340	-	-
HUD CDBG entitlement program	1,525,573	1,525,573	-
HUD HOME investment partnerships program	374,870	374,870	-
HUD emergency shelter program	51,459	51,459	-
Total grant management fund - actual	<u>\$ 17,645,720</u>	<u>\$ 18,365,382</u>	<u>\$ (284)</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended September 30, 2015, 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, 2015, the carrying amount of the City's deposits with financial institution, including blended component units, is \$4,879,804, excluding \$132,731 for petty cash and tax holding. The City's bank balance is the sum of all accounts, which totals \$6,316,105, and the market values of pledged securities, excluding FDIC, were \$10,421,522. The pledged securities are held by a third party custodian in the City's name.

Investments

As of September 30, 2015 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	\$ 77,169,640	\$ 39,997,114	\$ 7,201,852	0.08
LOGIC Local Government Investment Pools	1,202,037	-	-	0.12
CLASS Local Government Investment Pools	38,852,287	6,183,109	-	0.15
Total Fair Value	<u>\$ 117,223,964</u>	<u>\$ 46,180,223</u>	<u>\$ 7,201,852</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 2015 taxable assessed valuation of the City's property in the amount of \$6,683,161,193 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	\$ 0.425328
Debt service	0.151576
	\$ 0.576904

2. Receivables

Receivables as of September 30, 2015 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	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total
Receivables											
Property taxes	\$ 1,654,913	\$ 868,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,523,700
Sales taxes	3,477,403	-	1,738,572	-	-	-	-	-	-	-	5,215,975
Accounts	2,498,256	-	-	511,864	-	-	6,040,775	80	8,875	157,230	9,217,080
Less: allowance for for uncollectible	(2,402,199)	(600,000)	-	(8,974)	-	-	(376,156)	-	-	-	(3,387,329)
	5,228,373	268,787	1,738,572	502,890	-	-	5,664,619	80	8,875	157,230	13,569,426
Intergovernmental - restricted	55,323	-	-	-	3,969,909	96,903	-	-	-	-	4,122,135
Accounts restricted	-	-	-	-	951,892	192,238	-	-	-	-	1,144,130
Net total receivables	\$ 5,283,696	\$ 268,787	\$ 1,738,572	\$ 502,890	\$ 4,921,801	\$ 289,141	\$ 5,664,619	\$ 80	\$ 8,875	\$ 157,230	\$ 18,835,691

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 reported in the governmental funds were as follows:

	Unearned
Unearned revenue (Grant management)	\$ 32,892
Unearned revenue (Nonmajor governmental)	6
Total unearned revenue for governmental funds	\$ 32,898

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	\$ -	\$ -	\$ 10,128	\$ -	\$ 393,540	\$ 53,062	\$ -
Investments	-	1,741,398	46,180,223	4,539,245	2,906,958	4,453,108	5,959,678
Intergovernmental receivables	55,323	-	-	-	3,969,909	96,903	-
Accounts receivables	-	-	-	-	951,892	192,238	-
	\$ 55,323	\$ 1,741,398	\$ 46,190,351	\$ 4,539,245	\$ 8,222,299	\$ 4,795,311	\$ 5,959,678
	(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, 2015 was as follows:

1. Governmental Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 138,641,068	\$ 78,349	\$ (297,543)	\$ 138,421,874
Construction in progress	29,046,452	21,012,897	(12,062,334)	37,997,015
Total capital assets, not being depreciated	<u>167,687,520</u>	<u>21,091,246</u>	<u>(12,359,877)</u>	<u>176,418,889</u>
Capital assets, being depreciated:				
Buildings and building improvements	78,548,606	561,479	(12,999)	79,097,086
Facilities and other improvements	9,179,527	522,899	-	9,702,426
Machinery and equipment	35,248,711	2,039,586	(281,316)	37,006,981
Infrastructure	474,078,371	12,411,826	-	486,490,197
Automotive equipment	37,618,790	2,433,216	(2,037,145)	38,014,861
Total capital assets being depreciated	<u>634,674,005</u>	<u>17,969,006</u>	<u>(2,331,460)</u>	<u>650,311,551</u>
Less accumulated depreciation for:				
Building and building improvements	(22,981,516)	(1,425,780)	4,659	(24,402,637)
Facilities and other improvements	(2,436,356)	(333,490)	-	(2,769,846)
Machinery and equipment	(22,251,318)	(2,027,852)	154,035	(24,125,135)
Infrastructure	(172,635,316)	(7,174,564)	-	(179,809,880)
Automotive equipment	(25,889,850)	(2,182,481)	1,856,228	(26,216,103)
Total accumulated depreciation	<u>(246,194,356)</u>	<u>(13,144,167)</u>	<u>2,014,922</u>	<u>(257,323,601)</u>
Total capital assets, being depreciated, net	<u>388,479,649</u>	<u>4,824,839</u>	<u>(316,538)</u>	<u>392,987,950</u>
Governmental activities capital assets, net	<u>\$ 556,167,169</u>	<u>\$ 25,916,085</u>	<u>\$ (12,676,415)</u>	<u>\$ 569,406,839</u>

2. Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,619,352	\$ 5,000	\$ -	\$ 1,624,352
Construction in progress	26,067,054	21,093,191	(16,129,381)	31,030,864
Total capital assets, not being depreciated	<u>27,686,406</u>	<u>21,098,191</u>	<u>(16,129,381)</u>	<u>32,655,216</u>
Capital assets, being depreciated:				
Buildings and building improvements	4,636,550	-	-	4,636,550
Facilities and other improvements	6,977,604	-	-	6,977,604
Machinery and equipment	11,185,463	249,089	(14,990)	11,419,562
Infrastructure	318,888,368	21,218,774	(308,338)	339,798,804
Automotive equipment	310,904	-	(114,823)	196,081
Total capital assets being depreciated	<u>341,998,889</u>	<u>21,467,863</u>	<u>(438,151)</u>	<u>363,028,601</u>
Less accumulated depreciation for:				
Building and building improvements	(2,802,823)	(82,922)	-	(2,885,745)
Facilities and other improvements	(2,767,331)	(113,913)	-	(2,881,244)
Machinery and equipment	(8,486,005)	(368,144)	14,240	(8,839,909)
Infrastructure	(95,494,508)	(4,861,245)	-	(100,355,753)
Automotive equipment	(267,776)	(10,515)	114,823	(163,468)
Total accumulated depreciation	<u>(109,818,443)</u>	<u>(5,436,739)</u>	<u>129,063</u>	<u>(115,126,119)</u>
Total capital assets, being depreciated, net	<u>232,180,446</u>	<u>16,031,124</u>	<u>(309,088)</u>	<u>247,902,482</u>
Business-type activities capital assets, net	<u>\$ 259,866,852</u>	<u>\$ 37,129,315</u>	<u>\$ (16,438,469)</u>	<u>\$ 280,557,698</u>

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

Governmental activities:

General Government	\$ 275,230
Public Safety	2,052,988
Public Works	6,814,525
Health	43,438
Culture and Recreation	1,386,960
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>2,571,026</u>
	<u>\$ 13,144,167</u>

Business-type activities

Water and Sewer System	<u>\$ 5,436,739</u>
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E. Construction Commitments

The City's commitments with contractors as of September 30, 2015 are as follows:

	Projects	Project Appropriation	Spent-to-Date
<u>Drainage</u>			
D009	Thomas Street Outfall Planning Study	\$ 64,541	\$ 63,842
D023	Vista Drainage; Beltway 8 - Space Center	2,202,853	1,012,002
D027	On Call Storm Sewer Replacement	1,202,565	870,381
D035	Pasadena Regional Detention	1,368,102	669,046
D040	Red Bluff Terrace Planning Study	207,966	207,083
D050	Cotton Patch Detention Pond	560,104	472,515
D051	Cotton Patch-Thomas Street Outfall	2,013,290	1,858,131
D052	Martha Ditch Concrete Lining	1,360,974	1,271,804
D053	Drainage Study	194,995	189,995
		<u>\$ 9,175,390</u>	<u>\$ 6,614,799</u>
<u>Fire Services</u>			
F004	Rebuild Station #5	\$ 3,895,924	\$ 951,878
<u>Municipal Facilities</u>			
M008	North Pasadena Redevelopment	\$ 1,307,624	\$ 6,724
M015	Convention Center Infrastructure Improvement	444,200	149,529
M016	Animal Adoption Center	179,500	176,796
M017	AT&T Building Remodeling	1,368,400	747,798
M018	Utility Development Projects	500,000	20,187
M019	Convention Center Improvements	2,000,000	-
M124	901 Curtis Administration	565,314	518,454
		<u>\$ 6,365,038</u>	<u>\$ 1,619,488</u>
<u>Police</u>			
P006	Upgrade Jail Camera System	\$ 99,787	\$ 99,787
<u>Parks</u>			
R017	Prospective Park Complex	\$ 99,900	\$ 99,900
R022	Strawberry Park Swimming Pool Renovation	6,696,174	5,268,508
R024	Partnership Park	514,000	414,000
		<u>\$ 7,310,074</u>	<u>\$ 5,782,408</u>
<u>Streets</u>			
S031	Finrock St; Harris to Southmore	1,859,204	1,455,486
S032	Bearle St; SH225 to Thomas	211,000	154,093
S034	EGR-Shaw II; Winona LS; Construction Shaw II	792,620	732,159
S037	Finrock; Thomas to Harris	796,544	706,987
S039	Leesa Lane Extension	1,292,217	1,139,675
S041	Southmore PH I; Richey to Johnson	1,933,422	1,696,840
S042	Strawberry Improvement; Fairmont-Parry Sound	1,895,634	1,816,841
S045	Pansy Street; Spencer - Old Vista	30,000	-
S046	El Cary Subdivision Road Rehab	1,447,564	1,180,680
S048	Lafferty St; Fresa - Spencer	54,897	-
S049	Preston; Beltway 8 to Genoa-Red Bluff	768,702	762,892
S052	Pansy; Old Vista to Crenshaw	4,342,710	3,652,710
S054	Fairway Plaza Acquisition/Extension	1,180,000	17,510
S055	Southmore Phase II; Johnson to Strawberry	1,017,480	998,392
S057	Pasadena Blvd Overlay; Harris-Jackson	5,166,496	202,644
S067	2012 CDBG Sidewalk Replacement	591,771	570,058
S074	Gateway Sign	100,000	-
S084	Fairmont Pkwy; Red Bluff to Luella	677,140	242,822
S087	Randolph; Pine - Spencer	3,500,000	50,468
S095	Paving & Drainage Program Management	1,000,000	853,327
S096	CDBG Magnolia St Paving & Drainage Improvement	913,129	913,126
S097	2014 On Call Pavement Replacement	1,743,315	978,721
		<u>\$ 31,313,845</u>	<u>\$ 18,125,431</u>

Projects		Project Appropriation	Spent-to-Date
<u>Traffic</u>			
T001	Evacuation Route Traffic Signal Study	\$ 190,995	\$ 189,995
<u>Water</u>			
W011	SEWPP Meter Station	\$ 1,959,612	\$ 1,238,797
W012	Crenshaw Water Plant-N Side	430,296	430,296
W015	Waterline Rehab Project	1,588,829	984,180
W021	Waterline Improvement Project	2,355,628	2,173,745
W022	Rodeo Grounds Pump Station	1,101,309	1,016,004
W026	SEWPP Interconnect to Crenshaw Plant	1,025,093	953,235
W027	Bay Area Blvd/Port Road Inter Improv	188,401	105,342
W028	Crenshaw Water Plant	6,654,164	5,052,780
W029	225 Waterline; Burke - Beltway 8	152,250	100,998
W030	Fairmont Pkwy 12" Distribution Water Main	250,000	128,600
W031	Water Distribution System Improv	97,800	72,252
W040	Guthrie Ground Storage	4,794,202	4,277,308
W041	Wafer Ground Storage	2,088,013	1,025,398
W042	Garner Water Well & Booster	651,024	510,130
W043	Pansy Water Plant	1,954,514	1,715,119
W044	Deepwater Water Plant	430,697	338,848
W045	Red Bluff Water Plant	410,682	334,764
		\$ 26,132,514	\$ 20,457,796
<u>Wastewater</u>			
WW012	Winona Lift Station Construction	\$ 1,470,785	\$ 1,416,015
WW013	Gulfport Industrial District Utility	2,089,671	1,796,360
WW022	Llano/Red Bluff/Elaine/Wyatt/LA/Pasa Lift Station	500,005	141,607
WW025	Space Center Sanitary Sewer Repairs	1,738,298	1,375,473
WW037	Golden Acres WWTP Force Main	651,975	392,950
WW040	TCEQ Sanitary Sewer Overflow Action Plan	40,000	29,795
WW041	SSR Shaw Ave	410,686	365,240
WW042	SSR Pasadena Terrace	135,214	57,812
WW043	SSR South Houston	539,268	50,689
WW044	SSR Bramley Subdivision	149,540	142,733
WW051	SSR RTS; Spencer - Skylark	786,204	777,204
WW053	RTS IV; Force Main W Pitts LS	1,048,613	1,030,595
WW054	Vince WWTP Generator	1,288,726	1,155,920
WW055	Vista Lift Station	755,047	692,317
WW056	Vista Trunk Sewer Phase III	1,787,617	1,514,145
WW057	RTS V; West Pitts (Randall-Winona)	1,146,764	885,332
WW058	Pineswept Subdivison WW Rehab	530,801	496,752
		\$ 15,069,214	\$ 12,320,939
<u>Others</u>			
Z001	Post Office Building	\$ 1,085,000	\$ 296,655
Z003	AT&T Building	400,000	80,747
		\$ 1,485,000	\$ 377,402

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, 2015 is as follows:

1. Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>		<u>Amount</u>
	Grant management	\$ 3,506,850	
	** Hotel and motel tax	793	
	** Abandoned motor vehicles/property	2,575	
	* General liability insurance	<u>125,192</u>	3,635,410
Debt Service	General		31,034
Capital Projects	General		15,564,200
** Special charge allocation	General		609,431
** State Forfeited Property	General		1,300
Water and Sewer System	General	1,133,065	
	* Maintenance	2,465	
	Debt service	<u>5,950</u>	1,141,480
* Maintenance	General	188,563	
	Grant management	<u>685</u>	189,248
* Health Insurance	General		30,226
	Total		<u><u>\$ 21,202,329</u></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><u>\$ 12,701</u></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>Water and Sewer System</u>	<u>* Maintenance</u>	<u>* General Liability Insurance</u>	
Transfer out:							
General	\$ -	\$ -	\$16,301,243	\$ -	\$ 1,596,876	\$ 500,000	\$ 18,398,119
Debt Service	-	-	-	2,918,084	-	-	2,918,084
Capital Projects	-	258	-	-	-	-	258
Grant Management	284	-	-	-	-	-	284
Water and Sewer System	2,200,000	-	-	-	1,093,000	1,000,000	4,293,000
* Maintenance	-	-	-	-	-	-	-
Total	<u><u>\$ 2,200,284</u></u>	<u><u>\$ 258</u></u>	<u><u>\$16,301,243</u></u>	<u><u>\$ 2,918,084</u></u>	<u><u>\$ 2,689,876</u></u>	<u><u>\$1,500,000</u></u>	<u><u>\$ 25,609,745</u></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.

Government-Wide Financial Statements

During the fiscal year, the transfer activities between the governmental and business-type activities totaled \$6,059,853 and can be summarized as follows:

- The amount of \$1,374,916 was transferred out to the governmental activities from the business-type activities.
- Capital assets in the amount of \$308,338 were transferred to the governmental activities from the business-type activities.
- Capital assets in the amount of \$7,743,107 were transferred into the business-type activities from the governmental activities.

G. Long-Term Debt

1. Governmental Activities

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

The City issues general obligation bonds and certificates of obligation to provide funds for the construction and improvement of the City’s infrastructure (i.e., streets, drainage, water and sewer systems, public safety, recreation, and culture facilities). In the past, the City has also refunded certain issues of general obligation bonds to take advantage of lower interest rates and even out debt payments. The original amounts issued in current and prior years were \$41,250,000 and \$68,006,063, respectively, for general obligation bonds/certificates of obligation and general obligation refunding bonds.

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>
\$8,915,000 GO and Refunding, 2006	3.50 - 4.00	2/15/2026	Governmental type	\$100,000 to \$1,540,000	\$ 2,090,000
\$5,950,000 COB, 2007	4.00 - 4.88	2/15/2027	Governmental type	\$55,000 to \$390,000	4,130,000
\$13,665,000 GOB, 2007	4.00 - 5.63	2/15/2027	Governmental type	\$675,000 to \$840,000	735,000
\$21,635,000 GOB, 2008	4.00 - 4.75	2/15/2028	Governmental type	\$735,000 to \$1,720,000	16,740,000
\$6,725,000 GO and Refunding, 2009	2.50 - 4.00	2/15/2017	Governmental type	\$125,000 to \$2,240,000	2,600,000
\$20,030,000 GOB Refunding, 2012	2.50 - 4.00	2/15/2023	Governmental type	\$435,000 to \$2,385,000	16,575,000
\$16,690,000 GOB Refunding, 2012A	2.00 - 5.00	2/15/2025	Governmental type	\$145,000 to \$1,840,000	15,825,000
\$3,121,063 GOB Refunding, 2014	3.00 - 4.00	2/15/2022	Governmental type	\$103,639 to \$778,142	3,121,063
\$12,525,000 GOB Refunding, 2015	2.00 - 5.00	2/15/2027	Governmental type	\$145,000 to \$1,840,000	12,525,000
					\$ 74,341,063

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
2016	\$ 7,734,312	\$ 2,969,856	\$ 10,704,168
2017	7,032,613	2,661,394	9,694,007
2018	6,815,914	2,388,803	9,204,717
2019	6,952,613	2,117,408	9,070,021
2020	8,468,142	1,803,469	10,271,611
2021-2025	29,717,469	4,524,268	34,241,737
2026-2028	7,620,000	453,107	8,073,107
	<u>\$ 74,341,063</u>	<u>\$ 16,918,305</u>	<u>\$ 91,259,368</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
2016	\$ 865,000	\$ 48,700	\$ 913,700
2017	895,000	16,781	911,781
	<u>\$ 1,760,000</u>	<u>\$ 65,481</u>	<u>\$ 1,825,481</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
\$ 55,400,000 Revenue Bonds, 2008	4.00 - 5.00	4/1/2033	SEWPP expansion	\$35,000 to \$5,235,000	\$ 53,040,000
\$ 15,285,000 Revenue Refunding Bonds, 2010	2.00 - 3.00	4/1/2019	Refunding	\$780,000 to \$2,355,000	8,930,000
\$ 5,885,000 GOB Refunding Bonds, 2012A	2.00 - 5.00	2/15/2022	Refunding	\$275,000 to \$1,840,000	5,885,000
\$ 6,063,937 GOB Refunding Bonds, 2014	3.00 - 4.00	2/15/2027	Refunding	\$201,361 to \$1,511,858	6,063,936
					<u>\$ 73,918,936</u>

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2016	\$ 3,865,688	\$ 3,280,738	\$ 7,146,426
2017	3,997,387	3,150,442	7,147,829
2018	4,139,086	3,014,220	7,153,306
2019	4,087,387	2,872,061	6,959,448
2020	3,991,858	2,709,701	6,701,559
2021-2025	18,312,530	10,817,973	29,130,503
2026-2030	20,555,000	6,195,563	26,750,563
2031-2033	14,970,000	1,086,681	16,056,681
	<u>\$ 73,918,936</u>	<u>\$ 33,127,379</u>	<u>\$ 107,046,315</u>

Current and Advance Refunding

During the fiscal year, there were two refundings as described below:

(a) **Current Refunding** - on November 15, 2014, the City issued \$9,185,000 General Obligation Refunding Bonds, Series 2014 with the City's contribution in the amount of \$4,420,000 to current refund the following:

- Water and sewer system enterprise fund debt portion of the General Obligation Refunding Bonds, 2005 in the amount of \$6,290,000 consisted of entire principal amount due on February 15, 2016 through 2020.
- General Obligation and Refunding Bonds, 2005A
 - Governmental fund debt portion \$4,460,000 consisted of entire principal amount due on February 15, 2016 through 2025.
 - Water and sewer system enterprise fund debt portion \$3,115,000 consisted of entire principal amount due February 15, 2016 through 2022.

The refunding was to take advantage of lower interest rates and reduce total future debt service payments. The aggregated difference in debt service between the refunding debt and the refunded debt was \$6,773,156. The transaction resulted in an economic gain of \$1,985,328.

(b) **Advance Refunding** - On August 1, 2015, the City issued \$12,525,000 General Obligation Refunding Bonds, Series 2015 to advance refund the following governmental fund debt:

- General Obligation and Refunding, Series 2006 in the amount of \$4,625,000 consisted of a part of principal due on February 15, 2017 through 2026.
- General Obligation Bonds, Series 2007 in the amount of \$8,730,000 consisted of entire principal due from February 15, 2017 through 2027.

The refunding was to take advantage of lower interest rates and reduce total future debt service payments. The aggregated difference in debt service between the refunding debt and the refunded debt was \$1,341,806. The transaction resulted in an economic gain of \$937,950.

3. Defeasance of Debt

In prior and current fiscal years, certain outstanding bonds were defeased by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and defeased bonds are not included in the financial statements. At September 30, 2015, \$10,725,000 of general obligation bonds and \$21,035,000 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 \$20,905,000 and \$6,495,000 remain outstanding.

4. Voter Authorized Obligations

On September 14, 2002, the voters of the City authorized the issuance of \$102,000,000 in Public Improvement Bonds. The City issued and used the entire authorization.

5. Legal Debt Margin

At September 30, 2015, the City's legal debt margin was 10% of assessed property valuation, totaling \$668,316,119 reduced by the amount of bonded debt outstanding of \$77,125,309, which was netted with the amount available in the debt service fund. The City's legal debt margin was \$591,190,810.

6. Rebatable Arbitrage

The City is taking the approach of treating rebatable arbitrage as a claim. For the interim computation period through September 30, 2015, the City has no cumulative rebate liability.

7. Changes in Long-Term Liabilities

Governmental Activities:

Long-term liability activity for the year ended September 30, 2015 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
Governmental Activities:					
Bonds payable supported by property taxes:					
General obligation and refunding bonds	\$ 79,125,000	\$ 15,646,063	\$ (24,560,000)	\$ 70,211,063	\$ 7,434,312
Certificate of obligation bonds	4,430,000	-	(300,000)	4,130,000	300,000
	83,555,000	15,646,063	(24,860,000)	74,341,063	7,734,312
Add: Premiums on debt issuances	3,616,334	1,614,725	(663,420)	4,567,639	-
	87,171,334	17,260,788	(25,523,420)	78,908,702	7,734,312
Other Long-Term Debt					
Sales taxes revenue bonds payable	2,595,000	-	(835,000)	1,760,000	865,000
Add: Premiums on debt issuances	72,467	-	(30,512)	41,955	-
	2,667,467	-	(865,512)	1,801,955	865,000
Total Bonds Payable	89,838,801	17,260,788	(26,388,932)	80,710,657	8,599,312
Claims	2,012,246	8,675,291	(8,869,948)	1,817,589	1,090,554
Compensated absences	24,950,848	9,117,019	(7,532,882)	26,534,985	2,653,499
Other post employment benefits	19,768,142	4,582,186	(1,931,646)	22,418,682	-
Net pension liability	13,246,196	13,452,182	(14,732,656)	11,965,722	-
Governmental activity					
Long-term liabilities	\$ 149,816,233	\$ 53,087,466	\$ (59,456,064)	\$ 143,447,635	\$ 12,343,365

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, 2015, \$1,218,327 of internal service funds' compensated absences, \$69,344 of other post employment benefits, and \$781,306 in net pension liability 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, 2015 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
Business-type activities:					
Bonds payable					
Revenue bonds	\$ 53,265,000	\$ -	\$ (225,000)	\$ 53,040,000	\$ 345,000
Revenue refunding bonds	10,965,000	-	(2,035,000)	8,930,000	2,115,000
General obligation refunding bonds	17,160,000	6,063,936	(11,275,000)	11,948,936	1,405,688
Add: Premiums on debt issuances	2,197,168	528,228	(977,176)	1,748,220	-
Total bonds payable	83,587,168	6,592,164	(14,512,176)	75,667,156	3,865,688
Compensated absences	1,964,072	568,646	(460,106)	2,072,612	207,262
Other post employment benefits	2,517,871	594,017	(363,068)	2,748,820	-
Net pension liability	1,079,000	1,176,493	(1,259,353)	996,140	-
Business-type activity					
Long-term liabilities	\$ 89,148,111	\$ 8,931,320	\$ (16,594,703)	\$ 81,484,728	\$ 4,072,950

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 has been fully insured for its liability and property risk since December 1, 2004. The City purchases its automobile, errors and omissions, general, law enforcement, auto physical, and auto catastrophe property insurance policies through Texas Municipal League Intergovernmental Risk Pool (TML-IRP) and property coverage, which includes real and personal property, mobile equipment and crime, public employee dishonesty, forgery, theft, and computer fraud in an insurance policy through Rust, Ewing, Watt & Haney, Inc. 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 limits 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. Allegiance is the third party administrator as of January 1, 2012. The City has three health insurance plans and two dental insurance plans. The health insurance plans, A, B, or C, 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 CHLIC – Chicago and the other is self insured with Allegiance as the third party administrator.

Being self insured, the City deposits \$1,120 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 remainder, 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:

	<u>Workers' Compensation</u>	<u>Health/Dental Insurance</u>
<u>Current Fiscal Year</u>		
Unpaid claims and claim adjustment expenses at the beginning of the current fiscal year	\$ 196,939	\$ 1,815,307
Incurred claims and claim adjustment expenses:		
Provisions for insured events of the current fiscal year	-	11,199,266
Increase (Decrease) in provision for insured events-prior years	51,767	(2,575,742)
Total incurred claims and claim adjustment expenses	51,767	8,623,524
Payments:		
Claims and claim adjustment expenses attributable to insured events-		
Current fiscal year	-	9,526,988
Prior fiscal years	103,395	(760,435)
Total payments	103,395	8,766,553
Total unpaid claims and claim adjustment expenses at end of current fiscal year	<u>\$ 145,311</u>	<u>\$ 1,672,278</u>
<u>Prior Fiscal Year</u>		
Unpaid claims and claim adjustment expenses at the beginning of the prior fiscal year	\$ 147,211	\$ 2,719,656
Incurred claims and claim adjustment expenses:		
Provisions for insured events of the current fiscal year	-	11,594,101
Increase/(Decrease) in provision for insured events-prior years	101,019	(3,771,992)
Total incurred claims and claim adjustment expenses	101,019	7,822,109
Payments:		
Claims and claim adjustment expenses attributable to insured events-		
Current fiscal year	-	9,778,794
Prior fiscal years	51,291	(1,052,336)
Total payments	51,291	8,726,458
Total unpaid claims and claim adjustment expenses at end of prior fiscal year	<u>\$ 196,939</u>	<u>\$ 1,815,307</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, 2015, one hundred and eleven retirees, excluding spouses, participated and received OPEB.

In fiscal year 2015, retirees made contributions totaling \$694,194, while the City paid \$2,194,277 in claims and \$566,205 in stop-loss premiums and administrative fees on behalf of retirees, their spouses, and dependents. The City recovered \$333,766 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-seven at September 30, 2015. For these retirees, the City paid up to \$300 per person, per month, at a cost of \$562,192 for fiscal year 2015.

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 a level of accrual that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The City’s annual OPEB cost for the fiscal year ending September 30, 2015 is as follows:

	<u>OPEB</u>
Annual required contribution	\$ 5,102,481
Interest on OPEB obligation	1,002,871
Adjustment to ARC	<u>(929,149)</u>
Annual OPEB cost (expense) end of year	5,176,203
Net estimated employer contributions	<u>(2,294,714)</u>
Increase in net OPEB obligation	2,881,489
Net OPEB obligation - beginning	<u>22,286,013</u>
Net OPEB obligation - end of year	<u>\$ 25,167,502</u>

The City’s annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2015 and the preceding three fiscal years are as follows:

Fiscal Year	Annual OPEB Costs	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 5,605,717	\$ 3,471,459	61.9%	\$ 19,969,601
2014	\$ 5,019,924	\$ 2,703,512	53.9%	\$ 22,286,013
2015	\$ 5,176,203	\$ 2,294,714	44.3%	\$ 25,167,502

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, 2013 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
2009	\$ -	\$ 77,067,727	\$ 77,067,727	0%	\$ 45,078,183	171%
2011	\$ -	\$ 63,104,143	\$ 63,104,143	0%	\$ 42,970,265	147%
2013	\$ -	\$ 59,382,006	\$ 59,382,006	0%	\$ 44,722,864	133%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$59,382,006 at December 31, 2013. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 133%.

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 funding for 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% per annum, net of expenses
Actuarial cost method -	Projected Unit Credit Cost Method
Amortization method -	Level as a percentage of employee payroll
Amortization Period -	30 year open amortization
Inflation Rate -	3.0% per annum
Salary Growth Rate-	3.0% per annum
Medical and Rx Trend -	Initial rate of 7.5% declining to an ultimate rate of 5.25% after 9 years

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 in the required supplementary information 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.

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 was \$226,129 net costs associated under this program to the City.

D. Employee Retirement Systems and Pension Plans

1. Texas Municipal Retirement System

a. Defined Benefit Pension Plans

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multi-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although, the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent in the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of the benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 35, monthly payments, which cannot exceed 75% of the member's deposits and interest.

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**.

Employees Covered by Benefit Terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	687
Inactive employees entitled to but not yet receiving benefits	235
Active employees	<u>960</u>
	<u>1,882</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.41% and 13.77%, including 0.22% and 0.21% of supplemental death benefits, respectively, in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$7,624,193 and \$3,761,701, the City and employee portions, respectively.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the

December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Schedule of Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 368,305,883	\$ 355,192,124	\$ 13,113,759
Change for the year:			
Service cost	7,815,620	-	7,815,620
Interest	25,468,655	-	25,468,655
Change of benefit terms	-	-	-
Difference between expected and actual experience	(2,817,613)	-	(2,817,613)
Changes of assumptions	-	-	-
Contributions - employer	-	7,624,193	(7,624,193)
Contributions - employee	-	3,761,701	(3,761,701)
Net investment income	-	20,317,406	(20,317,406)
Benefit payments, including refunds of employee contributions	(16,751,526)	(16,751,526)	-
Administrative expense	-	(212,141)	212,141
Other changes	-	(17,442)	17,442
Net changes	13,715,136	14,722,191	(1,007,055)
Balance at 12/31/2014	<u>\$ 382,021,019</u>	<u>\$ 369,914,315</u>	<u>\$ 12,106,704</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in		1% Increase in	
	Discount Rate (6.0%)	Discount Rate (7.0%)	Discount Rate (8.0%)	
City's net pension liability	\$ 62,511,151	\$ 12,106,704	\$ (29,630,885)	

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$5,208,273.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 2,227,969
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	3,636,834	-
Contributions subsequent to the measurement date	5,453,545	-
Total	<u>\$ 9,090,379</u>	<u>\$ 2,227,969</u>

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date in the amount of \$5,453,545 will be recognized as a reduction to the net position liability for the year ended September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended September 30:</u>		
2016		\$ 319,565
2017		319,565
2018		319,565
2019		450,170
2020		-
Thereafter		-
Total		<u>\$1,408,865</u>

b. Other Post Employment Benefits – TMRS Supplemental Death Benefits

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by Texas Municipal Retirement System (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.

Contributions

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 2015, 2014, and 2013 are \$29,209, \$31,822, and \$31,029, respectively, which equaled the required contributions each year.

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actual Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
2013	0.06%	0.06%	100.00%
2014	0.06%	0.06%	100.00%
2015	0.05%	0.05%	100.00%

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

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the Texas Emergency Services Retirement System (TESRS) established and administered by the State of Texas to provide pension

benefits for emergency services personnel who serve without significant monetary remuneration.

Covered by Benefit Terms

At August 31, 2014, there were 198 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, 2014, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,073
Terminated members entitled to benefits but not yet receiving them	2,161
Current active members (vested and nonvested)	<u>4,036</u>
	<u>9,270</u>

Pension Plan Fiduciary Net Position

Detailed information about the TESRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations which may be of interest are also available at the same link.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS, and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified 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. There is no provision for automatic postretirement benefit increases.

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

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legal portion of the System contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make the System “actuarially sound” each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2014, the Part Two contribution rate was 0%, since the first actuarial valuation report after adoption of the rules showed the System to have an adequate contribution arrangement without any Part Two contributions.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments has a different contribution arrangement which is being phased out over time. In the arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments by the System.

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 are set by Board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2014, total contributions (dues, prior service, and interest on prior service financing) of \$214,235 were paid by the City. The State contributed \$1,530,343 for the fiscal year ending August 31, 2014.

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2014
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Amortization Period	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with an 80%/120% corridor on market value
Actuarial Assumptions:	
Investment Rate of Return*	7.75%
Projected Salary Increases	N/A
*Includes Inflation at	3.50%
Cost of Living Adjustments	None

Mortality rates were based on the RP2000 Combined Healthy Mortality Tables for males and for females projected to 2018 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.50%). In addition, the

final 7.75% assumption reflected a reduction of 0.20% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	32%	5.2%
Small cap domestic	10	5.8
Developed international	21	5.5
Emerging markets	6	5.4
Master limited partnership	5	7.1
Fixed income		
Domestic	21	1.4
International	5	1.6
Cash	0	0.0
Total	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.75%. No projection of cash flows used to determine the discount rate because the August 31, 2014 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. That UAAL was based on an actuarial value of assets that was \$7.9 million less than the plan fiduciary net position as of August 31, 2014. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's net pension liability	\$ 1,762,219	\$ 855,158	\$ 325,938

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2014, the City reported a liability of \$855,158 for its proportionate share of the plan's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's Proportionate share of the collective net pension liability	\$ 855,158
State's proportionate share that is associated with the City*	<u>287,462</u>
Total	<u>\$ 1,142,620</u>

*Calculated using the City's proportionate share of contributions multiplied by the State's share of the collective net pension liability.

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. GASB Statement No. 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward the net pension liability nor did they provide the necessary information for the participants to roll forward themselves. While the City acknowledges that the measurement date does not fall within this 12 month period, the City elected to honor the conservatism principle and report a net pension liability measured as of August 31, 2014. The City used the assumption that any differences in the net pension liability measured as of August 31, 2014 versus September 30, 2014 would be immaterial. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

At August 31, 2014, the employer's proportion of the collective net pension liability was 4.706%. TESRS did not provide prior year proportions measured as of August 31, 2013. The City is using the assumption that the change in proportion would have been immaterial and therefore disregarded it this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2014, the City recognized pension expense of \$127,799. The City recognized on-behalf revenues of \$72,018 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	215,508
Contributions subsequent to the measurement date	202,225	-
Total	<u>\$ 202,225</u>	<u>\$ 215,508</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$202,225 will be recognized as a reduction to the net position liability for the year ended September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended September 30:</u>	
2016	\$ (53,877)
2017	(53,877)
2018	(53,877)
2019	(53,877)
2020	-
Thereafter	-
Total	<u>\$ (215,508)</u>

E. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "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.

F. Implementation of New Cash Management Requirements for the Housing Choice Voucher Program

U.S. Department of Housing and Urban Development (HUD) issued Notice PIH 2011-67, which is to mitigate Public Housing Agencies (PHA) accumulation of Net Restricted Assets (NRA) funds and reduce Treasury outlays by timing the disbursements based on actual needs. The process of disbursing only the funds required for current Housing Assistance Payment (HAP) costs will result in the re-establishment of HUD-held program reserves, where excess HAP funds will remain obligated but undisbursed at the HUD level rather than held by the PHAs.

The new requirements will not change the amount of funding to which each PHA is entitled each year, nor does the transition from PHA-held NRA to the PHA reserve being maintained by HUD reduce the PHA's available HAP resources. Funding allocation will continue to be calculated in accordance with the requirements of each year's Appropriation Act. The only change that will occur is that NRA accounts will no longer be maintained by PHAs, and all excess budget authority will be held on behalf of the individual PHAs by HUD in the program reserve. PHAs will be able to access their program reserve for eligible HAP needs whenever it is necessary.

As of September 30, 2015, the program reserve in the amount of \$2,864,221 is held by HUD on behalf of City of Pasadena Housing Authority.

G. Restatement

As of October 1, 2014, the City restated fund balance originally reported in the general fund to the capital project fund due to the fact the financial resources are committed to expenditures for capital outlay.

	Balance Sheet	
	Governmental Funds	
	General Fund	Capital Project Fund
Fund balances, previously reported		
October 1, 2014	\$ 61,347,347	\$ 6,692,420
Reclassification	(10,034,023)	10,034,023
Fund balances, restated	\$ 51,313,324	\$ 16,726,443

As a result of a change in accounting policy in the implementation of GASB Statement Nos. 68 and 71, net position was restated as of October 1, 2014. With this adoption, the City is recording a beginning deferred outflow of resources for contributions made between the measurement date and fiscal year-end.

	Statement of Net Position		Statement of Net Position	
	Primary Government		Proprietary Funds	
	Governmental Activities	Business-type Activities	Water and Sewer System	Internal Service Fund
Net position, previously reported				
October 1, 2014	\$ 570,011,393	\$ 207,568,429	\$ 211,658,677	\$ 27,713,470
Adjustment for GASB 68/71				
Employee retirement pension plan	(7,013,002)	(628,765)	(628,765)	(493,161)
Volunteer Firemen's retirement pension plan	(997,203)	-	-	-
Net position, restated October 1, 2014	\$ 562,001,188	\$ 206,939,664	\$ 211,029,912	\$ 27,220,309

H. Subsequent Event

Advance Refunding

On January 1, 2016, the City issued \$50,210,000 General Obligation Refunding Bonds, Series 2016 to advance refund Waterworks and Sewer Revenue Bonds, Series 2008 in the amount of \$52,230,000, which included the entire principal amount due from April 1, 2018 through 2033.

The refunding is to take advantage of lower interest rates and reduce total future debt service payments. This advance refunding resulted in approximately \$5,534,432 or 10.60% net present value savings.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PASADENA, TEXAS
OTHER POST EMPLOYMENT BENEFITS (OPEB)
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Fiscal Year Ended	Employer Annual Required Contribution	Employer Amount Contributed (estimated)	Interest on NOO	ARC Adjustment	Amortization Factor	OPEB Cost	Change in NOO	NOO Balance
(1)	(2)	(3)	(9) x 4.5% (4)	(9) / (6) (5)	(6)	(2) + (4) - (5) (7)	(7) - (3) (8)	NOO + (8) (9)
September 30, 2013	\$5,546,719	\$ 3,471,459	\$ 802,590	\$ 743,592	23.9854	\$5,605,717	\$2,134,258	\$19,969,601
September 30, 2014	\$4,953,865	\$ 2,703,512	\$ 898,632	\$ 832,573	23.9854	\$5,019,924	\$2,316,412	\$22,286,013
September 30, 2015	\$5,102,481	\$ 2,294,714	\$ 1,002,871	\$ 929,149	23.9854	\$5,176,203	\$2,881,489	\$25,167,502

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

**CITY OF PASADENA, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
REQUIRED PENSION SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Years (1)**

	Measurement Year 2014
Total pension liability	
Service cost	\$ 7,815,620
Interest (on the total pension liability)	25,468,655
Change of benefits terms	-
Difference between expected and actual experience	(2,817,613)
Change of assumptions	-
Benefit payments, including refund of employee contributions	(16,751,526)
Net change in total pension liability	13,715,136
Total pension liability - beginning	368,305,883
Total pension liability - ending (a)	\$ 382,021,019
 Plan Fiduciary Net Position	
Contributions - employer	\$ 7,624,193
Contributions - employee	3,761,701
Net investment income	20,317,406
Benefit payments, including refund of employee contributions	(16,751,526)
Administrative expense	(212,141)
Other	(17,442)
Net change in plan fiduciary net pension	14,722,191
Plan fiduciary net position - beginning	355,192,124
Plan fiduciary net position - ending (b)	\$ 369,914,315
Net pension liability - ending (a) - (b)	\$ 12,106,704
Plan fiduciary net position as a percentage of total pension liability	96.83%
Covered employee payroll	\$ 53,729,371
Net pension liability as a of covered employee payroll	22.53%

(1) GASB 68 requires 10 fiscal years of data to be provided in this schedule; only one year is available at this time.

**CITY OF PASADENA, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
REQUIRED PENSION SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years (1)**

	<u>September 30, 2015</u>
Actuarially determined contribution	\$ 7,605,747
Contributions in relation to the actuarially determined contribution	<u>\$ 7,605,747</u>
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 55,384,915
Contributions as a percentage of covered employee payroll	13.73%

(1) GASB 68 requires 10 fiscal years of data to be provided in this schedule; only one year is available at this time.

**CITY OF PASADENA, TEXAS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 SUPPLEMENTARY INFORMATION
 METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES**

Actuarial Cost Method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization Period	17 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generated basis with scale BB

Other Information:

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

There were no benefit changes during the year.

**CITY OF PASADENA, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION EXPENSE (1)**

1) Total Service Cost	\$ 7,815,620
2) Interest on the Total Pension Liability	25,468,655
3) Current Period Benefit Changes	-
4) Employee Contributions (Reduction of Expense)	(3,761,701)
5) Projected Earning on Plan Investments (Reduction of Expense)	(24,863,449)
6) Administrative Expense	212,141
7) Other Changes in Fiduciary Net Position	17,442
8) Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	(589,644)
9) Recognition of Current Year Outflow (Inflow) of Resources-Assets	909,209
10) Amortization of Prior Year Outflow (Inflow) of Resources-Liabilities	-
11) Amortization of Prior Year Outflow (Inflow) of Resources-Assets	-
12) Total Pension Expense	<u>\$ 5,208,273</u>

1) This schedule is not required to be presented in the RSI, the City chose to include.

CITY OF PASADENA, TEXAS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended September 30, 2015

	Measurement
	Year*
	2015
City's proportion of the net pension liability	4.706%
City's proportionate share of the net pension liability	\$ 855,158
State's proportionate share of the net pension liability	287,462
Total	\$ 1,142,620
Number of active members**	106
City's Net Pension Liability per Active Member	\$ 8,068
Plan fiduciary net position as a percentage of the total pension liability	83.5%

* Only one year of information is currently available. The City will build this schedule over the next nine-year period.

** There is no compensation for active members. Number of active members is used instead.

Notes to Required Supplementary Information:

Defined Benefit Pension Plan

Changes in benefit terms

There were no changes of benefit terms that affected measurement of the total pension

Changes in assumptions

measurement of

the total pension liability during the measurement period.

CITY OF PASADENA, TEXAS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
For the Year Ended September 30, 2015

	Fiscal Year*	
	2015	2014
Contractually required contribution	\$ 202,225	\$ 214,235
Contributions in relation to the contractually required contribution	202,225	214,235
Contribution deficiency (excess)	\$ -	\$ -
Number of active members**	106	106
Contributions per active member	1,907	2,021

* Only two years of information is currently available. The City will build this schedule over the next eight-year period.

** There is no compensation for active members. Number of active members is used instead.

**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, 2015**

ASSETS

Cash and cash equivalents	\$	2,940,683
Investments		
TexPool		31,039,215
LOGIC CLASS A		547,675
CLASS		30,508,229
		62,095,119
Receivables (net, where applicable, of allowances for uncollectible)		
General property taxes		504,913
Accounts receivable		4,723,460
		5,228,373
Due from other funds		3,635,410
Due from component unit		12,701
Restricted assets		
Receivables (net, where applicable, of allowances for uncollectible)		55,323
TOTAL ASSETS	\$	73,967,609

LIABILITIES

Accounts payable	\$	8,353,198
Accrued payroll payable		3,057,204
Due to other funds		17,557,819
TOTAL LIABILITIES		28,968,221

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes		473,836
Unavailable revenue - industrial district fees		34,420
TOTAL DEFERRED INFLOWS OF RESOURCES		508,256

FUND BALANCES

Committed		15,000
Assigned		199,868
Unassigned		44,276,264
TOTAL FUND BALANCES		44,491,132
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$	73,967,609

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**CITY OF PASADENA, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR YEAR ENDED SEPTEMBER 30, 2015**

REVENUES

General property taxes	\$ 28,518,639
Business taxes and fees	
Industrial district fees	17,271,428
Sales taxes	20,959,755
Franchise taxes	8,935,557
Other taxes	306,769
Total business taxes and fees	47,473,509
Licenses and permits	2,495,926
Municipal court fines	5,744,774
Charges for services	9,755,077
Intergovernmental	265,564
Miscellaneous	654,930
Investment income	64,785
TOTAL REVENUES	94,973,204

EXPENDITURES

Current	
General government	14,893,683
Public safety	41,069,441
Public works	14,717,021
Health	3,734,963
Culture and recreation	13,802,264
TOTAL EXPENDITURES	88,217,372

**EXCESS OF REVENUES OVER
EXPENDITURES**

6,755,832

OTHER FINANCING SOURCES (USES)

Operating transfers in (out)	
Maintenance fund	(1,596,876)
Water and sewer system	2,200,000
General liability insurance fund	(500,000)
Capital projects fund	(16,301,243)
Grant management fund	284
Sale of capital assets	2,619,811
TOTAL OTHER FINANCING USES	(13,578,024)

NET CHANGE IN FUND BALANCE

(6,822,192)

FUND BALANCE - BEGINNING

51,313,324

FUND BALANCE - ENDING

\$ 44,491,132

**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, 2015**

	<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	\$ 25,750,000	\$ 25,750,000	\$ 27,997,931	\$ 2,247,931
Penalty and interest	270,000	270,000	520,708	250,708
Total General Property Taxes	26,020,000	26,020,000	28,518,639	2,498,639
Business Taxes				
Industrial district fees	17,351,000	17,351,000	17,271,428	(79,572)
Sales tax	20,000,000	20,000,000	20,959,755	959,755
Franchise taxes	8,628,165	8,628,165	8,935,557	307,392
Other taxes				
Mixed drink tax	200,000	200,000	306,680	106,680
Bingo tax	-	-	89	89
Total Business Taxes	46,179,165	46,179,165	47,473,509	1,294,344
Licenses and Permits				
Business types	1,829,400	1,829,400	2,291,060	461,660
Occupational types	94,600	94,600	124,735	30,135
Non-business types	76,200	76,200	80,131	3,931
Total Licenses and Permits	2,000,200	2,000,200	2,495,926	495,726
Municipal Court Fines and Fees				
	5,930,000	5,930,000	5,744,774	(185,226)
Charges for Services				
Ellington municipal golf course	536,500	536,500	454,199	(82,301)
Recreational activities	190,700	190,700	202,703	12,003
Swimming pool	300,000	300,000	69,413	(230,587)
Tennis court	2,500	2,500	6,468	3,968
Civic center	415,000	415,000	327,302	(87,698)
Other centers	95,650	95,650	91,179	(4,471)
Miscellaneous	716,500	716,500	769,928	53,428
Solid waste collection	6,857,200	6,857,200	7,038,151	180,951
Health services	313,550	313,550	382,538	68,988
Library services	45,000	45,000	53,526	8,526
Property management	332,000	332,000	359,670	27,670
Total Charges for Services	9,804,600	9,804,600	9,755,077	(49,523)
Intergovernmental				
Fire protection	90,000	90,000	74,916	(15,084)
Reimbursement from other agencies	50,000	58,000	97,933	39,933
TxDOT - traffic signal maintenance	29,205	29,205	29,205	-
Emergency management performance grant	81,500	81,500	55,323	(26,177)
Restitution - Harris County	3,500	3,500	8,187	4,687
Total Intergovernmental	254,205	262,205	265,564	3,359
Miscellaneous				
	533,000	690,269	654,930	(35,339)
Investment Income				
	41,800	41,800	64,785	22,985
TOTAL REVENUES	\$ 90,762,970	\$ 90,928,239	\$ 94,973,204	\$ 4,044,965

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Current				
<u>General Government</u>				
City Council				
Personnel services	\$ 96,356	\$ 96,356	\$ 84,521	\$ 11,835
Contractual services	43,672	46,672	28,868	17,804
Materials and supplies	8,800	25,800	8,915	16,885
Maintenance charges	43,255	54,855	54,818	37
	192,083	223,683	177,122	46,561
Mayor				
Personnel services	272,479	281,279	281,262	17
Contractual services	19,700	19,700	11,751	7,949
Materials and supplies	6,250	6,250	1,037	5,213
Maintenance charges	34,317	34,317	30,020	4,297
	332,746	341,546	324,070	17,476
Budget and Financial Planning				
Personnel services	529,798	529,798	504,589	25,209
Contractual services	44,150	18,650	6,992	11,658
Materials and supplies	4,300	4,300	937	3,363
Maintenance charges	12,341	13,141	13,124	17
	590,589	565,889	525,642	40,247
Municipal Court				
Personnel services	1,752,145	1,752,145	1,729,333	22,812
Contractual services	74,628	75,528	75,467	61
Materials and supplies	52,991	52,991	41,437	11,554
Maintenance charges	220,701	220,701	215,915	4,786
	2,100,465	2,101,365	2,062,152	39,213
City Controller				
Personnel services	1,629,912	1,612,750	1,487,598	125,152
Contractual services	111,300	111,300	110,383	917
Materials and supplies	23,562	23,562	17,802	5,760
Maintenance charges	68,979	73,279	73,152	127
	\$ 1,833,753	\$ 1,820,891	\$ 1,688,935	\$ 131,956

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, 2015**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
General Government, Continued				
Tax				
Contractual services	\$ 427,500	\$ 454,500	\$ 454,397	\$ 103
Materials and supplies	20	20	-	20
	427,520	454,520	454,397	123
Purchasing				
Personnel services	322,832	304,832	293,247	11,585
Contractual services	11,190	29,190	26,192	2,998
Materials and supplies	3,175	3,175	2,081	1,094
Maintenance charges	36,041	36,041	34,900	1,141
	373,238	373,238	356,420	16,818
Legal				
Personnel services	893,333	883,333	832,250	51,083
Contractual services	133,775	251,775	250,850	925
Materials and supplies	37,453	37,453	26,076	11,377
Maintenance charges	59,168	61,777	61,692	85
	1,123,729	1,234,338	1,170,868	63,470
City Secretary				
Personnel services	269,988	270,688	270,680	8
Contractual services	63,375	63,375	22,401	40,974
Materials and supplies	4,675	4,675	4,037	638
Maintenance charges	51,511	56,811	56,794	17
	389,549	395,549	353,912	41,637
Elections				
Personnel services	-	710	705	5
Contractual services	112,000	112,000	44,440	67,560
Materials and supplies	5,700	5,700	3,127	2,573
	117,700	118,410	48,272	70,138
Human Resources				
Personnel services	641,356	641,356	508,891	132,465
Contractual services	85,750	85,750	78,724	7,026
Materials and supplies	49,450	49,450	29,126	20,324
Maintenance charges	85,017	78,146	75,839	2,307
	\$ 861,573	\$ 854,702	\$ 692,580	\$ 162,122
Civil Service				
Contractual services	54,400	54,400	22,636	31,764
Materials and supplies	10,000	10,000	732	9,268
	\$ 64,400	\$ 64,400	\$ 23,368	\$ 41,032

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
City Marshall				
Personnel services	\$ 642,364	\$ 642,364	\$ 625,858	\$ 16,506
Contractual services	10,300	10,300	7,451	2,849
Materials and supplies	11,076	11,076	9,313	1,763
Maintenance charges	134,540	134,540	132,837	1,703
	798,280	798,280	775,459	22,821
Community Relations				
Personnel services	812,053	830,553	830,430	123
Contractual services	59,600	69,100	68,659	441
Materials and supplies	44,550	44,550	36,037	8,513
Maintenance charges	87,065	96,565	96,498	67
	1,003,268	1,040,768	1,031,624	9,144
Pasadena Action Line				
Personnel services	394,171	394,171	373,947	20,224
Contractual services	2,050	2,050	-	2,050
Materials and supplies	6,700	6,700	1,452	5,248
Maintenance charges	39,521	39,556	39,552	4
	442,442	442,477	414,951	27,526
Planning				
Personnel services	304,012	362,393	362,340	53
Contractual services	106,700	194,150	175,196	18,954
Materials and supplies	13,500	36,050	23,805	12,245
Maintenance charges	64,023	71,323	71,252	71
	488,235	663,916	632,593	31,323
Economic Development Liaison				
Personnel services	231,516	231,516	230,733	783
Contractual services	42,015	42,015	16,778	25,237
Materials and supplies	8,500	8,500	6,541	1,959
Maintenance charges	16,979	16,979	16,832	147
	\$ 299,010	\$ 299,010	\$ 270,884	\$ 28,126

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, 2015**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
General Government, Continued				
Neighborhood Network				
Personnel services	\$ 133,072	\$ 133,072	\$ 124,083	\$ 8,989
Contractual services	142,809	142,809	76,787	66,022
Materials and supplies	19,700	19,700	12,444	7,256
Maintenance charges	26,004	26,004	23,744	2,260
	321,585	321,585	237,058	84,527
Inspections				
Personnel services	1,386,418	1,386,418	1,228,792	157,626
Contractual services	73,075	73,075	32,709	40,366
Materials and supplies	18,050	18,050	12,876	5,174
Maintenance charges	183,846	175,846	175,427	419
	1,661,389	1,653,389	1,449,804	203,585
Property Management				
Personnel services	144,767	16,752	10,219	6,533
Contractual services	998,056	921,556	823,113	98,443
Materials and supplies	202,959	207,959	94,322	113,637
Maintenance charges	577,059	361,059	356,187	4,872
Capital outlay	1,020,750	840,750	385,848	454,902
	2,943,591	2,348,076	1,669,689	678,387
Impound/Storage				
Personnel services	351,299	351,299	341,562	9,737
Contractual services	4,900	4,900	4,034	866
Materials and supplies	6,000	6,000	2,590	3,410
Other charges	9,267	9,302	9,300	2
	371,466	371,501	357,486	14,015
Other Charges				
Personnel services	1,451,830	275,020	943	274,077
Contractual services	177,500	169,500	69,144	100,356
Materials and supplies	-	12,551	12,551	-
Other charges	162,685	162,685	37,761	124,924
Other uses	75,000	75,000	55,998	19,002
	1,867,015	694,756	176,397	518,359
Total General Government	\$ 18,603,626	\$ 17,182,289	\$ 14,893,683	\$ 2,288,606

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Safety				
Emergency Preparedness				
Personnel services	\$ 297,599	\$ 465,599	\$ 465,252	\$ 347
Contractual services	54,100	54,100	21,033	33,067
Materials and supplies	11,096	11,096	9,604	1,492
Maintenance charges	160,469	163,169	163,098	71
	523,264	693,964	658,987	34,977
Fire Fighting				
Personnel services	572,210	572,210	572,149	61
Contractual services	1,319,810	1,132,236	1,041,732	90,504
Materials and supplies	419,846	810,186	667,099	143,087
Maintenance charges	873,878	888,378	888,352	26
Capital outlay	188,000	79,660	31,406	48,254
	3,373,744	3,482,670	3,200,738	281,932
Fire Prevention				
Personnel services	893,896	938,896	938,736	160
Contractual services	51,600	68,600	65,739	2,861
Materials and supplies	42,840	50,140	50,131	9
Maintenance charges	235,044	250,644	250,405	239
	1,223,380	1,308,280	1,305,011	3,269
Police				
Personnel services	31,167,905	32,107,739	30,852,804	1,254,935
Contractual services	595,890	1,106,290	554,915	551,375
Materials and supplies	356,670	372,791	333,220	39,571
Maintenance charges	3,571,615	3,669,466	3,644,149	25,317
	35,692,080	37,256,286	35,385,088	1,871,198
Code Enforcement				
Personnel services	343,323	363,123	363,046	77
Contractual services	125,000	125,000	119,007	5,993
Materials and supplies	39,900	39,900	37,564	2,336
Capital outlay	7,500	7,500	-	7,500
	515,723	535,523	519,617	15,906
Total Public Safety	\$ 41,328,191	\$ 43,276,723	\$ 41,069,441	\$ 2,207,282

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, 2015**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Works				
Engineering				
Personnel services	\$ 1,804,330	\$ 1,787,168	\$ 1,786,303	\$ 865
Contractual services	299,538	451,538	373,585	77,953
Materials and supplies	41,000	49,811	40,720	9,091
Maintenance charges	191,056	191,056	190,255	801
Capital outlay	5,000	5,000	5,000	-
	2,340,924	2,484,573	2,395,863	88,710
Street Lighting and Signals				
Contractual services	1,358,800	1,359,800	1,359,753	47
	1,358,800	1,359,800	1,359,753	47
Sanitation				
Personnel services	2,464,803	2,454,803	2,317,094	137,709
Contractual services	3,784,027	3,794,027	3,778,717	15,310
Materials and supplies	352,439	352,439	319,807	32,632
Maintenance charges	304,541	312,541	312,511	30
	6,905,810	6,913,810	6,728,129	185,681
Street and Bridge				
Personnel services	2,078,288	2,066,288	2,045,950	20,338
Contractual services	58,650	58,650	36,730	21,920
Materials and supplies	405,744	405,744	386,956	18,788
Maintenance charges	415,994	416,444	416,421	23
Capital outlay	15,000	15,000	-	15,000
	2,973,676	2,962,126	2,886,057	76,069
Traffic and Transportation				
Personnel services	696,432	717,432	717,182	250
Contractual services	277,635	277,635	268,977	8,658
Materials and supplies	177,400	311,538	183,630	127,908
Maintenance charges	158,181	158,181	153,431	4,750
Capital outlay	150,000	24,362	23,999	363
	1,459,648	1,489,148	1,347,219	141,929
Total Public Works	\$ 15,038,858	\$ 15,209,457	\$ 14,717,021	\$ 492,436

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Health				
Health				
Personnel services	\$ 774,105	\$ 774,105	\$ 710,404	\$ 63,701
Contractual services	686,060	616,060	598,596	17,464
Materials and supplies	17,970	59,588	50,023	9,565
Maintenance charges	111,845	111,845	110,980	865
	1,589,980	1,561,598	1,470,003	91,595
Animal Rescue and Assistance				
Personnel services	1,690,964	1,683,464	1,476,349	207,115
Contractual services	249,990	337,490	295,749	41,741
Materials and supplies	241,500	251,500	223,551	27,949
Maintenance charges	249,679	269,479	269,311	168
Capital outlay	70,000	-	-	-
	2,502,133	2,541,933	2,264,960	276,973
Total Health	4,092,113	4,103,531	3,734,963	368,568
Culture and Recreation				
Parks				
Personnel services	2,087,432	2,087,432	1,834,885	252,547
Contractual services	973,862	973,862	346,823	627,039
Materials and supplies	249,319	322,794	258,138	64,656
Maintenance charges	856,413	866,013	866,002	11
Capital outlay	963,513	970,013	151,037	818,976
	5,130,539	5,220,114	3,456,885	1,763,229
Recreation				
Personnel services	2,036,755	2,059,455	1,810,934	248,521
Contractual services	336,800	371,800	271,038	100,762
Materials and supplies	384,877	349,877	267,174	82,703
Maintenance charges	344,363	353,263	310,155	43,108
Other charges	88,000	88,000	65,161	22,839
Capital outlay	105,000	105,000	-	105,000
	\$ 3,295,795	\$ 3,327,395	\$ 2,724,462	\$ 602,933

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, 2015**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Culture and Recreation, Continued				
Clean Streets				
Personnel services	\$ 1,139,929	\$ 1,139,929	\$ 1,101,494	\$ 38,435
Contractual services	195,400	195,400	150,038	45,362
Materials and supplies	80,155	80,155	40,821	39,334
Maintenance charges	297,495	302,695	302,668	27
	1,712,979	1,718,179	1,595,021	123,158
Golf Course				
Personnel services	404,761	404,761	351,369	53,392
Contractual services	140,800	140,800	109,811	30,989
Materials and supplies	109,050	109,050	53,377	55,673
Maintenance charges	84,996	84,996	82,026	2,970
	739,607	739,607	596,583	143,024
Multi-Purpose Center				
Personnel services	384,405	384,405	359,528	24,877
Contractual services	73,731	73,731	70,918	2,813
Materials and supplies	47,572	47,572	47,113	459
Maintenance charges	72,365	72,365	56,453	15,912
Other charges	12,000	12,000	11,756	244
	590,073	590,073	545,768	44,305
Civic Center				
Personnel services	374,556	369,556	317,593	51,963
Contractual services	129,500	134,500	131,284	3,216
Materials and supplies	11,475	11,475	6,535	4,940
Maintenance charges	189,292	189,292	182,017	7,275
	704,823	704,823	637,429	67,394
Senior Center - Madison Jobe				
Personnel services	317,226	318,626	318,583	43
Contractual services	49,150	49,150	25,122	24,028
Materials and supplies	43,209	43,209	39,870	3,339
Maintenance charges	76,951	83,751	83,693	58
Other charges	22,000	22,900	22,882	18
	\$ 508,536	\$ 517,636	\$ 490,150	\$ 27,486
Museum				
Personnel services	32,348	32,348	25,485	6,863
Contractual services	2,800	3,200	3,115	85
Materials and supplies	6,400	6,400	1,185	5,215
Maintenance charges	5,114	5,114	4,956	158
Other charges	800	800	-	800
	\$ 47,462	\$ 47,862	\$ 34,741	\$ 13,121

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Library				
Personnel services	\$ 2,759,621	\$ 2,759,621	\$ 2,634,328	\$ 125,293
Contractual services	327,904	327,904	291,237	36,667
Materials and supplies	239,980	180,788	150,176	30,612
Maintenance charges	418,467	418,467	405,439	13,028
Capital outlay	175,000	240,050	240,045	5
	<u>3,920,972</u>	<u>3,926,830</u>	<u>3,721,225</u>	<u>205,605</u>
Total Culture and Recreation	<u>16,650,786</u>	<u>16,792,519</u>	<u>13,802,264</u>	<u>2,990,255</u>
TOTAL EXPENDITURES	<u>95,713,574</u>	<u>96,564,519</u>	<u>88,217,372</u>	<u>8,347,147</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,950,604)</u>	<u>(5,636,280)</u>	<u>6,755,832</u>	<u>12,392,112</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
Maintenance fund	(1,596,876)	(1,596,876)	(1,596,876)	-
Water and sewer system fund	2,200,000	2,200,000	2,200,000	-
Insurance fund	(500,000)	(500,000)	(500,000)	-
Capital projects fund	(14,250,000)	(16,301,243)	(16,301,243)	-
Grant management fund	-	-	284	284
Sale of capital assets	40,000	40,000	2,619,811	2,579,811
	<u>(14,106,876)</u>	<u>(16,158,119)</u>	<u>(13,578,024)</u>	<u>2,580,095</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,106,876)</u>	<u>(16,158,119)</u>	<u>(13,578,024)</u>	<u>2,580,095</u>
NET CHANGE IN FUND BALANCES	<u>(19,057,480)</u>	<u>(21,794,399)</u>	<u>(6,822,192)</u>	<u>14,972,207</u>
FUND BALANCE - BEGINNING	<u>51,098,280</u>	<u>51,313,324</u>	<u>51,313,324</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 32,040,800</u>	<u>\$ 29,518,925</u>	<u>\$ 44,491,132</u>	<u>\$ 14,972,207</u>

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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, 2015

	<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	\$ 11,160,000	\$ 11,160,000	\$ 10,236,606	\$ (923,394)
Investment income	1,300	1,300	1,281	(19)
TOTAL REVENUES	<u>11,161,300</u>	<u>11,161,300</u>	<u>10,237,887</u>	<u>(923,413)</u>
EXPENDITURES				
Debt service				
Principal	7,045,000	7,045,000	7,045,000	-
Interest	3,416,598	3,416,598	3,266,923	149,675
Fiscal charges	5,000	5,000	-	5,000
Payment to refunded bond escrow agent	-	4,829,110	4,829,110	-
Underwriter/issuance costs	-	301,303	301,303	-
Other charges	12,000	12,000	-	12,000
TOTAL EXPENDITURES	<u>10,478,598</u>	<u>15,609,011</u>	<u>15,442,336</u>	<u>166,675</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>682,702</u>	<u>(4,447,711)</u>	<u>(5,204,449)</u>	<u>(756,738)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out - system fund	-	(2,918,084)	(2,918,084)	-
Transfers in - capital projects fund	-	258	258	-
Premiums on bonds	-	-	1,614,726	1,614,726
Refunding bonds issued	-	-	15,646,063	15,646,063
Payment to refunded bond escrow agent	-	(16,954,723)	(13,627,529)	3,327,194
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(19,872,549)</u>	<u>715,434</u>	<u>20,587,983</u>
NET CHANGE IN FUND BALANCE	682,702	(24,320,260)	(4,489,015)	19,831,245
FUND BALANCES - BEGINNING	<u>5,855,470</u>	<u>6,272,408</u>	<u>6,272,408</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 6,538,172</u>	<u>\$ (18,047,852)</u>	<u>\$ 1,783,393</u>	<u>\$ 19,831,245</u>

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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 and 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, 2015**

	<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	\$ 609,431	\$ 1,300	\$ -	\$ -	\$ 610,731
Restricted assets					
Cash and cash equivalents	-	53,062	-	-	53,062
Investments	1,384,030	719,511	2,213,389	136,178	4,453,108
Receivables (net of allowances of uncollectibles)					
Intergovernmental	96,903	-	-	-	96,903
Accounts	-	-	192,238	-	192,238
TOTAL ASSETS	<u>\$2,090,364</u>	<u>\$ 773,873</u>	<u>\$2,405,627</u>	<u>\$ 136,178</u>	<u>\$5,406,042</u>
<u>LIABILITIES</u>					
Due to other funds	\$ -	\$ -	\$ 793	\$ 2,575	\$ 3,368
Liabilities payable from restricted assets					
Accounts payable	30,500	92,106	38,720	11,953	173,279
Accrued payroll payable	13,455	-	6,381	-	19,836
Unearned revenue	6	-	-	-	6
	<u>43,961</u>	<u>92,106</u>	<u>45,101</u>	<u>11,953</u>	<u>193,121</u>
TOTAL LIABILITIES	<u>43,961</u>	<u>92,106</u>	<u>45,894</u>	<u>14,528</u>	<u>196,489</u>
<u>FUND BALANCES</u>					
Restricted	<u>2,046,403</u>	<u>681,767</u>	<u>2,359,733</u>	<u>121,650</u>	<u>5,209,553</u>
TOTAL FUND BALANCES	<u>2,046,403</u>	<u>681,767</u>	<u>2,359,733</u>	<u>121,650</u>	<u>5,209,553</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$2,090,364</u>	<u>\$ 773,873</u>	<u>\$2,405,627</u>	<u>\$ 136,178</u>	<u>\$5,406,042</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, 2015**

	Special Revenue				Total Funds
	Special Charge Allocation Fund	State Forfeited Property	Hotel and Motel Tax	Abandoned Motor Vehicles and Property	
REVENUES					
Business taxes					
Franchise taxes	\$ 324,986	\$ -	\$ -	\$ -	\$ 324,986
Other taxes	-	-	752,948	-	752,948
Licenses and permits	2,850	-	-	-	2,850
Municipal court fines	403,604	-	-	-	403,604
Intergovernmental	290,905	249,309	-	-	540,214
Miscellaneous	5,085	-	6,000	288,439	299,524
Investment income	694	432	4,957	70	6,153
TOTAL REVENUES	1,028,124	249,741	763,905	288,509	2,330,279
EXPENDITURES					
Current					
General government					
Personnel services	186,764	-	-	-	186,764
Contractual services	181,333	-	-	-	181,333
Materials and supplies	54,568	-	-	-	54,568
Capital outlay	88,240	-	-	-	88,240
Public safety					
Personnel services	109,984	470	-	-	110,454
Contractual services	129,773	206,291	-	196,266	532,330
Materials and supplies	27,845	291,878	-	33,742	353,465
Other charges	-	11,500	-	21,799	33,299
Capital outlay	-	16,748	-	-	16,748
Public works					
Capital outlay	16,296	-	-	-	16,296
Culture and recreation					
Personnel services	-	-	124,777	-	124,777
Contractual services	-	-	138,624	-	138,624
Materials and supplies	-	-	89,305	-	89,305
Other charges	-	-	974	-	974
TOTAL EXPENDITURES	794,803	526,887	353,680	251,807	1,927,177
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	233,321	(277,146)	410,225	36,702	403,102
FUND BALANCES - BEGINNING	1,813,082	958,913	1,949,508	84,948	4,806,451
FUND BALANCES - ENDING	\$2,046,403	\$ 681,767	\$2,359,733	\$ 121,650	\$5,209,553

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Franchise taxes	\$ 280,000	\$ 280,000	\$ 324,986	\$ 44,986
Licenses and permits	3,000	3,000	2,850	(150)
Municipal court fines	421,300	421,300	403,604	(17,696)
Intergovernmental	285,000	301,296	290,905	(10,391)
Miscellaneous	6,000	6,000	5,085	(915)
Investment income	500	500	694	194
TOTAL REVENUES	<u>995,800</u>	<u>1,012,096</u>	<u>1,028,124</u>	<u>16,028</u>
EXPENDITURES				
Current				
General government				
Personnel services	234,029	234,529	186,764	47,765
Contractual services	253,680	253,680	181,333	72,347
Materials and supplies	142,541	176,041	54,568	121,473
Capital outlay	146,850	159,850	88,240	71,610
Public safety				
Personnel services	178,332	178,332	109,984	68,348
Contractual services	110,700	138,700	129,773	8,927
Materials and supplies	64,600	64,600	27,845	36,755
Capital outlay	40,000	40,000	-	40,000
Public works				
Capital outlay	-	16,296	16,296	-
TOTAL EXPENDITURES	<u>1,170,732</u>	<u>1,262,028</u>	<u>794,803</u>	<u>467,225</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(174,932)</u>	<u>(249,932)</u>	<u>233,321</u>	<u>483,253</u>
FUND BALANCES - BEGINNING	<u>1,592,763</u>	<u>1,813,082</u>	<u>1,813,082</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$1,417,831</u>	<u>\$ 1,563,150</u>	<u>\$2,046,403</u>	<u>\$ 483,253</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 173,154	\$ 249,309	\$ 76,155
Investment income	500	500	432	(68)
TOTAL REVENUES	<u>500</u>	<u>173,654</u>	<u>249,741</u>	<u>76,087</u>
EXPENDITURES				
Current				
Public safety				
Personnel services	-	500	470	30
Contractual services	156,930	255,084	206,291	48,793
Materials and supplies	296,411	410,911	291,878	119,033
Other charges	50,000	50,000	11,500	38,500
Capital outlay	40,000	40,000	16,748	23,252
TOTAL EXPENDITURES	<u>543,341</u>	<u>756,495</u>	<u>526,887</u>	<u>229,608</u>
EXCESS (DEFICIENCY) OF REVENUES				
 OVER (UNDER) EXPENDITURES	(542,841)	(582,841)	(277,146)	305,695
FUND BALANCES - BEGINNING	<u>668,613</u>	<u>958,913</u>	<u>958,913</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 125,772</u>	<u>\$ 376,072</u>	<u>\$ 681,767</u>	<u>\$ 305,695</u>

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other taxes	\$ 650,000	\$ 650,000	\$ 752,948	\$ 102,948
Miscellaneous	-	-	6,000	6,000
Investment income	1,400	1,400	4,957	3,557
TOTAL REVENUES	<u>651,400</u>	<u>651,400</u>	<u>763,905</u>	<u>112,505</u>
EXPENDITURES				
Current				
Culture and recreation				
Personnel services	133,537	133,537	124,777	8,760
Contractual services	108,053	158,053	138,624	19,429
Materials and supplies	72,360	127,360	89,305	38,055
Other charges	60,000	60,000	974	59,026
Capital outlay	202,000	97,000	-	97,000
TOTAL EXPENDITURES	<u>575,950</u>	<u>575,950</u>	<u>353,680</u>	<u>222,270</u>
EXCESS OF REVENUES OVER EXPENDITURES	75,450	75,450	410,225	334,775
FUND BALANCES - BEGINNING	<u>1,852,383</u>	<u>1,949,508</u>	<u>1,949,508</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$1,927,833</u>	<u>\$2,024,958</u>	<u>\$2,359,733</u>	<u>\$ 334,775</u>

**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, 2015**

	<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	\$ 288,439	\$ 38,439
Investment income	40	40	70	30
TOTAL REVENUES	<u>250,040</u>	<u>250,040</u>	<u>288,509</u>	<u>38,469</u>
EXPENDITURES				
Current				
Public safety				
Contractual services	213,700	213,700	196,266	17,434
Materials and supplies	39,800	39,800	33,742	6,058
Other charges	25,000	25,000	21,799	3,201
TOTAL EXPENDITURES	<u>278,500</u>	<u>278,500</u>	<u>251,807</u>	<u>26,693</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(28,460)</u>	<u>(28,460)</u>	<u>36,702</u>	<u>65,162</u>
FUND BALANCES - BEGINNING	<u>140,956</u>	<u>84,948</u>	<u>84,948</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 112,496</u>	<u>\$ 56,488</u>	<u>\$ 121,650</u>	<u>\$ 65,162</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 plan 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, 2015**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
<u>ASSETS</u>					
Current Assets					
Investments - TexPool	\$ 6,772,951	\$ 2,010,179	\$ 5,783,833	\$ 2,915,810	\$ 17,482,773
Accounts receivable	-	80	8,875	157,230	166,185
Due from other funds					
General	188,563	-	-	30,226	218,789
Grant management	685	-	-	-	685
Inventory, at cost	520,313	-	-	-	520,313
Prepaid items	-	-	445,178	-	445,178
Total Current Assets	7,482,512	2,010,259	6,237,886	3,103,266	18,833,923
Noncurrent Assets					
Deposits					
	-	13,000	-	25,000	38,000
Capital Assets					
Land	602	-	-	-	602
Buildings and building improvements	2,233,791	-	-	-	2,233,791
Accumulated depreciation - buildings and building improvements	(1,737,245)	-	-	-	(1,737,245)
Facilities and other improvements	175,754	-	-	-	175,754
Accumulated depreciation - facilities and other improvements	(67,264)	-	-	-	(67,264)
Machinery and equipment	7,587,486	-	-	-	7,587,486
Accumulated depreciation - machinery and equipment	(4,502,865)	-	-	-	(4,502,865)
Infrastructure	41,746	-	-	-	41,746
Accumulated depreciation - infrastruc ture	(19,565)	-	-	-	(19,565)
Automotive equipment	38,014,862	-	-	-	38,014,862
Accumulated depreciation - automotiv equipment	(26,216,104)	-	-	-	(26,216,104)
Work in progress	27,153	-	-	-	27,153
Net Capital Assets	15,538,351	-	-	-	15,538,351
Total Noncurrent Assets	15,538,351	13,000	-	25,000	15,576,351
TOTAL ASSETS	23,020,863	2,023,259	6,237,886	3,128,266	34,410,274
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred outflows on pension	351,945	-	-	-	351,945
Deferred outflows on investment	234,703	-	-	-	234,703
TOTAL DEFERRED OUTFLOWS OF RESOURCES	586,648	-	-	-	586,648
<u>LIABILITIES</u>					
Current Liabilities					
Accounts payable	416,638	1,060	83,257	214,964	715,919
Accrued payroll payable	277,884	5,848	-	6,684	290,416
Due to other funds					
General	-	-	125,192	-	125,192
Water and sewer	2,465	-	-	-	2,465
Claims payable	-	87,187	-	1,003,367	1,090,554
Compensated absences payable	121,833	-	-	-	121,833
Total Current Liabilities	818,820	94,095	208,449	1,225,015	2,346,379
Noncurrent Liabilities					
Claims payable	-	58,124	-	668,911	727,035
Compensated absences payable	1,096,494	-	-	-	1,096,494
Other post employment benefits	69,344	-	-	-	69,344
Net pension liability	781,306	-	-	-	781,306
Total Noncurrent Liabilities	1,947,144	58,124	-	668,911	2,674,179
TOTAL LIABILITIES	2,765,964	152,219	208,449	1,893,926	5,020,558
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred inflows on pension	143,782	-	-	-	143,782
TOTAL DEFERRED INFLOWS OF RESOURCES	143,782	-	-	-	143,782
<u>NET POSITION</u>					
Net investment in capital assets	15,538,351	-	-	-	15,538,351
Unrestricted	5,159,414	1,871,040	6,029,437	1,234,340	14,294,231
TOTAL NET POSITION	\$ 20,697,765	\$ 1,871,040	\$ 6,029,437	\$ 1,234,340	\$ 29,832,582

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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, 2015**

	<u>Maintenance</u>	<u>Workers' Compensation Insurance</u>	<u>General Liability Insurance</u>	<u>Health Insurance</u>	<u>Total Funds</u>
OPERATING REVENUES					
Charges for sales and services	\$ 14,687,500	\$ 922,903	\$ 128,631	\$ 16,554,388	\$ 32,293,422
OPERATING EXPENSES					
Personnel services	5,528,902	115,874	-	-	5,644,776
Contractual services	1,260,223	26,559	-	40,991	1,327,773
Materials and supplies	4,210,311	31,954	-	-	4,242,265
Maintenance charges	1,792,387	-	-	-	1,792,387
Insurance/reinsurance premiums	-	586,001	1,239,438	2,608,616	4,434,055
Claim and legal expenses	-	51,768	499,345	13,398,644	13,949,757
Administration fees	-	-	-	658,477	658,477
Miscellaneous	-	-	-	915,258	915,258
Depreciation	2,571,026	-	-	-	2,571,026
TOTAL OPERATING EXPENSES	15,362,849	812,156	1,738,783	17,621,986	35,535,774
OPERATING INCOME (LOSS)	(675,349)	110,747	(1,610,152)	(1,067,598)	(3,242,352)
NONOPERATING REVENUES					
Gain on sale of capital assets	326,804	-	-	-	326,804
Investment income	2,908	878	2,947	2,285	9,018
TOTAL NONOPERATING REVENUES	329,712	878	2,947	2,285	335,822
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(345,637)	111,625	(1,607,205)	(1,065,313)	(2,906,530)
Capital contributions	1,328,927	-	-	-	1,328,927
Transfers in	2,689,876	-	1,500,000	-	4,189,876
CHANGES IN NET POSITION	3,673,166	111,625	(107,205)	(1,065,313)	2,612,273
TOTAL NET POSITION - BEGINNING	17,024,599	1,759,415	6,136,642	2,299,653	27,220,309
TOTAL NET POSITION - ENDING	\$ 20,697,765	\$ 1,871,040	\$ 6,029,437	\$ 1,234,340	\$ 29,832,582

**CITY OF PASADENA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from interfund services	\$ 14,496,286	\$ 919,549	\$ 128,631	\$ 12,776,895	\$ 28,321,361
Cash received from customers and users	1,966	-	-	3,634,113	3,636,079
Cash payments to suppliers for goods and services	(7,810,226)	-	-	-	(7,810,226)
Cash payments to employees for services	(5,406,498)	(115,003)	-	(5,433)	(5,526,934)
Cash payments for insurance premiums, liability claims and administration	-	(746,070)	(1,730,629)	(17,871,253)	(20,347,952)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,281,528</u>	<u>58,476</u>	<u>(1,601,998)</u>	<u>(1,465,678)</u>	<u>(1,727,672)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>					
Transfers from other funds					
General	1,596,876	-	500,000	-	2,096,876
Water and sewer system	1,093,000	-	1,000,000	-	2,093,000
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>2,689,876</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>4,189,876</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Proceeds from sale of capital assets	507,721	-	-	-	507,721
Acquisition and construction of capital assets	(2,217,676)	-	-	-	(2,217,676)
Deferred outflows on net pension payable	(89,731)	-	-	-	(89,731)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,799,686)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,799,686)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of investments	(6,754,642)	(857,317)	(1,686,341)	(14,886,944)	(24,185,244)
Proceeds from sale and maturities of investments	4,580,016	797,963	1,785,392	16,350,337	23,513,708
Investment income received	2,908	878	2,947	2,285	9,018
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(2,171,718)</u>	<u>(58,476)</u>	<u>101,998</u>	<u>1,465,678</u>	<u>(662,518)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	-	-	-	-	-
CASH AND CASH EQUIVALENTS - BEGINNING	-	-	-	-	-
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<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>\$ (675,349)</u>	<u>\$ 110,747</u>	<u>\$ (1,610,152)</u>	<u>\$ (1,067,598)</u>	<u>\$ (3,242,352)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	2,571,026	-	-	-	2,571,026
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	53,304	(80)	(7,875)	(113,154)	(67,805)
Decrease in prepaids	-	-	40,907	-	40,907
(Increase) in due from other funds	(189,248)	-	-	(30,226)	(219,474)
Decrease in inventory	83,544	-	-	-	83,544
Decrease in deposits	-	3,000	-	-	3,000
(Decrease) increase in accounts and claims payable	(132,766)	(52,708)	38,354	44,129	(102,991)
Increase (decrease) in accrued payroll payable	33,454	871	-	(5,433)	28,892
Increase in compensated absences payable	121,527	-	-	-	121,527
(Decrease) net pension payable	(64,990)	-	-	-	(64,990)
Increase in other post employment benefits	32,413	-	-	-	32,413
(Decrease) in due to other funds	(551,387)	(3,354)	(63,232)	(293,396)	(911,369)
Total Adjustments	<u>1,956,877</u>	<u>(52,271)</u>	<u>8,154</u>	<u>(398,080)</u>	<u>1,514,680</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,281,528</u>	<u>\$ 58,476</u>	<u>\$ (1,601,998)</u>	<u>\$ (1,465,678)</u>	<u>\$ (1,727,672)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Contribution of capital assets from the government	\$ 1,317,027	\$ -	\$ -	\$ -	\$ 1,317,027
Capital assets donated from outside source	\$ 11,900	\$ -	\$ -	\$ -	\$ 11,900

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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.

Contents Page

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.

Net Position by Component	126
Changes in Net Position	128
Governmental Activities Tax Revenues by Source.....	130
Fund Balances of Governmental Funds	132
Changes in Fund Balances of Governmental Funds	134
General Governmental Tax Revenues by Source	136

II. Revenue Capacity

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

Water and Sewer System Principal Customers	138
Water and Sewer Rates	140
Assessed Value and Actual Value of Taxable Property	142
Property Tax Rates - Direct and Overlapping Governments	144
Principal Property Taxpayers	146
Property Tax Levies and Collections	147

III. Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type	148
Ratios of General Bonded Debt Outstanding.....	150
Direct and Overlapping Governmental Activities Debt.....	151
Legal Debt Margin Information.....	152
Pledged-Revenue Coverage.....	154

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IV. Demographic and Economic Information

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

Demographic and Economic Statistics 155
Principal Employers 156

V. Operating Information

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

City Government Employees by Function 157
Operating Indicators by Function 158
Capital Asset Statistics by Function 160

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 (1) (2)
(accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 403,974,440	\$ 412,109,172	\$ 431,100,171	\$ 451,397,477
Restricted	30,687,355	47,364,187	48,856,439	40,253,459
Unrestricted	4,719,202	15,953,388	19,220,043	15,209,325
Total governmental activities net position	\$ 439,380,997	\$ 475,426,747	\$ 499,176,653	\$ 506,860,261
Business-type activities				
Net investment in capital assets	\$ 154,352,867	\$ 154,799,229	\$ 155,671,798	\$ 154,942,535
Restricted	1,272,277	1,128,275	988,591	2,255,328
Unrestricted (deficit)	2,092,369	6,580,409	6,559,351	11,385,007
Total business-type activities net position	\$ 157,717,513	\$ 162,507,913	\$ 163,219,740	\$ 168,582,870
Primary government				
Net investment in capital assets	\$ 558,327,307	\$ 566,908,401	\$ 586,771,969	\$ 606,340,012
Restricted	31,959,632	48,492,462	49,845,030	42,508,787
Unrestricted	6,811,571	22,533,797	25,779,394	26,594,332
Total primary government net position	\$ 597,098,510	\$ 637,934,660	\$ 662,396,393	\$ 675,443,131

- (1) As a result of implementing GASB Statement No. 65, net position was restated as of October 1, 2013. The City chose not to restate 2006 to 2012.
- (2) As a result of a change in accounting policy in the implementation of GASB Statement No. 68, net position was restated as of October 1, 2014. The City chose not to restate 2006 to 2013.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 463,105,305	\$ 472,614,231	\$ 478,211,050	\$ 483,252,803	\$ 481,756,248	\$ 499,187,584
36,063,307	35,271,243	40,271,155	46,905,633	55,218,439	55,408,353
16,138,845	14,744,816	22,491,388	23,545,604	25,026,501	24,391,603
<u>\$ 515,307,457</u>	<u>\$ 522,630,290</u>	<u>\$ 540,973,593</u>	<u>\$ 553,704,040</u>	<u>\$ 562,001,188</u>	<u>\$ 578,987,540</u>
\$ 157,245,239	\$ 159,525,608	\$ 160,991,697	\$ 163,652,579	\$ 176,526,854	\$ 207,484,738
1,929,345	2,020,890	2,241,698	2,339,483	2,298,834	2,108,767
13,307,492	17,664,879	28,726,466	30,178,589	28,113,976	11,952,768
<u>\$ 172,482,076</u>	<u>\$ 179,211,377</u>	<u>\$ 191,959,861</u>	<u>\$ 196,170,651</u>	<u>\$ 206,939,664</u>	<u>\$ 221,546,273</u>
\$ 620,350,544	\$ 632,139,839	\$ 639,202,747	\$ 646,905,382	\$ 658,283,102	\$ 706,672,322
37,992,652	37,292,133	42,512,853	49,245,116	57,517,273	57,517,120
29,446,337	32,409,695	51,217,854	53,724,193	53,140,477	36,344,371
<u>\$ 687,789,533</u>	<u>\$ 701,841,667</u>	<u>\$ 732,933,454</u>	<u>\$ 749,874,691</u>	<u>\$ 768,940,852</u>	<u>\$ 800,533,813</u>

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

**Last Ten Fiscal Years (1) (2)
(accrual basis of accounting)**

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities				
General government	\$ 11,958,225	\$ 11,200,559	\$ 12,819,859	\$ 16,735,291
Public safety	36,671,473	35,213,887	40,486,310	44,930,012
Public works	20,305,363	19,851,288	24,938,059	28,489,685
Health	2,322,840	2,340,163	2,711,459	3,170,468
Culture and recreation	13,022,789	12,687,318	13,647,614	16,082,335
Housing and community development	8,720,771	7,968,458	8,821,136	9,615,124
Interest and fiscal agent fees on long-term debt	4,231,769	4,478,707	4,711,542	4,990,590
Total governmental activities expenses	<u>97,233,230</u>	<u>93,740,380</u>	<u>108,135,979</u>	<u>124,013,505</u>
Business-type activities				
Water and sewer	29,117,047	25,729,728	28,593,719	28,622,955
Total business-type activities expenses	<u>29,117,047</u>	<u>25,729,728</u>	<u>28,593,719</u>	<u>28,622,955</u>
Total primary government expenses	<u>\$ 126,350,277</u>	<u>\$ 119,470,108</u>	<u>\$ 136,729,698</u>	<u>\$ 152,636,460</u>
Program Revenues				
Governmental activities:				
Charges for service				
General government	\$ 8,704,860	\$ 9,077,366	\$ 13,444,472	\$ 9,881,296
Public safety	6,936,436	7,845,825	7,769,911	8,236,156
Other activities	4,586,379	4,662,239	4,422,153	5,116,673
Operating grants and contributions	11,135,131	9,499,817	15,960,153	16,102,417
Capital grants and contributions	2,266,320	15,711,854	5,215,499	5,578,582
Total governmental activities program revenues	<u>33,629,126</u>	<u>46,797,101</u>	<u>46,812,188</u>	<u>44,915,124</u>
Business-type activities:				
Charges for services:				
Water and sewer	31,279,537	30,744,928	30,489,659	35,096,384
Capital grants and contributions	-	-	-	35,000
Total business-type activities program revenues	<u>31,279,537</u>	<u>30,744,928</u>	<u>30,489,659</u>	<u>35,131,384</u>
Total primary government program revenues	<u>\$ 64,908,663</u>	<u>\$ 77,542,029</u>	<u>\$ 77,301,847</u>	<u>\$ 80,046,508</u>
Net (Expense)/Revenue				
Governmental activities	\$ (63,604,104)	\$ (46,943,279)	\$ (61,323,791)	\$ (79,098,381)
Business-type activities	2,162,490	5,015,200	1,895,940	6,508,429
Total primary government net expense	<u>\$ (61,441,614)</u>	<u>\$ (41,928,079)</u>	<u>\$ (59,427,851)</u>	<u>\$ (72,589,952)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
General property taxes	\$ 27,210,647	\$ 28,855,714	\$ 31,071,723	\$ 33,728,265
Industrial district fees	14,971,745	15,153,643	15,551,252	16,100,049
Sales taxes	20,576,013	23,088,652	23,835,369	26,084,712
Utility taxes	7,148,517	7,582,443	7,644,267	7,817,369
Other taxes/fees	579,428	604,342	691,263	698,023
Investment earnings				
Unrestricted	1,765,482	2,580,560	1,590,544	363,528
Restricted	3,201,891	3,839,946	2,748,233	685,824
Gain on sale of capital assets	-	102,835	73,265	-
Transfers	30,424,114	1,180,894	1,867,781	1,304,219
Total governmental activities	<u>105,877,837</u>	<u>82,989,029</u>	<u>85,073,697</u>	<u>86,781,989</u>
Business-type activities:				
Investment earnings				
Unrestricted	74,873	386,097	363,757	95,551
Restricted	2,011,840	569,997	319,911	63,369
Gain on sale of capital assets	-	-	-	-
Transfers	(30,424,114)	(1,180,894)	(1,867,781)	(1,304,219)
Total business-type activities	<u>(28,337,401)</u>	<u>(224,800)</u>	<u>(1,184,113)</u>	<u>(1,145,299)</u>
Total primary government	<u>\$ 77,540,436</u>	<u>\$ 82,764,229</u>	<u>\$ 83,889,584</u>	<u>\$ 85,636,690</u>
Change in Net Position				
Governmental activities	\$ 42,273,733	\$ 36,045,750	\$ 23,749,906	\$ 7,683,608
Business-type activities	(26,174,911)	4,790,400	711,827	5,363,130
Total primary government	<u>\$ 16,098,822</u>	<u>\$ 40,836,150</u>	<u>\$ 24,461,733</u>	<u>\$ 13,046,738</u>

- (1) As a result of implementing GASB Statement No. 65, net position was restated as of October 1, 2013. The City chose not to restate 2006 to 2012.
- (2) As a result of a change in accounting policy in the implementation of GASB Statement No. 68, net position was restated as of October 1, 2014. The City chose not to restate 2006 to 2014.

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 16,369,013	\$ 17,498,400	\$ 15,344,585	\$ 17,825,589	\$ 20,070,338	\$ 17,122,766	
46,743,243	45,242,538	44,094,055	48,354,722	47,153,867	48,403,071	
22,194,436	21,049,209	19,734,083	21,579,683	23,789,663	23,367,837	
3,543,536	3,419,292	3,385,069	3,493,148	3,873,409	4,013,432	
15,533,525	14,629,653	13,999,948	15,492,340	15,853,285	16,579,672	
10,102,166	10,672,024	9,976,482	9,324,100	7,922,281	7,512,375	
5,002,086	4,832,227	4,123,021	3,877,613	3,564,479	3,439,836	
<u>119,488,005</u>	<u>117,343,343</u>	<u>110,657,243</u>	<u>119,947,195</u>	<u>122,227,322</u>	<u>120,438,989</u>	
29,274,247	29,982,837	29,019,663	30,765,422	31,443,569	30,561,782	
<u>29,274,247</u>	<u>29,982,837</u>	<u>29,019,663</u>	<u>30,765,422</u>	<u>31,443,569</u>	<u>30,561,782</u>	
<u>\$ 148,762,252</u>	<u>\$ 147,326,180</u>	<u>\$ 139,676,906</u>	<u>\$ 150,712,617</u>	<u>\$ 153,670,891</u>	<u>\$ 151,000,771</u>	
\$ 11,802,432	\$ 9,431,596	\$ 9,411,401	\$ 9,022,279	\$ 11,987,529	\$ 10,021,968	
7,685,606	7,757,395	7,891,097	7,880,922	8,355,481	8,236,938	
4,220,825	4,134,589	4,139,681	5,058,845	4,858,171	5,653,162	
13,576,536	12,087,315	12,370,427	11,579,631	10,491,952	8,214,522	
4,999,237	8,610,718	12,799,735	7,769,209	13,955,703	11,569,987	
<u>42,284,636</u>	<u>42,021,613</u>	<u>46,612,341</u>	<u>41,310,886</u>	<u>49,648,836</u>	<u>43,696,577</u>	
33,419,961	36,894,886	36,790,596	37,235,536	36,618,566	39,079,938	
-	-	212,675	147,596	-	-	
<u>33,419,961</u>	<u>36,894,886</u>	<u>37,003,271</u>	<u>37,383,132</u>	<u>36,618,566</u>	<u>39,079,938</u>	
<u>\$ 75,704,597</u>	<u>\$ 78,916,499</u>	<u>\$ 83,615,612</u>	<u>\$ 78,694,018</u>	<u>\$ 86,267,402</u>	<u>\$ 82,776,515</u>	
\$ (77,203,369)	\$ (75,321,730)	\$ (64,044,902)	\$ (78,636,309)	\$ (72,578,486)	\$ (76,742,412)	
4,145,714	6,912,049	7,983,608	6,617,710	5,174,997	8,518,156	
<u>\$ (73,057,655)</u>	<u>\$ (68,409,681)</u>	<u>\$ (56,061,294)</u>	<u>\$ (72,018,599)</u>	<u>\$ (67,403,489)</u>	<u>\$ (68,224,256)</u>	
\$ 32,609,811	\$ 33,224,390	\$ 34,997,328	\$ 35,501,359	\$ 36,899,872	\$ 38,799,792	
15,777,475	15,980,044	16,773,145	17,548,408	17,177,327	17,284,062	
23,213,061	23,954,810	25,789,345	27,938,085	30,472,024	31,439,633	
7,948,433	8,550,770	8,704,878	8,932,383	9,270,311	9,260,543	
5,523,330	544,183	671,036	716,284	1,000,102	1,059,717	
125,652	84,799	96,098	89,748	46,788	73,803	
154,475	89,411	86,079	65,620	30,622	44,421	
-	-	-	63,864	-	1,826,646	
298,328	216,156	(4,729,704)	1,668,346	(6,011,207)	(6,059,853)	
<u>85,650,565</u>	<u>82,644,563</u>	<u>82,388,205</u>	<u>92,524,097</u>	<u>88,885,839</u>	<u>93,728,764</u>	
26,823	22,636	25,510	23,752	9,763	12,802	
24,997	10,772	9,662	3,947	1,486	3,657	
-	-	-	-	200,325	12,141	
(298,328)	(216,156)	4,729,704	(1,668,346)	6,011,207	6,059,853	
(246,508)	(182,748)	4,764,876	(1,640,647)	6,222,781	6,088,453	
<u>\$ 85,404,057</u>	<u>\$ 82,461,815</u>	<u>\$ 87,153,081</u>	<u>\$ 90,883,450</u>	<u>\$ 95,108,620</u>	<u>\$ 99,817,217</u>	
\$ 8,447,196	\$ 7,322,833	\$ 18,343,303	\$ 13,887,788	\$ 16,307,353	\$ 16,986,352	
3,899,206	6,729,301	12,748,484	4,977,063	11,397,778	14,606,609	
<u>\$ 12,346,402</u>	<u>\$ 14,052,134</u>	<u>\$ 31,091,787</u>	<u>\$ 18,864,851</u>	<u>\$ 27,705,131</u>	<u>\$ 31,592,961</u>	

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

<u>Source</u>	<u>Fiscal Year</u>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General property taxes	\$ 27,210,647	\$ 28,855,714	\$ 31,071,723	\$ 33,728,265
Industrial district fees	14,971,745	15,153,643	15,551,252	16,100,049
Sales taxes (1)	20,576,013	23,088,652	23,835,369	26,084,712
Franchise taxes	7,148,517	7,582,443	7,644,267	7,817,369
Other taxes/fees	579,428	604,342	691,263	698,023
	<u>\$ 70,486,350</u>	<u>\$ 75,284,794</u>	<u>\$ 78,793,874</u>	<u>\$ 84,428,418</u>

- (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					
2010	2011	2012	2013	2014	2015
\$ 32,609,811	\$ 33,224,390	\$ 34,997,328	\$ 35,501,359	\$ 36,899,872	\$ 38,799,792
15,777,475	15,980,044	16,773,145	17,548,408	17,177,327	17,284,062
23,213,061	23,954,810	25,789,345	27,938,085	30,472,024	31,439,633
7,948,433	8,550,770	(3) 8,704,878	8,932,383	9,270,311	9,260,543
5,523,330 (2)	544,183	671,036	716,284	1,000,102	1,059,717
<u>\$ 85,072,110</u>	<u>\$ 82,254,197</u>	<u>\$ 86,935,732</u>	<u>\$ 90,636,519</u>	<u>\$ 94,819,636</u>	<u>\$ 97,843,747</u>

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

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Unreserved, designated for:				
Encumbrances	\$ 601,074	\$ 492,441	\$ 2,549,842	\$ 404,551
Capital and technology improvements	350,876	63,181	1,800,295	2,578,002
Recall, election, and charter revisions	15,000	15,000	15,000	15,000
Unreserved	13,605,764	16,869,064	16,923,559	22,557,426
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$ 14,572,714	\$ 17,439,686	\$ 21,288,696	\$ 25,554,979
All Other Governmental Funds				
Reserved	\$ 1,020,164	\$ 1,495,924	\$ 2,607,222	\$ 1,631,459
Unreserved, designated for:				
Encumbrances	114,054	147,250	1,219,237	66,671
Encumbrances for special revenue funds	119,060	46,048	379,634	368,961
Unreserved, reported in:				
Pasadena Second Century Corp fund	16,304,452	15,664,093	22,399,524	27,151,207
Capital project fund	44,028,810	57,023,939	37,863,806	36,959,612
Grant management fund	3,294,231	3,565,531	3,631,100	3,478,625
Special revenue funds	3,341,554	3,772,165	4,289,626	3,846,713
Restricted	-	-	-	-
Committed	-	-	-	-
Total all other governmental funds	\$ 68,222,325	\$ 81,714,950	\$ 72,390,149	\$ 73,503,248

(1) GASB Statement No. 54 requirement for statistical data is ten years with retroactive implementation encouraged; only five fiscal years are available at this time. The City chose not to restate 2006 to 2010.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 1,567,841	\$ -	\$ -	\$ -	\$ -	\$ -
1,591,361	-	-	-	-	-
15,000	-	-	-	-	-
21,511,101	-	-	-	-	-
-	257,462	388,622	1,733,497	15,000	15,000
-	1,430,771	13,954,260	605,417	23,915,771	199,868
-	30,129,675	28,392,323	47,741,413	27,382,553	44,276,264
<u>\$ 24,685,303</u>	<u>\$ 31,817,908</u>	<u>\$ 42,735,205</u>	<u>\$ 50,080,327</u>	<u>\$ 51,313,324</u>	<u>\$ 44,491,132</u>
\$ 2,284,607	\$ -	\$ -	\$ -	\$ -	\$ -
1,414,244	-	-	-	-	-
18,712	-	-	-	-	-
13,421,401	-	-	-	-	-
32,358,730	-	-	-	-	-
5,330,596	-	-	-	-	-
2,939,272	-	-	-	-	-
-	52,165,350	55,763,123	58,940,029	65,238,024	60,624,443
-	-	-	-	10,034,023	15,328,098
<u>\$ 57,767,562</u>	<u>\$ 52,165,350</u>	<u>\$ 55,763,123</u>	<u>\$ 58,940,029</u>	<u>\$ 75,272,047</u>	<u>\$ 75,952,541</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Taxes	\$ 71,417,369	\$ 75,298,799	\$ 78,823,699	\$ 84,285,891
Licenses and permits	2,325,452	2,614,522	2,377,189	2,384,655
Municipal court fines	5,843,318	6,478,333	6,318,981	6,072,604
Charges for services	9,071,205	9,143,891	9,516,526	9,547,090
Intergovernmental	13,183,434	12,963,551	19,748,247	20,601,837
Investment earnings	4,239,860	5,354,084	3,594,698	895,156
Contribution from outside sources	-	-	-	-
Program income	-	-	-	-
Miscellaneous	1,454,507	12,762,352	1,514,999	1,057,115
Total revenues	107,535,145	124,615,532	121,894,339	124,844,348
Expenditures				
General government	11,541,363	13,063,869	12,461,993	14,144,783
Public safety	32,789,587	34,797,520	36,975,770	40,633,853
Public works	14,368,742	14,826,289	19,038,620	21,178,029
Health	2,229,275	2,396,944	2,612,142	2,880,092
Culture and recreation	13,155,164	13,011,143	13,441,738	14,690,854
Housing and community development	9,240,567	9,166,267	10,943,860	11,477,417
Capital outlay	17,498,647	21,539,329	34,743,955	25,765,715
Debt service				
Principal	7,665,000	6,212,535	7,484,660	7,394,661
Interest	3,961,007	5,953,074	4,666,601	5,035,933
Payment to refunded bond escrow agent	-	-	-	-
Other charges	4,771	346,639	171,897	397,929
Total expenditures	112,454,123	121,313,609	142,541,236	143,599,266
Excess (deficiency) of revenues over (under) expenditures	(4,918,978)	3,301,923	(20,646,897)	(18,754,918)
Other Financing Sources (Uses)				
Refunding bonds issued	-	2,415,000	-	6,725,000
Payment to refunded bond escrow agent	-	(2,364,119)	-	(8,709,369)
Bonds issued	-	12,450,000	13,665,000	21,635,000
Premiums on bonds issued	-	56,793	-	180,403
Transfers in	10,015,507	8,976,878	1,800,190	3,741,587
Transfers out	(9,964,901)	(8,476,878)	(800,190)	(1,254,610)
Sale of capital assets	-	-	-	6,868
Insurance recovery	-	-	506,106	1,809,421
Total other financing sources (uses)	50,606	13,057,674	15,171,106	24,134,300
Net change in fund balances	\$ (4,868,372)	\$ 16,359,597	\$ (5,475,791)	\$ 5,379,382
Debt service as a percentage of noncapital expenditures	12.57%	12.68%	11.76%	11.11%

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 85,021,762	\$ 82,200,858	\$ 86,974,148	\$ 90,787,936	\$ 95,059,433	\$ 97,786,566	
2,048,459	2,144,525	2,075,020	2,317,936	2,428,726	2,498,776	
6,083,691	6,459,457	6,312,595	5,992,141	6,505,416	6,148,378	
9,241,590	9,680,697	9,595,662	9,507,936	9,586,071	9,755,077	
15,940,787	20,202,246	23,875,081	16,291,635	22,518,118	19,032,196	
249,214	149,265	162,330	137,918	71,505	109,206	
-	-	18,621	1,362,099	871,137	218,727	
-	165,174	176,537	145,534	327,540	176,096	
2,973,015	808,983	910,662	1,375,816	902,691	1,145,954	
<u>121,558,518</u>	<u>121,811,205</u>	<u>130,100,656</u>	<u>127,918,951</u>	<u>138,270,637</u>	<u>136,870,976</u>	
13,876,473	14,325,552	13,364,086	15,001,760	15,386,204	15,414,838	
40,670,046	38,619,020	40,228,303	42,780,930	41,719,857	43,153,975	
17,217,317	18,912,137	21,354,811	15,081,752	25,086,686	23,878,916	
3,343,040	3,446,535	3,168,772	3,109,669	3,520,728	3,734,963	
14,336,405	12,611,085	12,096,056	12,632,871	13,467,999	14,171,327	
10,544,584	11,208,701	10,496,692	9,699,937	11,247,201	8,567,002	
23,824,715	16,876,471	5,917,040	7,265,134	4,712,504	21,173,978	
7,653,050	7,480,000	8,020,000	7,565,000	7,650,000	7,880,000	
5,114,584	4,774,501	4,135,448	3,952,598	3,785,622	3,345,373	
-	-	-	-	-	4,829,110	
5,016	143,075	299,426	242,921	-	301,303	
<u>136,585,230</u>	<u>128,397,077</u>	<u>119,080,634</u>	<u>117,332,572</u>	<u>126,576,801</u>	<u>146,450,785</u>	
(15,026,712)	(6,585,872)	11,020,022	10,586,379	11,693,836	(9,579,809)	
-	-	20,030,000	16,690,000	-	15,646,063	
-	-	(21,356,307)	(18,931,383)	-	(13,627,529)	
-	4,960,000	-	-	-	-	
-	183,075	1,631,546	2,493,667	-	1,614,726	
16,564,533	3,870,996	4,971,697	2,942,518	2,259,026	18,501,785	
(19,636,533)	(1,350,256)	(2,446,697)	(4,622,319)	(4,415,553)	(21,316,745)	
390,749	43,495	239,875	139,788	5,845,152	2,619,811	
1,102,601	408,955	424,934	1,223,378	2,182,554	-	
<u>(1,578,650)</u>	<u>8,116,265</u>	<u>3,495,048</u>	<u>(64,351)</u>	<u>5,871,179</u>	<u>3,438,111</u>	
\$ <u>(16,605,362)</u>	\$ <u>1,530,393</u>	\$ <u>14,515,070</u>	\$ <u>10,522,028</u>	\$ <u>17,565,015</u>	\$ <u>(6,141,698)</u>	
11.54%	11.49%	11.12%	10.78%	9.86%	9.17%	

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General property taxes	\$ 27,184,635	\$ 28,869,719	\$ 31,101,548	\$ 33,585,738
Industrial district fees	14,971,745	15,153,643	15,551,252	16,100,049
Sales taxes	21,533,044	23,088,652	23,835,369	26,084,712
Franchise taxes	7,148,517	7,582,443	7,644,267	7,817,369
Other taxes	579,428	604,342	691,263	698,023
	<u>\$ 71,417,369</u>	<u>\$ 75,298,799</u>	<u>\$ 78,823,699</u>	<u>\$ 84,285,891</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

2010	2011	2012	2013	2014	2015
\$ 32,559,463	\$ 33,171,051	\$ 35,195,121	\$ 35,262,542	\$ 37,144,601	\$ 38,755,245
15,777,475	15,980,044	16,549,164	17,755,534	17,172,395	17,271,428
23,213,061	23,954,810	25,789,345	27,938,085	30,472,024	31,439,633
7,948,433	8,550,770 (2)	8,751,762	9,030,691	9,270,311	9,260,543
5,523,330 (1)	544,183	688,756	801,084	1,000,102	1,059,717
\$ 85,021,762	\$ 82,200,858	\$ 86,974,148	\$ 90,787,936	\$ 95,059,433	\$ 97,786,566

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

2015						
Consumers	Consumption (per month)	Annualized Consumption	Billed Amount	Rank	% of Water/Sewer Revenues	% of All System Fund Revenues
City of Seabrook (2)	48,437.7	581,252.1	\$ 424,140	1	1.08%	1.08%
Nestle Waters North America	8,897.4	106,768.8	311,996	2	0.80%	0.80%
Pasadena Independent School District	7,723.7	92,684.2	1,042,802	3	2.67%	2.67%
Alta Villas Apartments	5,926.3	71,115.1	425,099	4	1.09%	1.09%
CCI-B Genoa	5,045.7	60,548.9	532,213	6	1.36%	1.36%
Mbmi Apartments	4,992.9	59,914.4	376,494	7	0.96%	0.96%
Lyondell	4,924.8	59,098.0	295,803	5	0.76%	0.76%
Brighton Hill Apartments	4,487.1	53,844.6	349,887	8	0.89%	0.89%
Sandstone Apartments	2,919.2	35,030.1	239,939	9	0.61%	0.61%
Odfjell Terminals	2,798.9	33,586.5	142,822	10	0.37%	0.37%
Brandywood Housing Corporation	-	-	-	-	-	-
Columbia Bayshore Hospital	-	-	-	-	-	-
Phillips Chemical	-	-	-	-	-	-
San Jacinto College	-	-	-	-	-	-
Minh Food Company	-	-	-	-	-	-
Air Products	-	-	-	-	-	-
Total	<u>96,153.7</u>	<u>1,153,842.7</u>	<u>\$ 4,141,195</u>		<u>10.59%</u>	<u>10.59%</u>

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 eight 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 gallons effective August 2011.

2007

<u>Consumption (per month)</u>	<u>Annualized Consumption</u>	<u>Billed Amount</u>	<u>Rank</u>	<u>% of Water/Sewer Revenues</u>	<u>% of All System Fund Revenues</u>
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%
2,208.9	26,506.8	217,462	6	0.75%	0.70%
-	-	-	-	-	-
4,147.7	49,772.6	432,057	3	1.50%	1.39%
3,853.7	46,243.9	525,157	5	1.82%	1.69%
1,804.2	21,650.7	118,761	7	0.41%	0.38%
1,522.8	18,273.6	236,243	8	0.82%	0.76%
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 Ten Fiscal Years**

	Cumulative Blocks (Gallons)	Usage Blocks (per 1,000 gallons)	Fiscal Year Ended September 30,							
			2006		2007		2008		2009	
			Water Rates	Sewer Rates	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	\$ 5.50	\$ 8.00
	8,000	next 6.0	2.75	2.75	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	3.00	3.00
	12,000	next 2.0	3.25	3.50	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	4.00	3.50
	30,001	over 30.0	4.50	3.50	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	3.59	4.99
	10,000	next 8.0	2.16	1.37	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	3.25	3.50
	30,000	next 18.0	4.00	3.50	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	4.50	3.50
Commercial	2,000	up to 2.0	5.59	8.00	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	2.75	3.00
	20,000	next 10.0	3.00	3.25	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	3.25	3.50
	40,000	next 10.0	4.50	4.00	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	4.50	4.15
	50,001	over 50.0	4.50	4.15	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	5.50	8.00
	5,000	next 3.0	2.75	2.75	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	3.00	3.25
	12,000	next 2.0	3.25	3.50	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	4.00	3.50
	30,001	over 30.0	4.50	3.50	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	-	4.59	-
	10,000	next 8.0	3.25	-	3.25	-	3.25	-	3.25	-
	28,000	next 18.0	4.00	-	4.00	-	4.00	-	4.00	-
	28,001	over 28.0	4.50	-	4.50	-	4.50	-	4.50	-

Source: Prepared by the City's Water Department.

Fiscal Year Ended September 30,

2010		2011		2012		2013		2014		2015	
Water Rates	Sewer Rates										
\$ 5.50	\$ 8.00	\$ 5.50	\$ 8.00	\$ 10.50	\$ 8.00	\$ 10.50	\$ 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	2.75	2.75
3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3.25	3.50	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	4.00	3.50
4.50	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	6.59	4.99	6.59	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	2.16	1.37
3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.00	3.25	3.00	3.25	3.00
4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50
4.50	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	8.59	8.00	8.59	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	2.75	3.00
3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25
3.25	3.50	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	4.00
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	4.50	4.15	4.50	4.15
5.50	8.00	5.50	8.00	8.50	8.00	8.50	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	2.75	2.75
3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25
3.25	3.50	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	4.00	3.50
4.50	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	-	9.59	-	9.59	-	9.59	-	9.59	-
3.25	-	3.25	-	3.25	-	3.25	-	3.25	-	3.25	-
4.00	-	4.00	-	4.00	-	4.00	-	4.00	-	4.00	-
4.50	-	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,			
	2006	2007	2008	2009
	2005 Tax Year	2006 Tax Year	2007 Tax Year	2008 Tax Year
Assessed Value of Taxable Property				
Real Property				
Real Residential	\$ 3,610,874,137	\$ 3,779,716,024	\$ 3,999,177,768	\$ 4,232,641,041
Real Commercial	869,515,809	922,067,090	1,076,316,825	1,198,814,394
Real Industrial	118,187,838	131,759,087	134,299,360	147,127,450
Real Agriculture	634,834	624,222	668,106	229,086
Real Vacant	73,973,512	100,398,134	93,398,249	107,109,632
Real Acreage Undeveloped	50,408,184	45,515,120	36,458,789	34,480,311
Real Farm & Ranch Improved	-	-	-	-
Total Real Property	4,723,594,314	4,980,079,677	5,340,319,097	5,720,401,914
Less: Exemptions	(765,632,990)	(797,405,237)	(819,227,558)	(841,604,642)
Net Total Real Property	3,957,961,324	4,182,674,440	4,521,091,539	4,878,797,272
Other Property				
Oil Gas and Mineral Reserves	1,603,070	8,334,609	10,807,745	9,270,819
Real and Tangible Personal - Utility	252,591	363,865	371,338	331,940
Gas Companies	8,022,960	8,434,840	8,145,690	7,961,540
Electric Companies	61,266,427	60,799,352	58,450,652	54,628,038
Telephone Companies	23,452,876	23,570,812	23,762,316	20,113,792
Railroad	308,280	308,110	318,730	347,390
Pipelines	27,800,375	28,640,460	29,088,230	29,628,470
Inventory	5,554,061	20,656,653	28,715,903	30,451,933
Major Cable TV Systems	5,063,930	5,960,690	11,926,584	10,181,107
Tangible Personal Commercial	458,136,790	446,580,327	458,779,115	532,377,581
Tangible Personal Industrial	407,988,270	515,099,420	555,453,193	675,428,776
Tangible Personal Other - Mobile Homes	18,363,900	18,514,607	17,697,725	18,689,409
Residential Inventory - Vacant	-	-	-	-
Governmental Exemption	312,682,653	373,205,856	356,709,579	496,046,506
Charitable Exemption	27,158,235	27,948,364	30,959,147	32,977,016
Religious Exemption	101,908,422	114,620,604	108,956,786	113,848,612
Private School Exempt	17,011,007	17,331,096	17,364,543	16,771,140
Miscellaneous Exempt	387,520	387,520	408,198	494,967
Agricultural	-	-	-	-
Low-Moderate Income Housing	19,746	-	72,341	184,120
Unknown	-	-	-	-
Improving Prop-Housing w/ Volunteer Labor	-	-	-	-
Economic Devel Svcs to Local Community	-	-	-	-
Other Exempt	-	-	-	-
Total Other Property	1,476,981,113	1,670,757,185	1,717,987,815	2,049,733,156
Less: Exemptions	(669,872,733)	(820,663,243)	(813,195,895)	(918,569,343)
Net Total Other Property	807,108,380	850,093,942	904,791,920	1,131,163,813
Total Property	6,200,575,427	6,650,836,862	7,058,306,912	7,770,135,070
Less: Total Exemptions	(1,435,505,723)	(1,618,068,480)	(1,632,423,453)	(1,760,173,985)
Total Assessed Value of Taxable Property	\$ 4,765,069,704	\$ 5,032,768,382	\$ 5,425,883,459	\$ 6,009,961,085
Total Actual Value of Taxable Property	\$ 4,765,069,704	\$ 5,032,768,382	\$ 5,425,883,459	\$ 6,009,961,085
Total Direct Tax Rate Per \$ 100	\$ 0.567	\$ 0.567	\$ 0.567	\$ 0.562

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,

	2010	2011	2012	2013	2014	2015
	2009 Tax Year	2010 Tax Year	2011 Tax Year	2012 Tax Year	2013 Tax Year	2014 Tax Year
\$	4,129,237,231	\$ 4,052,171,721	\$ 3,966,049,464	\$ 3,852,056,577	\$ 3,872,765,988	\$ 4,099,197,425
	1,249,370,402	1,164,598,370	1,237,888,449	1,328,287,594	1,534,186,202	1,724,550,745
	154,349,049	158,854,677	165,773,388	170,231,894	162,926,484	159,908,910
	215,563	221,790	241,507	227,549	188,270	184,971
	123,659,890	117,984,092	120,572,974	127,123,041	143,130,709	159,066,568
	36,659,482	36,725,841	42,021,873	37,424,971	41,471,437	52,404,929
	-	-	-	248,262	252,079	251,507
	5,693,491,617	5,530,556,491	5,532,547,655	5,515,599,888	5,754,921,169	6,195,565,055
	(839,474,827)	(836,075,493)	(813,327,025)	(792,375,980)	(798,795,765)	(826,800,278)
	4,854,016,790	4,694,480,998	4,719,220,630	4,723,223,908	4,956,125,404	5,368,764,777
	6,764,074	7,854,851	241,610	1,100	-	-
	330,068	272,549	272,549	234,003	234,003	406,911
	8,286,315	7,692,460	7,515,900	7,635,305	9,007,545	9,650,985
	53,755,344	52,300,077	52,011,882	54,036,712	61,544,486	58,880,213
	19,731,446	17,917,042	16,078,872	12,681,172	12,137,483	11,620,085
	392,796	428,700	495,520	1,474,440	1,639,650	1,835,930
	24,795,395	28,491,661	30,614,337	35,354,411	37,023,276	48,033,250
	26,415,373	28,064,363	26,438,731	28,837,389	24,752,105	24,902,586
	7,984,017	14,286,631	13,783,892	12,539,470	13,071,100	13,833,260
	553,633,704	532,372,461	525,877,003	541,207,611	551,411,132	585,993,827
	648,801,280	668,423,788	1,053,499,087	1,182,300,519	1,176,456,318	936,387,584
	17,046,042	15,915,686	16,357,302	15,604,926	15,146,856	14,582,987
	-	-	-	-	-	-
	519,756,039	531,014,416	558,111,018	598,471,214	-	-
	33,317,985	25,685,661	26,110,291	28,122,328	2,033,915	1,911,572
	119,839,982	115,848,852	119,018,125	121,779,281	-	-
	16,771,140	17,061,755	17,595,212	17,427,256	17,839,420	17,839,420
	486,462	826,251	844,407	879,116	705,880	712,254
	-	-	-	-	-	-
	-	209,748	216,978	338,200	-	-
	-	-	-	-	-	-
	-	-	-	-	262,987	479,025
	-	-	-	-	301,508	385,458
	-	-	-	-	787,048,320	804,209,783
	2,058,107,462	2,064,666,952	2,465,082,716	2,658,924,453	2,710,615,984	2,531,665,130
	(1,117,092,435)	(1,142,444,955)	(1,402,974,610)	(1,356,134,366)	(1,401,752,949)	(1,217,268,714)
	941,015,027	922,221,997	1,062,108,106	1,302,790,087	1,308,863,035	1,314,396,416
	7,751,599,079	7,595,223,443	7,997,630,371	8,174,524,341	8,465,537,153	8,727,230,185
	(1,956,567,262)	(1,978,520,448)	(2,216,301,635)	(2,148,510,346)	(2,200,548,714)	(2,044,068,992)
\$	5,795,031,817	\$ 5,616,702,995	\$ 5,781,328,736	\$ 6,026,013,995	\$ 6,264,988,439	\$ 6,683,161,193
\$	5,795,031,817	\$ 5,616,702,995	\$ 5,781,328,736	\$ 6,026,013,995	\$ 6,264,988,439	\$ 6,683,161,193
\$	0.562	\$ 0.591593	\$ 0.591593	\$ 0.591593	\$ 0.591593	\$ 0.576904

**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
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
2014	2013	0.4073	0.1843	0.5916	0.2800	1.4000	1.5567
2015	2014	0.4253	0.1516	0.5769	0.2800	1.4000	1.5567

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
1.7335	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
1.3300	1.3500	0.6300	0.0064	0.1856	7.3303
1.4500	1.3500	0.6300	0.0060	0.1856	7.4352

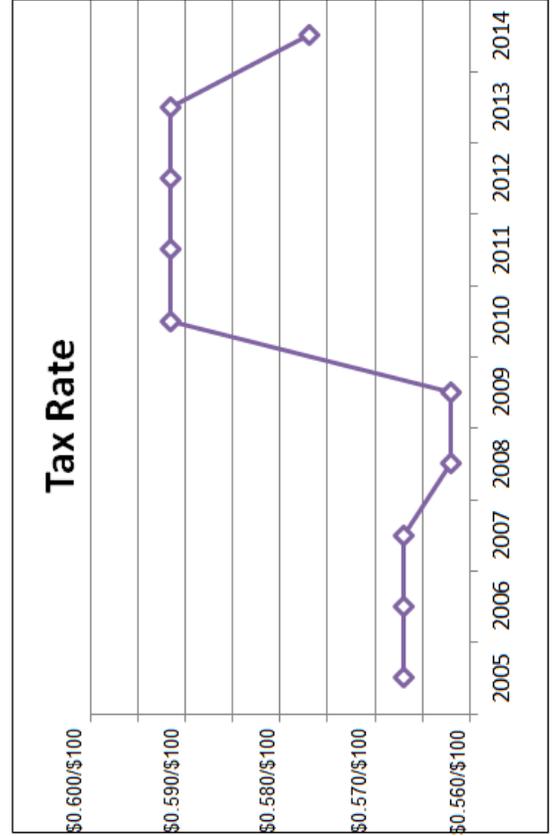
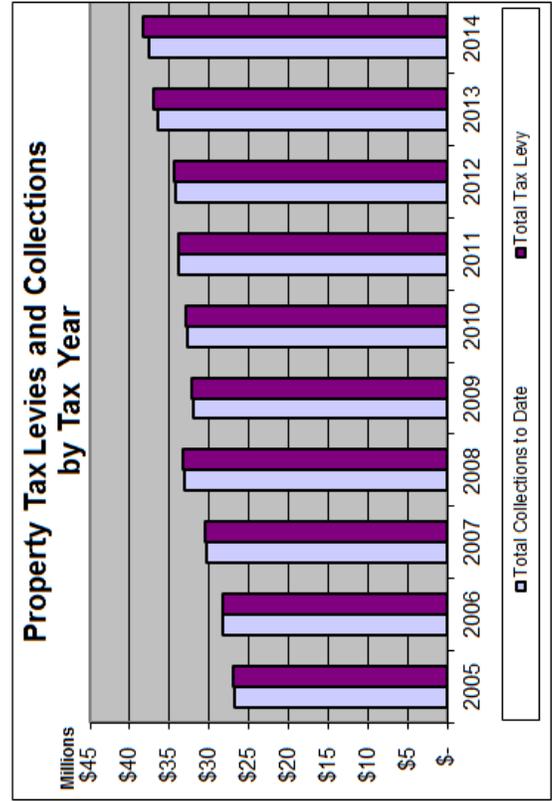
**CITY OF PASADENA, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago**

Property Taxpayer	Fiscal Year Ended September 30, 2015				Fiscal Year Ended September 30, 2006			
	2014 Tax Year		% of Taxable Assessed Value		2005 Tax Year		% of Taxable Assessed Value	
	Taxable Assessed Value	Rank	Value	% of Taxable Assessed Value	Taxable Assessed Value	Rank	Value	% of Taxable Assessed Value
Calpine Operating	\$ 123,797,970	1	1.85%		\$ -	-	-	
PRSI Trading	74,113,557	2	1.11%		-	-	-	
CenterPoint Energy, Inc.	68,362,602	3	1.02%		47,691,430	2	1.00%	
Phillips 66 Co.	62,289,222	4	0.93%		-	-	-	
Shell Oil Co.	61,409,822	5	0.92%		-	-	-	
KIR Pasadena LP.	60,385,843	6	0.90%		25,289,700	6	0.53%	
Boeing Co.	50,561,061	7	0.76%		37,999,990	3	0.80%	
Walmart	44,956,768	8	0.67%		-	-	-	
Bay Bluff LP	40,250,000	9	0.60%		-	-	-	
GATX Terminals / Kinder	39,457,937	10	0.59%		28,127,600	5	0.59%	
Coral Energy Resources	-	-	-		97,049,190	1	2.04%	
CHCA Bayshore LP	-	-	-		32,561,955	4	0.68%	
Pasadena Bayshore Hospital	-	-	-		25,034,348	7	0.53%	
Village on the Lake LTD	-	-	-		23,306,200	8	0.49%	
Tejas Gas Pipeline Partnership	-	-	-		22,681,240	9	0.48%	
Sanstone Apartments LP	-	-	-		19,958,190	10	0.42%	
Subtotal	\$ 625,584,782		9.36%		\$ 359,699,843		7.55%	
Other Taxpayers	6,057,576,411		90.64%		4,405,369,861		92.45%	
Total	\$ 6,683,161,193		100.00%		\$ 4,765,069,704		100.00%	

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

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

Fiscal Year Ended September 30,	Collected within the Fiscal Year of the Levy			Total Collections to Date				
	Tax Year	Tax Rate / \$100	Total Tax Levy for Fiscal Year	Amount	Percentage of Levy	Collections/(Refunds) in Subsequent Years	Amount	Percentage of Levy
2006	2005	\$ 0.5670	\$ 26,891,544	\$ 25,952,683	96.51%	\$ 794,303	\$ 26,746,986	99.46%
2007	2006	0.5670	28,342,044	27,297,253	96.31%	935,011	28,232,264	99.61%
2008	2007	0.5670	30,441,624	29,614,437	97.28%	732,281	30,346,718	99.69%
2009	2008	0.5620	33,289,003	32,386,497	97.29%	777,777	33,164,274	99.63%
2010	2009	0.5620	32,120,864	31,296,353	97.43%	695,001	31,991,354	99.60%
2011	2010	0.5916	32,826,403	31,967,660	97.38%	721,024	32,688,684	99.58%
2012	2011	0.5916	33,919,798	33,262,827	98.06%	506,075	33,768,902	99.56%
2013	2012	0.5916	34,468,791	34,147,313	99.07%	133,118	34,280,431	99.45%
2014	2013	0.5916	36,921,496	36,231,129	98.13%	189,266	36,420,395	98.64%
2015	2014	0.5769	38,361,417	37,619,372	98.07%	-	37,619,372	98.07%



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

<u>Fiscal Year Ended September 30,</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities				
General Obligation Bonds	\$ 46,800,000	\$ 46,750,000	\$ 57,725,000	\$ 74,535,000
General Obligation Refunding Bonds	11,422,875	7,255,000	4,440,000	8,525,000
General Obligation and Refunding Bonds	19,380,000	28,275,000	28,165,000	28,020,000
Certificates of Obligation	-	5,950,000	5,895,000	5,840,000
Combination Tax and Revenue				
Certificates of Obligation	11,910,000	9,605,000	8,755,000	1,780,000
Other Long-Term Debt				
Volunteer Fireman Prior Service Costs Note	59,233	-	-	-
Tax Notes, 2000	1,005,000	-	-	-
Overpaid Sales Tax Note	638,020	471,581	305,140	138,700
Blended Component Unit - Pasadena Second Century Corporation				
Sales Tax Notes	-	-	-	-
Sales Tax Revenue Bonds	3,715,000	3,030,000	2,315,000	1,575,000
Overpaid Sales Tax Note	319,011	235,790	152,571	69,350
	<u>95,249,139</u>	<u>101,572,371</u>	<u>107,752,711</u>	<u>120,483,050</u>
Business-Type Activities				
Waterworks and Sewer System Revenue Bonds	18,625,000	17,120,000	71,775,000	70,855,000
Waterworks and Sewer System Revenue Refunding Bonds	2,565,000	1,550,000	550,000	-
Combination Tax and Revenue				
Certificates of Obligation	3,405,000	2,495,000	1,280,000	-
General Obligation Refunding Bonds	17,675,000	17,675,000	17,550,000	17,430,000
General Obligation and Refunding Bonds	9,970,000	9,970,000	9,970,000	9,970,000
Deferred Water Charges Debt	1,419,854	851,912	283,970	-
	<u>53,659,854</u>	<u>49,661,912</u>	<u>101,408,970</u>	<u>98,255,000</u>
Total Primary Government	<u>\$ 148,908,993</u>	<u>\$ 151,234,283</u>	<u>\$ 209,161,681</u>	<u>\$ 218,738,050</u>
Percentage of Personal Income	6.41%	5.55%	7.45%	7.75%
Per Capita	\$ 1,045	\$ 1,030	\$ 1,428	\$ 1,500
(1) Population	142,526	146,769	146,523	145,789
(1) Per Capita Personal Income	\$ 16,301	\$ 18,558	\$ 19,167	\$ 19,359
(1) Personal Income (amount expressed in thousands)	\$ 2,323,324	\$ 2,723,739	\$ 2,808,455	\$ 2,822,330

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

The debt amounts presented from 2006 to 2012 were not including the related premiums, discounts and adjustments.

(1) See the Schedule of Demographic and Economic Statistics on page 155 for personal income and population data.

	2010	2011	2012	2013	2014	2015
\$	70,500,000	\$ 66,485,000	\$ 41,960,000	\$ 30,152,196	\$ 27,835,000	\$ 17,475,000
	8,355,000	8,180,000	26,680,000	45,303,868	42,009,458	55,201,099
	26,700,000	25,395,000	24,080,000	14,336,973	12,896,876	2,102,603
	5,570,000	5,290,000	5,010,000	4,720,000	4,430,000	4,130,000
	900,000	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	805,000	4,960,000	4,190,000	3,507,979	2,667,467	1,801,955
	-	-	-	-	-	-
	112,830,000	110,310,000	101,920,000	98,021,016	89,838,801	80,710,657
	70,430,000	54,290,000	53,430,000	53,846,804	53,693,635	53,445,465
	-	14,505,000	13,255,000	12,441,550	11,268,996	9,166,441
	-	-	-	-	-	-
	15,895,000	14,285,000	12,740,000	17,459,587	14,539,259	13,055,250
	9,970,000	9,970,000	9,970,000	4,112,109	4,085,278	-
	-	-	-	-	-	-
	96,295,000	93,050,000	89,395,000	87,860,050	83,587,168	75,667,156
\$	209,125,000	\$ 203,360,000	\$ 191,315,000	\$ 185,881,066	\$ 173,425,969	\$ 156,377,813
	7.15%	7.19%	6.16%	6.01%	5.64%	4.94%
\$	1,430	\$ 1,364	\$ 1,256	\$ 1,221	\$ 1,135	\$ 1,016
	146,265	149,043	152,281	152,272	152,735	153,887
\$	19,992	\$ 18,967	\$ 20,383	\$ 20,305	\$ 20,146	\$ 20,590
\$	2,924,130	\$ 2,826,899	\$ 3,103,944	\$ 3,091,883	\$ 3,076,999	\$ 3,168,533

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
2006	\$ 118,162,875	\$ (1,020,164)	\$ 117,142,711	\$4,765,069,704	2.46%	142,526	\$ 822
2007	125,480,000	(1,495,924)	123,984,076	5,032,768,382	2.46%	146,769	845
2008	132,500,000	(2,607,222)	129,892,778	5,425,883,459	2.39%	146,523	887
2009	146,100,000	(1,631,459)	144,468,541	6,009,961,085	2.40%	145,789	991
2010	137,890,000	(2,284,607)	135,605,393	5,795,031,817	2.34%	146,265	927
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	116,084,733	(5,219,579)	110,865,154	6,026,013,995	1.84%	152,272	728
2014	105,795,871	(6,272,408)	99,523,463	6,264,988,439	1.59%	152,735	652
2015	91,963,953	(1,783,393)	90,180,560	6,683,161,193	1.35%	153,887	586

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 2006 to 2012 were not including 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, 2015

Government Unit	Taxing Body (as of)	Outstanding Principal Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes				
Harris County	5/31/2015	\$2,396,117,860	1.97%	\$ 47,203,522
Harris County Flood Control District	5/31/2015	87,400,000	1.97%	1,721,780
Port of Houston Authority	5/31/2015	702,379,397	1.97%	13,836,874
Clear Lake City Water Authority	5/31/2015	79,040,000	17.64%	13,942,656
Clear Creek Independent School District	5/31/2015	887,800,000	6.91%	61,346,980
Deer Park Independent School District	5/31/2015	240,070,000	14.15%	33,969,905
La Porte Independent School District	5/31/2015	273,835,000	5.83%	15,964,581
Pasadena Independent School District	5/31/2015	729,730,000	38.80%	283,135,240
San Jacinto College District	5/31/2015	278,989,848	18.51%	51,641,021
Harris County WC & ID #156	5/31/2015	2,180,000	42.90%	935,220
Harris County Dept. of Education	5/31/2015	7,210,000	1.97%	142,037
Subtotal, overlapping debt				523,839,815
Add - City direct debt (2)				78,908,702
Total direct and overlapping debt				\$ 602,748,517

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 Refunding Bonds, Series 2012A and 2014 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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit				
Assessed value based on tax year	2005	2006	2007	2008
	\$ 4,765,069,704	\$ 5,032,768,382	\$ 5,425,883,459	\$ 6,009,961,085
10% of assessed value	476,506,970	503,276,838	542,588,346	600,996,109
Less: net debt applicable to limit				
Debt to be repaid from ad valorem tax	90,517,875	97,835,000	104,980,000	118,700,000
Less: amount available in debt service fund	(1,020,164)	(1,495,924)	(2,607,222)	(1,631,459)
	89,497,711	96,339,076	102,372,778	117,068,541
Legal Debt Margin	\$ 387,009,259	\$ 406,937,762	\$ 440,215,568	\$ 483,927,568
Total net debt applicable to the limit as a percentage of debt limit	18.78%	19.14%	18.87%	19.48%

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
2009	2010	2011	2012	2013	2014
\$ 5,795,031,817	\$ 5,616,702,995	\$ 5,781,328,736	\$ 6,026,013,995	\$ 6,264,988,439	\$ 6,683,161,193
579,503,182	561,670,300	578,132,874	602,601,400	626,498,844	668,316,119
112,025,000	105,350,000	97,730,000	91,952,482	87,243,801	78,908,702
(2,284,607)	(2,875,586)	(4,097,226)	(5,219,578)	(6,272,408)	(1,783,393)
109,740,393	102,474,414	93,632,774	86,732,904	80,971,393	77,125,309
\$ 469,762,789	\$ 459,195,886	\$ 484,500,100	\$ 515,868,496	\$ 545,527,451	\$ 591,190,810
18.94%	18.24%	16.20%	14.39%	12.92%	11.54%

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	
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	37,263,235	20,309,713	16,953,522	3,830,000	3,943,694	2.18
2014	36,629,815	21,434,908	15,194,907	3,990,000	3,828,613	1.94
2015	39,096,397	21,248,521	17,847,876	4,130,000	3,324,683	2.39

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)
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)
2014	152,735	3,076,999	20,146	32.0	54,382	5.8%
2015	153,887	3,168,533	20,590	31.0	55,610	5.5%

Data sources:

(1) Bureau of the Census (2015 estimates are not available, 2014 estimates used)

(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
Last Ten Fiscal Years**

<u>Employer</u>	<u>2015</u>			<u>2006</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 ISD	8,317	1	8.89%	5,800	1	4.63%
Lyondell Chemical Co	2,613	2	2.79%	-	-	
The Boeing Company	2,000	3	2.14%	2,300	2	1.83%
Mundy Company	1,998	4	2.13%	-	-	
San Jacinto College	1,643	5	1.76%	1,058	3	0.84%
Shell Chemical	1,600	6	1.71%	-	-	
Bayshore Medical Center	1,350	7	1.44%	1,042	4	0.83%
University of Houston-Clear Lake	1,245	8	1.33%			
SGS Petroleum Service Corp.	1,127	9	1.20%			
City of Pasadena	1,109	10	1.18%	986	6	0.79%
Lyondell Houston Refinery	-	-	-	900	7	0.72%
Lyondell Chemical	-	-	-	1,000	5	0.80%
Wal-Mart	-	-	-	750	8	0.60%
Chevron Phillips - Pasadena Plastics	-	-	-	693	9	0.55%
Celanese Chemicals - Pasadena	-	-	-	280	10	0.22%
	<u>23,002</u>		<u>24.57%</u>	<u>14,809</u>		<u>11.81%</u>

Source: Pasadena Chamber of Commerce

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

Function	Fiscal Year Ended September 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
City Council	8	8	8	8	8	8	8	7	7	7
Mayor	3	3	3	3	3	1	3	2	2	2
Budget and Financial Planning	2	2	2	2	2	2	2	2	4	3
Municipal Court	31	33	35	33	33	34	34	34	32	32
City Controller	13	15	16	16	15	16	15	15	15	15
Purchasing	3	3	4	4	4	4	4	4	3	4
Legal	8	8	8	8	8	8	8	7	7	6
City Secretary	3	4	4	4	4	4	4	4	4	4
Human Resources	8	7	8	7	7	9	11	7	7	7
City Marshal	6	7	7	6	6	6	6	7	7	7
Community Relations	6	6	7	7	7	7	7	8	9	9
Pasadena Action Line	3	5	5	4	4	4	6	6	6	6
Planning	4	3	3	4	5	6	4	5	2	4
Planning/Development Administration	2	1	1	1	1	1	1	1	-	-
Neighborhood Network	1	1	1	1	1	1	1	1	2	1
Inspections	21	21	20	21	19	16	15	15	18	17
Property Management	1	-	-	-	1	8	1	3	2	-
Impound/Storage	-	-	-	-	6	7	5	6	6	6
Economic Development Liaison	-	-	1	1	1	1	1	2	2	2
Public Safety										
Emergency Preparedness	2	2	3	3	3	3	3	3	3	3
Fire Fighting	4	3	3	3	3	3	7	10	6	10
Fire Prevention	11	10	11	11	10	9	10	10	11	12
Police	327	362	340	369	358	344	349	335	349	353
Code Enforcement	-	-	-	-	-	-	-	-	-	8
Public Works										
Engineering	19	20	19	17	14	15	15	17	24	24
Sanitation	44	43	44	43	43	38	37	39	40	37
Street and Bridge	44	36	36	34	31	30	30	32	31	31
Traffic and Transportation	11	11	12	12	12	11	10	9	10	10
Health										
Health	12	12	11	11	11	10	10	11	11	11
Animal Rescue and Assistance	14	15	13	17	19	19	18	22	23	26
Culture and Recreation										
Leisure Services Administration	2	1	-	-	-	6	4	4	3	3
Parks	42	41	33	35	37	33	38	42	39	40
Recreation	33	36	38	55	75	57	60	64	62	94
Clean Streets	12	12	17	21	21	17	14	19	20	18
Golf Course	10	10	10	16	10	9	9	6	6	5
Multi-Purpose Center	7	9	5	13	9	8	9	8	8	8
Civic Center	9	7	8	9	10	6	6	7	9	7
Senior Center - Madison Jobe	5	4	6	5	5	4	4	4	4	5
Library	46	47	47	45	49	41	45	53	54	51
Water and Sewer System										
Maintenance	114	110	119	123	120	112	116	119	114	121
Health Insurance	74	75	76	82	72	69	75	78	82	83
Grant Management	3	1	1	1	3	2	4	1	1	1
	18	20	20	19	21	25	21	16	18	16
TOTAL CITY POSITIONS	986	1,014	1,005	1,074	1,071	1,014	1,030	1,045	1,063	1,109

Source: City's Payroll department.

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

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

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

	Fiscal Year Ended September 30,			
	2006	2007	2008	2009
Function				
Public Safety				
Police				
Arrests	13,197	14,142	12,853	12,552
Accident reports	3,812	4,139	3,549	3,635
Citations issued	83,967	79,708	78,789	82,153
Calls for service	85,492	83,599	82,603	82,949
Public Works				
Refuse collection				
Refuse collected Type 1 (tons/day)	120	123	136	120
Refuse collected Type 2 (cubic yards/day)	273	202	251	492
Mulching collected (cubic yards/day)	91	64	146	104
Recyclables collected (tons/day)	2.84	2.65	2.29	1.13
Health				
Number of food permits issued	1,135	893	1,081	1,120
Number of health inspections	1,925	2,604	2,180	2,344
Culture and Recreation				
Convention Center				
Number of Events	157	169	145	138
Library				
Visitors	710,297	812,357	324,983	241,891 (2)
Water and Sewer System				
Average daily consumption (millions of gallons)	18.51	17.50	17.60	19.30
Total Consumption (billions of gallons)	6,754.82	6,500.00	6,800.00	7,043.30
Average daily Waste Water Plant Flow (millions of gallons)	10.38	14.54	12.39	11.22
Total Waste Water Plant Flow (millions of gallons)	3,786.63	5,110.09	4,500.66	4,095.21

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,

2010	2011	2012	2013	2014	2015
12,119	11,926	10,747	11,185	10,970	9,890
3,376	3,335	3,474	3,520	3,693	4,143
82,576	84,551	69,209	69,888	73,062	64,210
81,633	61,625	75,869	84,146	63,488	65,515
170	110	103	105	107	110
267	145	166	179	178	185
102	124	107	83	72	56
3.75	3.53	4.35	7.31	6.23	6.62
1,125	1,215	1,229	1,219	1,373	1,936
2,223	2,511	2,529	2,675	2,719	2,315
143	178	165	158	172	196
424,568	303,074	342,628	(1)	(1)	356,240
17.97	21.17	20.37	18.90	17.80	18.80
6,871.37	7,749.38	7,435.00	7,100.00	6,900.00	6,800.00
13.90	10.40	12.41	11.57	12.60	14.2
5,084.80	3,796.45	4,542.14	4,212.54	4,573.59	5,172.20

CITY OF PASADENA, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Function / Program	Fiscal Year Ended September 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	145	153	167	199	181	198	198	181	181	171
Fire stations	10	10	10	10	10	10	10	10	10	10
Public Works										
Streets (miles)	539	520	524	526	527	541	542	522	522	523
Streetlights	7,092	7,426	7,504	7,493	7,548	7,550	7,541	7,590	7,584	7,565
Traffic signals	195	196	194	192	184	189	191	195	194	194
Sanitation										
Collection trucks	33	24	28	28	28	28	26	25	27	20
Culture and Recreation										
Parks	47	47	47	47	47	47	47	47	48	48
Parks acreage	819	1,084	1,084	1,084	1,084	1,104	1,104	1,120	1,180	1,180
Swimming pools	5	5	5	5	5	4	4	4	4	4
Tennis courts	15	15	15	15	15	15	15	15	15	15
Community centers	8	8	8	9	9	8	8	8	8	8
Water and Sewer System										
Water										
Water mains (miles)	465	465	481	471	473	473	474	476	479	480
Fire hydrants	2,190	2,150	2,154	2,203	2,247	2,259	2,283	2,327	2,327	2,314
Maximum daily capacity (millions of gallons)	22	26	24	25	23	32 (1)	26	26	24	26
Sewer										
Sanitary sewers (miles)	386	387	388	392	396	397	402	404	405	406
Storm sewers (miles)	217	217	217	228	231	233	259	340	406	406
Maximum daily treatment capacity (millions of gallons)	24	24	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 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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