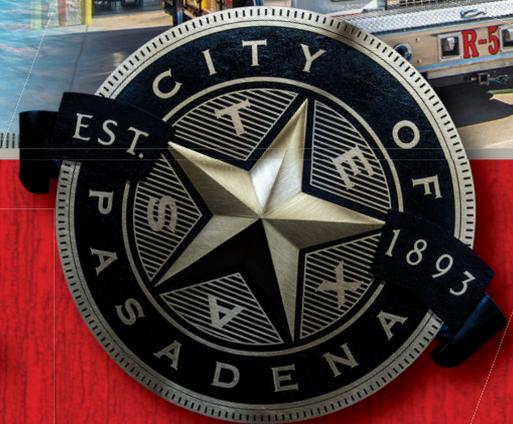




**City of Pasadena, Texas  
Comprehensive Annual Financial Report  
Fiscal Year Ended September 30, 2016**





**CITY OF PASADENA, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2016**

**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, 2016**

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## **INTRODUCTORY SECTION**





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# CITY OF PASADENA

## OFFICE OF THE CITY CONTROLLER

February 28, 2017

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, 2016, including the independent auditors' report, is presented to comply with both Article IX of the City 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, 2016. 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 as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards. 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, 2016 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 2016 population is estimated at 153,784 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. At this time, 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 City will hold an election in 2017 for a new Mayor, since the current Mayor is termed limited, and City Council elections at the same time. Due to a ruling by a U.S. District Court, the City election held in May 2017, will revert back to the previous eight single member districts based on the May 2013 election map and plan. 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.



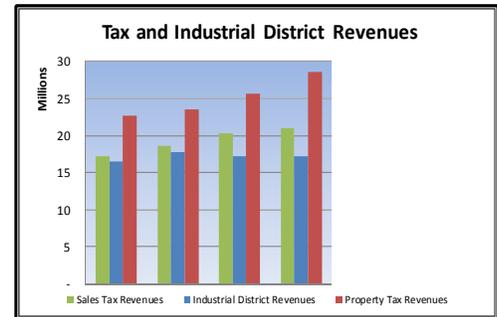
The City of Pasadena provides a full range of municipal services including: police and fire protection, traffic and municipal courts, sanitation services, construction and maintenance of streets and related infrastructure, water and sewer systems, recreational activities, (i.e., parks, swimming pools, 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 27<sup>th</sup>. The appropriated budget is prepared by fund, function, and department/division. Within the department/division, it is categorized further by object and subject. City department heads may make transfers between two subjects within the same object (e.g., transfer between postage and office supplies within the object of materials and supplies). Any other transfers or changes to the appropriations require the approval of City Council and an amendment to the budget. For additional information on the City's budgetary practices, see Note III.A on page 61 in the notes to financial statements.

Pasadena City Hall and the municipal building employees will be moving to a nearby six story building that was donated to the City. The Mayor, City Council, City Secretary and other City Hall and municipal building employees will be moving to the newly renovated building beginning early 2017. This move will be held in stages with Mayor and City Council moving in first followed by the remaining City Hall and municipal building departments. A new Council Chambers will be constructed on the first floor for Council meetings to be held, other City departments will be housed from the second to the fifth floors with the Mayor and City Council moving into the sixth floor.

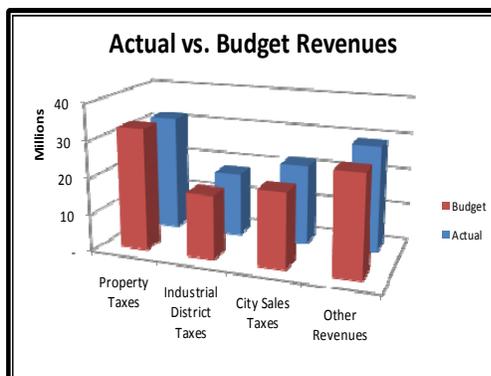
## Local Economy

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, now rebranded as Port Houston, 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 is the nation's largest port for foreign waterborne tonnage and is an essential economic engine for the Houston region, the state of Texas, and the nation. It supports the creation of nearly 1.175 million jobs in Texas and 2.7 million jobs nationwide, and economic activity totaling almost \$265 billion in Texas and more than \$617 billion in economic impact across the nation.



Significant indicators that impact the economic condition are the employment and unemployment statistics. In December 2015, the City's unemployment rate was 5.5%, as of December 2016, there was a preliminary rate of 5.3% with the 2016 national average rate at 5.3%. Texas' unemployment rate on average for 2016 was at 4.5%. The projection for 2017 is expected stabilization in the U.S. unemployment rate at approximately 4.5% for the coming year.

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 that has remained into 2017. Predictions are that crude prices will hang around \$50 per barrel for 2017 as U.S. shale extraction and Iran, now relieved of sanctions, continues to suppress prices but crude oil benchmarks have made big gains since OPEC and other producers agreed to curb production in an attempt to balance an oversupplied fuel market. Analysts predict that lower supplies will help boost the price of crude oil but expected price increases to be slow. 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 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. While mild weather in the weeks ahead should temper natural gas use for heating and keep a lid on inventory withdrawals in the coming months, natural gas prices are predicted to decrease into 2017 and early January is the proof with unseasonal moderate weather through the southern U.S. On the other hand, the industrial sector consumption of natural gas is expected to increase by 2.5% in 2017 as new projects in the fertilizer and chemicals sectors come online. Also a slight decline in consumption of natural gas for power generation through 2017 is predicted.



The City's sales tax revenues, in the general fund only, for fiscal year 2016 increased 2.9% from \$20,959,755 in 2015 to \$21,567,285 in 2016, 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 increased \$3,355,946 or 8.6% over 2015 due to the increase in property values.

Housing and real estate sales are other indicators of our local economic conditions and home sales are stable with home prices remaining steady. The median home value in Pasadena is \$125,600. Pasadena home values have gone up 13.2% over the past year and predictions are they will rise 6.7% within the next year. The median list price per square foot in Pasadena is \$90, which is lower than the Houston Metro average of \$113. The median price of homes currently listed in Pasadena is \$149,900.

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 2017. 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 2017 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 has budgeted \$36 million for Convention Center improvements which includes the purchase of 26 acres of land for future expansion or possible construction of a hotel to attract more events to Pasadena. It has also budgeted \$1.4 million for Strawberry Park parking and concession expansion. Another \$14.5 million are budgeted for a road widening project in a joint venture with Harris County, utility development and

drainage projects. It also continues the funding of an employee training program through San Jacinto College for companies like Oxiteno and Nestle. Funds are also set aside for a business retention/expansion program.

Health insurance for City employees has become one of the major financial burdens for the City. The City is self-insured but contracted United Healthcare as the administrator of health insurance benefits effective January 1, 2017. 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 2016 is \$4,738,192, with the total actuarial accrued liability of \$55,535,319 as of December 31, 2015. This calculation was prepared as of December 31, 2015. This year's calculation is slightly down from the last actuarial report due to the changes the City made in the plan this year. In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses accounting and financial reporting by governments that provide OPEB to their employees or employees of other governmental units. The statement significantly changes how governments calculate and report the annual costs and long-term obligations associated with OPEB. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Consequently, the City will implement GASB No. 75 in fiscal year 2018.



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. (See Note V. D page 79).

### **Relevant Financial Policies**

The City maintains a stable financial profile with no immediate debt plans and 90% of its tax-supported debt will be retired in 10 years. The City management's financial operations and budgeting practices resulted in general fund revenue exceeding expenditures by \$2,729,094. Sound financial operations are evident in management's adherence to conservative practices such as the two-month reserve policy and the execution of cost-saving measures in debt refunding, which took advantage of lower interest rates and reduced the total future debt service payments. Specifically, \$7,036,296 and \$2,097,959 economic gains were realized in General Obligation Refunding Bonds, Series 2016 and General Obligation Refunding Bonds, Series 2016A.



### **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 2016 initiatives. The Annual Action Plan goal was to improve the quality of life for Pasadena's low- to moderate-income residents. Highlights from the 2015 – 2016 program year are:

- To improve the overall drainage system for neighborhood residents and to enhance City facilities and infrastructure improvements, CDBG funded three public facilities projects within the City of Pasadena low- to moderate-income target areas. The Waterline Replacement Project, a CDBG investment of \$728,547, has commenced and is anticipated to be complete in early 2017.
- Through the use of CDBG funds and coordination with the Pasadena Independent School District (PISD), the City strengthened educational skills and increased job marketability of low-income households. PISD provided literacy and language classes, in conjunction with counseling sessions to 757 new and duplicate parents of PISD students.
- Through the facilitation of a health benefits program, transportation services program, and a meal delivery program, the City's CDBG Program serviced a significant number of elderly and/or disabled households. Lava Services provided medication delivery and counseling to 96 new and duplicate elderly and disabled participants. The Salvation Army surpassed the projected goal of assisting 16 unduplicated low- to moderate-income clients by providing a meal delivery service to 43 homebound clients, and the Madison Jobe Senior Center provided transportation vouchers to 1,601 participants.



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 moderate-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 continues to assist low-income residents with affordable housing opportunities. Three existing housing units were

demolished and reconstructed to meet local codes and rehabilitation standards. Additionally, with the continued efforts of Habitat for Humanity, three new homes were constructed within the Freedom Place Subdivision and sold to first-time low-income home buyers.

The City's ESG Program has provided 10,147 nights of shelter and supportive services to 191 homeless women and children, which include 91 victims of domestic violence or abuse. To further prevent homelessness, 69 months of rent and utility assistance were provided to 63 households at risk of homelessness.

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) was finalized on December 31, 2015 in the amount of \$15,518,429 funded by CDBG-DR grants and an additional \$346,140 was funded by the City. All 15 capital improvement projects were completed and a total of 140,680 community beneficiaries were served.

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 \$4,315,387 with a remaining balance of \$394,920 for final payments. The City has obligated additional funding in the amount of \$2,555,808 in which \$2,329,184 has been utilized to complete the capital improvement projects.

Round (2.2) commenced on June 13, 2012 and consists of 13 capital improvement projects. To date, all 13 capital projects are completed in the amount of \$14,070,387 with remaining balance of \$522,108 for final payments. The City has obligated additional funding in the amount of \$751,998 of which \$578,887 has been utilized to complete the capital improvement projects.

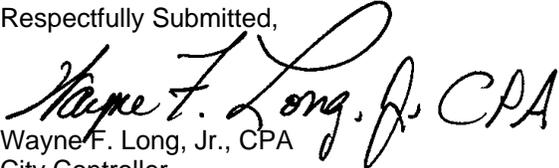
### ***Awards and Acknowledgements***

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, 2015. This was the twenty-second 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

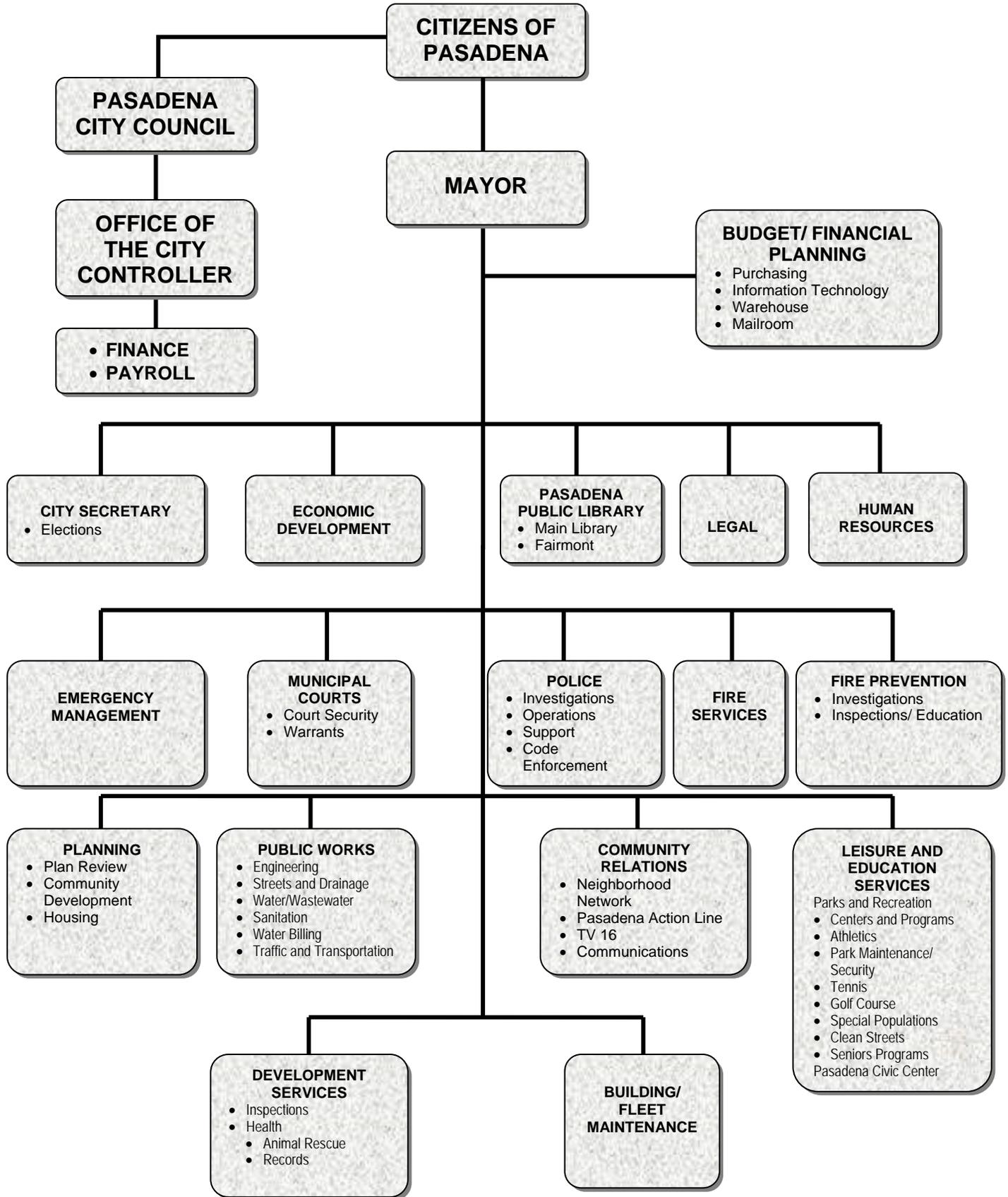
**City of Pasadena  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

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	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 (MAYOR PRO-TEM)

**CITY CONTROLLER**

WAYNE F. LONG, JR., CPA  
(Retired)

**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 (Retired)

**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, 2016, 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.

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

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## **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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 United States of America. In our opinion, the combining statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2017 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  
February 28, 2017

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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, 2016. This discussion and analysis includes comparative data for fiscal year 2015. 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, 2016 are as follows:

#### Government-Wide Financial Statements

The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$828,160,630 (net position), showing an increase of \$27,626,817 (3.5%) compared to the prior fiscal year of \$800,533,813. Total net position of the City is comprised of the following:

Net investment in capital assets of \$736,095,195 (89%) 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 \$57,645,252 (6.9%) is restricted by constraints imposed from outside the City such as debt covenants, laws, and regulations.

Net position of \$34,420,183 (4.1%) 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 \$121,979,557. This compares to the prior fiscal year combined fund balances of \$120,443,673, showing an increase of \$1,535,884 (1.3%). Approximately 38.3% of the fund balances, \$46,689,035, is available for spending at the City's discretion (unassigned); 52% of the fund balance, \$63,469,227 is restricted for court, law enforcement, economic development, housing services, capital construction, and debt service. The balance of \$7,269,969 (6%) is committed for general government capital construction in the amounts of \$7,254,969 and \$15,000. The \$7,254,969 is for various capital projects including drainage improvements, fire station #5, Strawberry Park pool renovations, Garner Road, Shaver-Pasadena Blvd., continued Randolph, Pine-Spencer improvement, and sidewalk replacement projects, to name a few. Assigned is for purchases on order of \$516,191 and capital construction of \$4,035,135, totaling \$4,551,326 (3.7%).

At the end of fiscal year, the general fund had a total fund balance of \$47,220,226. The unassigned portion of the fund balance was \$46,689,035 or 51.2% of total general fund expenditures of \$91,140,665. The committed portion of the fund balance was \$15,000. The assigned portion of the fund balance was \$516,191. The City has a policy that 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, 2016, the unassigned fund balance exceeded this required balance by \$31,498,924.

### 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 deferred outflows and liabilities and deferred inflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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 non-major 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 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, non-major 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 \$828,160,630 at fiscal year ended September 30, 2016.

**CITY OF PASADENA, TEXAS**  
**Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 161,940,485	\$ 160,608,348	\$ 30,452,619	\$ 28,094,646	\$ 192,393,104	\$ 188,702,994
Capital assets	581,545,240	569,406,839	283,799,528	280,557,698	865,344,768	849,964,537
<b>Total assets</b>	<b>743,485,725</b>	<b>730,015,187</b>	<b>314,252,147</b>	<b>308,652,344</b>	<b>1,057,737,872</b>	<b>1,038,667,531</b>
Deferred outflows of resources	33,519,009	10,873,774	5,949,367	1,000,143	39,468,376	11,873,917
<b>Total deferred outflows</b>	<b>33,519,009</b>	<b>10,873,774</b>	<b>5,949,367</b>	<b>1,000,143</b>	<b>39,468,376</b>	<b>11,873,917</b>
Long-term liabilities, outstanding	152,599,285	143,447,635	77,731,430	81,484,728	230,330,715	224,932,363
Other liabilities	23,791,030	16,193,626	11,821,487	6,438,169	35,612,517	22,631,795
<b>Total liabilities</b>	<b>176,390,315</b>	<b>159,641,261</b>	<b>89,552,917</b>	<b>87,922,897</b>	<b>265,943,232</b>	<b>247,564,158</b>
Deferred inflows of resources	2,856,892	2,260,160	245,494	183,317	3,102,386	2,443,477
<b>Total deferred inflows</b>	<b>2,856,892</b>	<b>2,260,160</b>	<b>245,494</b>	<b>183,317</b>	<b>3,102,386</b>	<b>2,443,477</b>
Net position:						
Net investment in capital assets	520,604,774	499,187,584	215,490,421	207,484,738	736,095,195	706,672,322
Restricted	55,591,891	55,408,353	2,053,361	2,108,767	57,645,252	57,517,120
Unrestricted	21,560,862	24,391,603	12,859,321	11,952,768	34,420,183	36,344,371
<b>Total net position</b>	<b>\$ 597,757,527</b>	<b>\$ 578,987,540</b>	<b>\$ 230,403,103</b>	<b>\$ 221,546,273</b>	<b>\$ 828,160,630</b>	<b>\$ 800,533,813</b>

By far, the largest portion of the City's net position, \$736,095,195 (89%), 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 \$29,422,873 compared to prior fiscal year of \$706,672,322. Capital assets had a net increase of \$15,380,231 with 79% net increase in the governmental activities and the remaining 21% net increase in the business-type activities. The governmental activities streets project included Fin frock at Southmore, completed Strawberry at Fairmont, Garner Road; Shaver-Pasadena Blvd., and El Cary. The major infrastructure projects in the business-type activities were Crenshaw Water Plant, Hwy 225 waterline, Burke-BW8, and City-wide wastewater improvements. Additional information can be found in Note IV, D, pages 66-67.

The current and advance refunding of bonds resulted in a net increase of \$3,721,296, including bond premiums and principal payments totaling \$13,885,000 for both governmental and business-type activities, which created an overall decrease of \$10,163,704 in the total bond debt liabilities.

The second largest portion of the City's net position, \$57,645,252 (6.9%), represents resources that are subject to external restrictions on how they may be used. This compared to the prior fiscal year of \$57,517,120, showing an increase of \$128,132. Overall, there were small changes in restricted net position in the total primary government. Debt service restricted net position decreased by \$79,698 from \$4,118,952 to \$4,039,254.

Capital projects restricted net position decreased by \$281,917 from \$45,404,258 to \$45,122,341 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.

Cultural and recreation restricted net position increased by \$526,355 from \$2,360,526 to \$2,886,881 due to the increase in hotel and motel tax revenue with three new hotels: Fairfield Inn, Holiday Inn Express & Suites and Residence Inn/Marriott.

The third and final portion of the City's net position, \$34,420,183 (4.1%), represents unrestricted resources that can be used to meet the City's ongoing obligations to citizens and creditors. This portion of net position

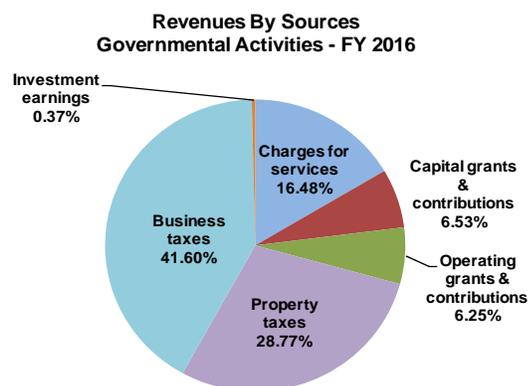
decreased by \$1,924,188 (5.3%) compared to the prior fiscal year of \$36,344,371. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

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	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 24,153,527	\$ 23,912,068	\$ 39,681,159	\$ 39,079,938	\$ 63,834,686	\$ 62,992,006
Operating grants and contributions	9,158,177	8,214,522	-	-	9,158,177	8,214,522
Capital grants and contributions	9,563,828	11,569,987	-	-	9,563,828	11,569,987
General revenues:						
Property taxes	42,155,738	38,799,792	-	-	42,155,738	38,799,792
Business taxes	59,734,725	57,984,238	-	-	59,734,725	57,984,238
Other taxes/fees	1,227,928	1,059,717	-	-	1,227,928	1,059,717
Investment earnings	536,418	118,224	79,794	16,459	616,212	134,683
Gain on sale of capital assets	-	1,826,646	-	12,141	-	1,838,787
<b>Total Revenues</b>	<b>146,530,341</b>	<b>143,485,194</b>	<b>39,760,953</b>	<b>39,108,538</b>	<b>186,291,294</b>	<b>182,593,732</b>
<b>Expenses:</b>						
General government	20,888,643	17,122,766	-	-	20,888,643	17,122,766
Public safety	51,631,147	48,403,071	-	-	51,631,147	48,403,071
Public works	23,608,280	23,367,837	-	-	23,608,280	23,367,837
Health	4,209,705	4,013,432	-	-	4,209,705	4,013,432
Culture and recreation	17,650,996	16,579,672	-	-	17,650,996	16,579,672
Housing and community development	7,985,634	7,512,375	-	-	7,985,634	7,512,375
Interest on long-term debt	2,627,998	3,439,836	-	-	2,627,998	3,439,836
Water and sewer	-	-	30,062,074	30,561,782	30,062,074	30,561,782
<b>Total Expenses</b>	<b>128,602,403</b>	<b>120,438,989</b>	<b>30,062,074</b>	<b>30,561,782</b>	<b>158,664,477</b>	<b>151,000,771</b>
<b>Increase in net position before transfers</b>	<b>17,927,938</b>	<b>23,046,205</b>	<b>9,698,879</b>	<b>8,546,756</b>	<b>27,626,817</b>	<b>31,592,961</b>
<b>Transfers</b>	<b>842,049</b>	<b>(6,059,853)</b>	<b>(842,049)</b>	<b>6,059,853</b>	<b>-</b>	<b>-</b>
<b>Increase in net position</b>	<b>18,769,987</b>	<b>16,986,352</b>	<b>8,856,830</b>	<b>14,606,609</b>	<b>27,626,817</b>	<b>31,592,961</b>
<b>Net position - beginning</b>	<b>578,987,540</b>	<b>562,001,188</b>	<b>221,546,273</b>	<b>206,939,664</b>	<b>800,533,813</b>	<b>768,940,852</b>
<b>Net position - ending</b>	<b>\$ 597,757,527</b>	<b>\$ 578,987,540</b>	<b>\$ 230,403,103</b>	<b>\$ 221,546,273</b>	<b>\$ 828,160,630</b>	<b>\$ 800,533,813</b>

### Governmental Activities.

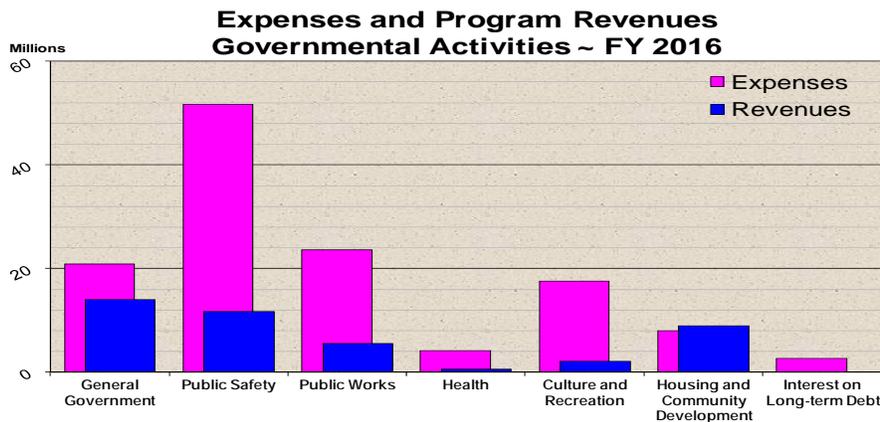


Governmental activities increased the City's net position by \$18,769,987 (3.2%). This was impacted by the current economic conditions. The City has seen overall revenues increased by \$9,947,049 including transfers. Program revenue decreased by \$821,045 (1.9%) from \$43,696,577 to \$42,875,532. Operating grants and contributions increased by \$943,655 and capital grants and contributions decreased by \$2,006,159. There were several factors in the changes, first being public safety had an increase of \$556,430 from \$1,532,131 to \$2,088,561 due to contributions of capital assets from Pasadena Crime Control and Prevention District, a discretely component unit, being slightly higher than prior years. Additionally, Public Works had a decrease of \$6,449,669 from \$8,826,245 to \$2,376,576. The Community

Development Block Grant Disaster Recovery, which granted a total of \$34,821,231 to the City over several years, was finalized on December 31, 2015 and, consequently, the bulk of the funds were spent in prior years.

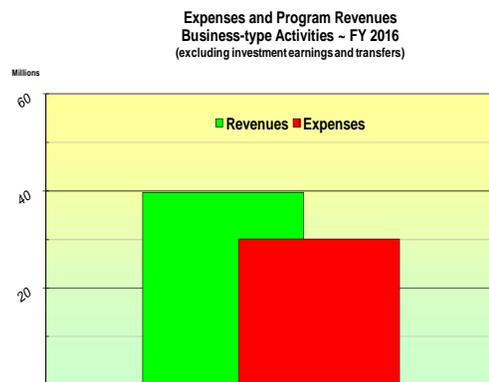
There was a \$5,274,644 (4.5%) increase in general revenues, excluding transfers, investment earnings, and last year's gain on sale of capital assets, in the governmental activities. General property taxes increased by \$3,355,946 due to increased property values and sales taxes increased by \$911,294 because of increased consumer spending.

Expenses increased by \$8,163,414 (6.8%). The largest increase was \$3,765,877 in the general government activity due to the fact the City had a loss on sale of assets in the amount of \$1,618,144 this year that was included in this function/program. Contractual services in the legal and planning departments went up by \$747,664 in total due to additional outside services. There was an increase of \$3,228,076 in the public safety due to an increase in police costs.



**Business-type Activities.** Business-type activities increased the City's net position by \$8,856,830. The key elements of this increase include:

The business-type activities had seen a slight decrease in expenses of \$499,708 (1.6%). Contractual services decreased by \$141,969 (2.3%) in professional services and, specifically, engineering services decreased. Last year, personnel services were 28% of total operating expenses and currently they are at 29%. The business-type activities capital contribution from the grant management fund, nonmajor governmental funds, and Pasadena Second Century Corporation (PSCC) capital projects fund was \$2,913,951. This is reported on the Statement of Activities as a net of \$842,049 including \$2,913,951 capital contribution less \$3,756,000 transfer. 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; Gulfport Industrial District; New Vince Bayou generator; and Vista lift station. Interest expense on bonds and is included in water and sewer system expense on the statement of activities went from \$3,324,683 to \$2,199,835; a \$1,124,848 decrease due to the advance refunding of Waterworks and Sewer System Revenue Bond, Series 2008 that lowered the interest rate resulting in an economic gain of \$7,036,296 over the life of the bonds.



Revenue, including interest earnings, had an increase of \$664,556. Charges for services increased by \$601,221 due to an increase in water sales because of a slightly dryer year.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City reported combined ending fund balances of \$121,979,557. Approximately 38.3% of this amount, or \$46,689,035, 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 (\$9,237,609 or 7.6%)
2. restricted to pay debt service (\$1,493,541 or 1.2%)
3. restricted to pay for certain capital construction (\$52,738,077 or 43.2%)
4. assigned to pay purchases on order (\$516,191 or 0.4%)
5. assigned to pay capital construction (\$4,035,135 or 3.3%)
6. committed to general government capital construction and recall, election, and charter revision (\$7,269,969 or 6%)

The general fund is the principal operating fund of the City of Pasadena. As of September 30, 2016, the general fund reported fund balance of \$47,220,226. This compared to the prior fiscal year of \$44,491,132, showing an increase of \$2,729,094 (6.1%).

The unassigned portion of the general fund balance was \$46,689,035. 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 \$91,140,665 or 51.2%.

The City's general fund has emerged from the recession with general property tax collection increasing by 11%. Industrial district fees increased by 0.5% 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 slightly, in the amount of \$607,530 over last year. Expenditures excluding transfers out increased by \$2,923,293 or 3.3% due mostly to the COLA of 2% across all departments. The general fund transferred \$8,616,047 less in fiscal year 2016 than the year before to the capital projects funds for projects.

The debt service fund has a total fund balance of \$1,493,541, all of which is restricted for the payment of debt service. The decrease in fund balance of \$289,852 compared to prior fiscal year fund balance of \$1,783,393 was mainly due to the underwriter/issuance costs on the GOB Refunding Bonds, Series 2016.

The Pasadena Second Century Corporation fund has a total fund balance of \$48,870,236, all of which is restricted for economic development capital projects. The increase in fund balance of \$1,240,631, or 2.6%, compared to prior fiscal year of \$47,629,605, was attributed to a slight upturn in the economy and a slight increase in sales tax collections in the amount of \$303,764. There was an increase in capital project expenditures of \$2,913,538. The majority was in culture and recreation in the total amount of \$4,219,598. Of that, \$4,065,350 was used to purchase 5.08 acres of land at the convention center for new development.

The capital projects fund has a total fund balance of \$15,157,945, with \$3,867,841 restricted for capital construction projects; \$7,254,969 committed by Council, the highest level of decision making for capital construction; and \$4,035,135 assigned by management for capital construction. The decrease in fund balance amounted to \$3,045,496 or 16.7%, compared to the prior fiscal year of \$18,203,441. 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 \$11,619,271 had decreased by \$4,188,966

compared to the prior fiscal year with the majority of expenditures concentrated on public works projects, totaling \$7,326,926, and the public safety project totaling \$3,129,147.

The grant management fund has a total fund balance of \$3,272,390, all of which is restricted for specific grant purposes. There was an increase in the fund balance of \$145,846. The increase was primarily due to the HUD funds received and less expenditures being spent.

**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 \$108,627,491, including transfers out, was \$9,573,815 (9.7%) more than the original budget of \$99,053,676.

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

- \$113,292 decrease for General Government - included a decrease of \$1,123,737 in other charges, mainly a reduction of sick and vacation time not used. Legal increased \$446,000 due to professional services increase. Planning increased \$476,500 again due to the increase in contractual services.
- \$1,327,505 increase for Public Safety - included increased costs in various police and fire prevention salary accounts due to the unexpected costs and firefighting department increased by \$341,890 (9.6%) due to furniture and fixtures being purchased out of capital outlay for the new fire station #5.
- \$400,902 increase for Public Works - included an increase in engineering department in the amount of \$333,202 for personnel services.
- \$62,634 increase in Health - included an increase in the amount for care of additional animals in animal rescue and assistance.
- \$210,870 increase in Culture and Recreation – increases in recreation personnel service due to the opening of the new Strawberry pool.

Even with the above mentioned amendments, total actual expenditures, including transfers out totaling \$99,706,861, were \$8,920,630 (8.2%) below the final budget. The general government function had a variance of \$3,017,818, specifically in other charges, which includes unexpended sick and vacation budget, and the culture and recreation function had a variance in the amount of \$2,969,668. 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 \$102,435,955, which was over the final budgeted amount of \$100,742,274 by \$1,693,681 (1.7%). The largest favorable variances were in the amount of \$1,267,285 for sales taxes and licenses and permits in the amount of \$991,750, again due to the City emerging from the recession.

### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016 amounted to \$865,344,768 (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 \$15,380,231 (1.8%) compared to prior fiscal year of \$849,964,537. There was a \$12,138,401 (2.1%) increase for governmental activities and a \$3,241,830 (1.2%) 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) - \$851,847 with \$1,863,849 in progress at the end of the fiscal year.

- Began 2015 Annual Drainage (D036) - \$817,478 in progress at the end of the fiscal year.
- Began Channel Improvement/Detention (D037) - \$215,334 in progress at the end of the fiscal year.
- Continued with Rebuilding Station #5 (F004) - \$3,066,070 with \$4,017,948 in progress at the end of the fiscal year.
- Continued with Animal Adoption Center (M016) - \$283,904 with \$460,700 in progress at the end of the fiscal year.
- Continued with remodeling AT&T Building (M017) - \$2,404 with \$750,202 in progress at the end of the fiscal year.
- Began Convention Center Facilities (M025) - \$42,644 in progress at the end of the fiscal year.
- Began Convention Center Hotel (M027) - \$12,019 in progress at the end of the fiscal year.
- Began Rodeo Arena Improvements (M028) - \$22,409 in progress at the end of the fiscal year.
- Began Ventech Improvements (M030) - \$79,763 in progress at the end of the fiscal year.
- Began City Hall Improvements (M031) - \$1,970 in progress at the end of the fiscal year.
- Continued with Strawberry Park Swimming Pool Renovation (R022) - \$529,218 with \$5,916,771 in progress at the end of the fiscal year.
- Began Holly Bay Park Play Station (R026) - \$156,141 in progress at the end of the fiscal year.
- Continued with Finrock, Thomas - Harris (S037) - \$6,031 with \$713,018 in progress at the end of the fiscal year.
- Continued El Cary Subdivision Paving/Drainage (S046) - \$220,883 with \$1,401,563 in progress at the end of the fiscal year.
- Began 2015 Sidewalks (S075) - \$515,291 in progress at the end of the fiscal year.
- Began 2015 Paving (S076) - \$878,731 in progress at the end of the fiscal year.
- Began Garner Rd., Shaver-Pasadena Blvd. (S085) - \$3,104,153 in progress at the end of the fiscal year.
- Continued Randolph; Pine-Spencer (S087) - \$2,709,310 with \$2,759,778 in progress at the end of the fiscal year.
- Continued Paving/Drainage Project Management (S095) - \$124,704 with \$978,031 in progress at the end of the fiscal year.
- Continued SEWPP Metering Station Improvement (W011) - \$444,775 with \$1,683,572 in progress at the end of the fiscal year.
- Continued Waterline Rehab (W015) - \$323,797 with \$1,307,977 in progress at the end of the fiscal year.
- Continued Waterline Improvement Project (W021) - \$31,336 with \$2,205,080 in progress at the end of the fiscal year.
- Continued Crenshaw Water Plant (South) (W028) - \$1,389,797 with \$6,442,577 in progress at the end of the fiscal year.
- Continued Hwy 225 Waterline, Burke – BW8 (W029) - \$1,354,381 with \$1,455,378 in progress at the end of the fiscal year.
- Continued Fairmont Pkwy 12" Water Main (W030) - \$74,400 with \$203,000 in progress at the end of the fiscal year.
- Continued Water Distribution System Improvement (W031) - \$5,298.36 with \$77,550 in progress at the end of the fiscal year.
- Began Scarborough Waterline (W034) - \$169,065 in progress at the end of the fiscal year.

- Began 225 Waterline Projects (W035) - \$172,178 in progress at the end of the fiscal year.
- Began Waterline Replacement Program (W036) - \$487,554 in progress at the end of the fiscal year.
- Began Water Storage Tank Rehab (W038) - \$62,717 in progress at the end of the fiscal year.
- Began Shaw Waterline Improvements (W047) - \$51,532 in progress at the end of the fiscal year.
- Continued Llano/Red Bluff/Ellaine/Wyatt Lift Station (WW022) - \$200,942 with \$342,549 in progress at the end of the fiscal year.
- Began 2016 City-wide WW Improvement (WW027) - \$686,570 in progress at the end of the fiscal year.
- Began WWTP Consolidation Project Ph I (WW031) - \$63,125 in progress at the end of the fiscal year.
- Began Vista Lift Station Improvement (WW055) - \$6,057 in progress at the end of the fiscal year.
- Began Vista Trunk Sewer Ph III (WW056) - \$41,428 in progress at the end of the fiscal year.

**CAPITAL ASSETS**  
(net of depreciation)  
September 30, 2016

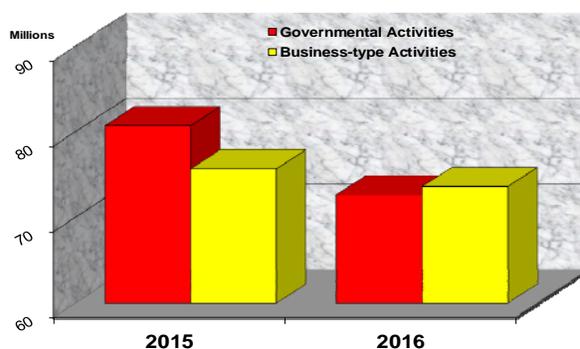
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 143,395,646	\$ 138,421,874	\$ 1,624,352	\$ 1,624,352	\$ 145,019,998	\$ 140,046,226
Buildings and building improvements	56,477,749	54,694,449	1,932,846	1,750,805	58,410,595	56,445,254
Facilities and other improvements	6,579,116	6,932,580	10,406,607	4,096,361	16,985,723	11,028,941
Machinery and equipment	12,869,082	12,881,846	2,210,071	2,579,653	15,079,153	15,461,499
Infrastructure	315,457,424	306,680,317	251,073,122	239,443,050	566,530,546	546,123,367
Automotive equipment	11,687,756	11,798,758	25,568	32,613	11,713,324	11,831,371
Construction in progress	35,078,467	37,997,015	16,526,962	31,030,864	51,605,429	69,027,879
<b>Totals</b>	<b>\$ 581,545,240</b>	<b>\$ 569,406,839</b>	<b>\$ 283,799,528</b>	<b>\$ 280,557,698</b>	<b>\$ 865,344,768</b>	<b>\$ 849,964,537</b>

Additional information on the City of Pasadena's capital assets can be found in Note IV, D, pages 66-68 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 \$146,214,110. Of this amount, \$72,633,271 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. \$73,580,839 represents debt either secured by the net revenues of the City's water and sewer operations (\$7,472,056) or by the full faith and credit of the City, but will be paid from the City's water and sewer operations (\$66,108,783).

**Outstanding Debt ~ 2015 vs. 2016**



The overall debt decreased by \$10,163,704 (6.5%), attributable to debt principal payments during the current fiscal year and two refunding activities. Please refer to note IV, G, pages 71-75 in the notes 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, 2016**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General, certificate and other obligations including refunding	\$ 72,633,271	\$ 80,710,657	\$ 66,108,783	\$ 13,055,251	\$ 138,742,054	\$ 93,765,908
Revenue bonds including refunding	-	-	7,472,056	62,611,906	7,472,056	62,611,906
Total	<u>\$ 72,633,271</u>	<u>\$ 80,710,657</u>	<u>\$ 73,580,839</u>	<u>\$ 75,667,157</u>	<u>\$ 146,214,110</u>	<u>\$ 156,377,814</u>

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

Tax Supported Debt:

Standard & Poor's – "AA"  
 Fitch Ratings – "AA"

Utility Supported Debt:

Standard & Poor's – "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 \$661,877,057, 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 2016) was 5.3%, down from 5.5% for the previous December per the Bureau of Labor Statistics.
- Assessed value for property tax used for the fiscal year 2017 budget preparation is up approximately 6.17% from fiscal year 2016 and is expected to bring in an increase by \$2,500,750 in revenues with \$819,774 due to the new property added to the tax rolls. The tax rate remained at \$0.575388.
- The general fund revenue per the fiscal year 2017 adopted budget is expected to decrease by approximately \$50,200, including transfers in and sale of capital assets, over fiscal year 2016 actual amounts in revenue.
- Sales tax revenue is expected to be slightly down with the national economy expected to remain the same. The City had experienced growth in the sales tax revenue over the prior years.
- The fiscal year 2017 adopted budget anticipates a slight increase in industrial revenue of 0.6%. This small increase can be traced to the industrial district assessed values.
- The 2017 budget under the modified accrual basis includes an increase in water and sewer operating revenues compared to the actual amount in fiscal year 2016. 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 2017. Revenues in the general fund are budgeted in the amount of \$102,486,155, including transfers and sales of capital assets, which is an increase of \$1,743,881 over the final fiscal year 2016 budget of \$100,742,274 (including transfer in and sale of capital assets). The revenue increases were mainly due to the uplift in the

economy and now the leveling off because of gas prices.

Expenditures are budgeted to decrease by 5.9%, or \$6,430,356, in comparison to the final budgeted expenditures of fiscal year 2016. This decrease is due to using fund balance for fiscal year 2016 for CIP projects and, in fiscal year 2017, CIP projects were not budgeted during the annual budget process as had been in the prior year.

### **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, 2016**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Pasadena Crime Control and Prevention District</u>
	<u>Activities</u>	<u>Activities</u>		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,432,496	\$ 1,228,252	\$ 2,660,748	\$ -
Investments	82,433,590	21,233,172	103,666,762	7,148,245
Receivables (net of allowances for uncollectible)	8,819,249	5,972,924	14,792,173	1,727,611
Due from component unit	4,661	-	4,661	-
Internal balances	3,797,403	(3,797,403)	-	-
Inventories	524,229	55,136	579,365	-
Prepaid items	483,103	33,713	516,816	-
Deposits	38,000	-	38,000	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	518,098	-	518,098	-
Investments	61,682,965	5,726,825	67,409,790	-
Intergovernmental receivables	2,206,691	-	2,206,691	-
Capital assets not being depreciated:				
Land	143,395,646	1,624,352	145,019,998	-
Construction in progress	35,078,467	16,526,962	51,605,429	-
Capital assets net of accumulated depreciation:				
Buildings and building improvements	56,477,749	1,932,846	58,410,595	-
Facilities and other improvements	6,579,116	10,406,607	16,985,723	-
Machinery and equipment	12,869,082	2,210,071	15,079,153	-
Infrastructure	315,457,424	251,073,122	566,530,546	-
Automotive	11,687,756	25,568	11,713,324	-
<b>TOTAL ASSETS</b>	<b>743,485,725</b>	<b>314,252,147</b>	<b>1,057,737,872</b>	<b>8,875,856</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding bonds	3,152,979	3,317,860	6,470,839	-
Deferred outflows on pension:				
Subsequent contributions	5,288,080	446,918	5,734,998	-
Net difference in investment earnings	21,342,543	1,858,952	23,201,495	-
Assumption changes	3,718,292	325,637	4,043,929	-
Change in employer proportional share	17,115	-	17,115	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>33,519,009</b>	<b>5,949,367</b>	<b>39,468,376</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	8,188,539	1,585,173	9,773,712	382,995
Accrued payroll payable	1,314,463	140,245	1,454,708	121,364
Accrued interest payable	340,251	-	340,251	-
Due to primary government	-	-	-	4,661
Liabilities payable from restricted assets	2,084,597	1,719,593	3,804,190	-
Customer deposits	-	4,154,268	4,154,268	-
Unearned revenue	79,787	-	79,787	-
Noncurrent liabilities:				
Due within one year	11,783,393	4,222,208	16,005,601	-
Due in more than one year	152,599,285	77,731,430	230,330,715	-
<b>TOTAL LIABILITIES</b>	<b>176,390,315</b>	<b>89,552,917</b>	<b>265,943,232</b>	<b>509,020</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on pension:				
Difference in economic experience	2,754,614	245,494	3,000,108	-
Change in employer proportional share	102,278	-	102,278	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,856,892</b>	<b>245,494</b>	<b>3,102,386</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	520,604,774	215,490,421	736,095,195	-
Restricted for:				
Debt service	1,985,893	2,053,361	4,039,254	-
Capital projects	45,122,341	-	45,122,341	-
Public safety	2,053,575	-	2,053,575	8,366,836
Housing and community development	2,116,445	-	2,116,445	-
Cultural and recreation	2,886,881	-	2,886,881	-
Other purpose	1,426,756	-	1,426,756	-
Unrestricted	21,560,862	12,859,321	34,420,183	-
<b>TOTAL NET POSITION</b>	<b>\$ 597,757,527</b>	<b>\$ 230,403,103</b>	<b>\$ 828,160,630</b>	<b>\$ 8,366,836</b>

The accompanying notes are an integral part of the financial statements

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**CITY OF PASADENA, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Pasadena Crime Control and Prevention District
	Primary Government				Governmental Activities	Business-type Activities	Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
<b>FUNCTIONS/PROGRAMS</b>								
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 20,888,643	\$ 10,003,780	\$ 4,902	\$ 3,990,000	\$ (6,889,961)	\$ -	\$ (6,889,961)	\$ -
Public safety	51,631,147	8,368,016	1,206,420	2,088,561	(39,968,150)	-	(39,968,150)	-
Public works	23,608,280	3,024,938	139,453	2,376,576	(18,067,313)	-	(18,067,313)	-
Health	4,209,705	587,922	-	-	(3,621,783)	-	(3,621,783)	-
Culture and recreation	17,650,996	2,105,023	-	-	(15,545,973)	-	(15,545,973)	-
Housing and community development	7,985,634	63,848	7,807,402	1,108,691	994,307	-	994,307	-
Interest on long-term debt	2,627,998	-	-	-	(2,627,998)	-	(2,627,998)	-
Total governmental activities	128,602,403	24,153,527	9,158,177	9,563,828	(85,726,871)	-	(85,726,871)	-
Business-type activities:								
Water and sewer system	30,062,074	39,681,159	-	-	-	9,619,085	9,619,085	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 158,664,477</b>	<b>\$ 63,834,686</b>	<b>\$ 9,158,177</b>	<b>\$ 9,563,828</b>	<b>(85,726,871)</b>	<b>9,619,085</b>	<b>(76,107,786)</b>	<b>-</b>
<b>Component unit:</b>								
Pasadena Crime Control and Prevention District	<b>\$ 10,596,467</b>	<b>\$ -</b>	<b>\$ 39,172</b>	<b>\$ -</b>	<b>42,155,738</b>	<b>-</b>	<b>42,155,738</b>	<b>10,557,295</b>
General revenues:								
General property taxes					42,155,738	-	42,155,738	-
Business taxes								
Industrial district fees					17,774,342	-	17,774,342	-
Sales taxes					32,350,927	-	32,350,927	-
Franchise taxes					9,609,456	-	9,609,456	-
Other taxes					1,227,928	-	1,227,928	-
Total business taxes					60,962,653	-	60,962,653	-
Investment earnings								
Unrestricted					344,184	62,105	406,289	-
Restricted					192,234	17,689	209,923	22,956
Transfers					842,049	(842,049)	-	-
<b>Total general revenues and transfers</b>					<b>104,496,858</b>	<b>(762,255)</b>	<b>103,734,603</b>	<b>10,429,961</b>
<b>CHANGE IN NET POSITION</b>					<b>18,769,987</b>	<b>8,856,830</b>	<b>27,626,817</b>	<b>(127,334)</b>
<b>NET POSITION - BEGINNING</b>					<b>578,987,540</b>	<b>221,546,273</b>	<b>800,533,813</b>	<b>8,494,170</b>
<b>NET POSITION - ENDING</b>					<b>\$ 597,757,527</b>	<b>\$ 230,403,103</b>	<b>\$ 828,160,630</b>	<b>\$ 8,366,836</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	<b>General</b>	<b>Debt Service</b>	<b>Pasadena Second Century Corporation</b>	<b>Capital Projects</b>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,432,496	\$ -	\$ -	\$ -
Investments	61,325,241	-	-	-
Receivables (net of allowance for uncollectible)	5,829,910	258,171	1,787,290	-
Due from other funds	1,911,118	-	-	11,220,863
Due from component unit	4,661	-	-	-
Restricted assets				
Cash and cash equivalents	-	-	10,217	-
Investments	-	1,727,722	47,211,792	4,973,711
Receivables (net of allowance for uncollectible)	54,665	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 70,558,091</b>	<b>\$ 1,985,893</b>	<b>\$ 49,009,299</b>	<b>\$ 16,194,574</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 7,487,080	\$ -	\$ -	\$ -
Accrued payroll payable	1,208,556	-	-	-
Due to other funds	13,222,230	221,373	-	-
Compensated absences payable	-	-	-	-
Unearned revenue - other	-	-	-	-
Liabilities payable from restricted assets	-	-	139,063	1,036,629
<b>TOTAL LIABILITIES</b>	<b>21,917,866</b>	<b>221,373</b>	<b>139,063</b>	<b>1,036,629</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue - property taxes	570,959	270,979	-	-
Unavailable revenue - industrial district fees	444,425	-	-	-
Unavailable revenue - electrical franchise fees	404,615	-	-	-
Unavailable revenue - notes grant management	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,419,999</b>	<b>270,979</b>	<b>-</b>	<b>-</b>
<b><u>FUND BALANCES</u></b>				
Restricted	-	1,493,541	48,870,236	3,867,841
Committed	15,000	-	-	7,254,969
Assigned	516,191	-	-	4,035,135
Unassigned	46,689,035	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>47,220,226</b>	<b>1,493,541</b>	<b>48,870,236</b>	<b>15,157,945</b>
<b>TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 70,558,091</b>	<b>\$ 1,985,893</b>	<b>\$ 49,009,299</b>	<b>\$ 16,194,574</b>

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 \$2,548,219 of unearned revenue and are less \$2,661,235 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

<b>Grant Management</b>	<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 1,432,496
-	-	61,325,241
-	-	7,875,371
-	883,254	14,015,235
-	-	4,661
454,819	53,062	518,098
2,994,614	4,775,126	61,682,965
2,673,456	335,811	3,063,932
<b>\$ 6,122,889</b>	<b>\$ 6,047,253</b>	<b>\$ 149,917,999</b>

\$ -	\$ -	\$ 7,487,080
-	-	1,208,556
919,512	9,974	14,373,089
157,114	-	157,114
79,781	6	79,787
836,851	72,054	2,084,597
<b>1,993,258</b>	<b>82,034</b>	<b>25,390,223</b>

-	-	841,938
-	-	444,425
-	-	404,615
857,241	-	857,241
<b>857,241</b>	<b>-</b>	<b>2,548,219</b>

3,272,390	5,965,219	63,469,227
-	-	7,269,969
-	-	4,551,326
-	-	46,689,035
<b>3,272,390</b>	<b>5,965,219</b>	<b>121,979,557</b>

**\$ 6,122,889**    **\$ 6,047,253**

565,776,458

(113,016)

37,196,750

(127,082,222)

**\$ 597,757,527**

**CITY OF PASADENA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<b>General</b>	<b>Debt Service</b>	<b>Pasadena Second Century Corporation</b>	<b>Capital Projects</b>
<b>REVENUES</b>				
General property taxes	\$ 31,666,936	\$ 10,372,575	\$ -	\$ -
Business taxes and fees				
Industrial district fees	17,364,338	-	-	-
Sales taxes	21,567,285	-	10,783,642	-
Franchise taxes	8,887,972	-	-	-
Other taxes	312,687	-	-	-
Total business taxes and fees	48,132,282	-	10,783,642	-
Licenses and permits	3,005,350	-	-	-
Municipal court fines	5,627,478	-	-	-
Charges for services	9,734,403	-	-	-
Intergovernmental	249,078	-	-	-
Program income	-	-	-	-
Contribution from outside sources	-	-	-	717,303
Miscellaneous	736,742	-	-	-
Investment income	288,205	5,603	139,373	22,432
<b>TOTAL REVENUES</b>	<b>99,440,474</b>	<b>10,378,178</b>	<b>10,923,015</b>	<b>739,735</b>
<b>EXPENDITURES</b>				
Current:				
General government	16,352,434	-	-	-
Public safety	41,569,203	-	-	-
Public works	15,114,652	-	305,080	-
Health	3,753,196	-	-	-
Culture and recreation	14,351,180	-	-	-
Housing and community development	-	-	-	-
Debt Service:				
Principal	-	7,999,312	865,000	-
Interest	-	2,674,113	48,700	-
Payment to refunding bond escrow agent	-	1,822,973	-	-
Underwriter/issuance costs	-	269,693	-	-
Capital Outlay:				
General government	-	-	-	382,840
Public safety	-	-	-	3,129,147
Public works	-	-	4,094,006	7,326,926
Culture and recreation	-	-	4,219,598	780,358
<b>TOTAL EXPENDITURES</b>	<b>91,140,665</b>	<b>12,766,091</b>	<b>9,532,384</b>	<b>11,619,271</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,299,809</b>	<b>(2,387,913)</b>	<b>1,390,631</b>	<b>(10,879,536)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,200,000	1,156	-	7,835,196
Transfers out	(8,566,196)	-	(150,000)	(1,156)
Refunding bonds issued	-	17,405,000	-	-
Premiums on bonds issued	-	3,070,454	-	-
Payment to refunding bond escrow agent	-	(18,378,549)	-	-
Sale of capital assets	795,481	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(5,570,715)</b>	<b>2,098,061</b>	<b>(150,000)</b>	<b>7,834,040</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,729,094</b>	<b>(289,852)</b>	<b>1,240,631</b>	<b>(3,045,496)</b>
<b>FUND BALANCES, BEGINNING</b>	<b>44,491,132</b>	<b>1,783,393</b>	<b>47,629,605</b>	<b>18,203,441</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 47,220,226</b>	<b>\$ 1,493,541</b>	<b>\$ 48,870,236</b>	<b>\$ 15,157,945</b>

The accompanying notes are an integral part of the financial statements

<b>Grant Management</b>	<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 42,039,511
-	-	17,364,338
-	-	32,350,927
-	316,869	9,204,841
-	915,241	1,227,928
-	1,232,110	60,148,034
-	2,820	3,008,170
-	402,799	6,030,277
-	-	9,734,403
11,985,987	408,313	12,643,378
153,963	-	153,963
-	-	717,303
-	313,735	1,050,477
10,351	14,475	480,439
<b>12,150,301</b>	<b>2,374,252</b>	<b>136,005,955</b>
-	417,335	16,769,769
1,327,526	798,874	43,695,603
1,728,633	-	17,148,365
-	-	3,753,196
-	402,377	14,753,557
8,948,301	-	8,948,301
-	-	8,864,312
-	-	2,722,813
-	-	1,822,973
-	-	269,693
-	-	382,840
-	-	3,129,147
-	-	11,420,932
-	-	4,999,956
<b>12,004,460</b>	<b>1,618,586</b>	<b>138,681,457</b>
<b>145,841</b>	<b>755,666</b>	<b>(2,675,502)</b>
-	-	10,036,352
-	-	(8,717,352)
-	-	17,405,000
-	-	3,070,454
-	-	(18,378,549)
-	-	795,481
-	-	<b>4,211,386</b>
<b>145,841</b>	<b>755,666</b>	<b>1,535,884</b>
<b>3,126,549</b>	<b>5,209,553</b>	<b>120,443,673</b>
<b>\$ 3,272,390</b>	<b>\$ 5,965,219</b>	<b>\$ 121,979,557</b>

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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, 2016**

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)	\$	1,535,884
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.		10,215,615
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, and donations) is an increase to net position.		1,615,128
Revenues in the statement of activities that do not provide current financial resources are deferred as revenues in the funds.		930,846
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		7,386,841
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.		(5,519,056)
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.		2,604,729
<b>Change in net position of governmental activities (page 33)</b>	<b>\$</b>	<b>18,769,987</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 33,009,007	\$ 33,009,007	\$ 31,666,936	\$ (1,342,071)
Business taxes				
Industrial district fees	17,298,700	17,298,700	17,364,338	65,638
Sales taxes	20,300,000	20,300,000	21,567,285	1,267,285
Franchise taxes	8,628,250	8,628,250	8,887,972	259,722
Other taxes	250,000	250,000	312,687	62,687
Total business taxes	<u>46,476,950</u>	<u>46,476,950</u>	<u>48,132,282</u>	<u>1,655,332</u>
Licenses and permits	2,013,600	2,013,600	3,005,350	991,750
Municipal court fines	5,720,000	5,720,000	5,627,478	(92,522)
Charges for services	9,652,850	9,652,850	9,734,403	81,553
Intergovernmental	234,500	234,500	249,078	14,578
Miscellaneous	493,960	609,507	736,742	127,235
Investment income	36,800	36,800	288,205	251,405
<b>TOTAL REVENUES</b>	<b><u>97,637,667</u></b>	<b><u>97,753,214</u></b>	<b><u>99,440,474</u></b>	<b><u>1,687,260</u></b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
City council	198,428	213,128	196,072	17,056
Mayor	342,239	356,739	343,410	13,329
Budget and financial planning	585,024	634,024	618,676	15,348
Municipal court	2,255,827	2,262,407	2,145,077	117,330
City controller	1,847,802	1,874,802	1,858,565	16,237
Tax	427,520	461,020	460,950	70
Purchasing	382,846	394,746	392,034	2,712
Legal	1,187,863	1,633,863	1,593,892	39,971
City secretary	409,726	409,726	353,367	56,359
Elections	34,500	29,500	794	28,706
Human resources	882,325	882,325	720,842	161,483
Civil service	64,400	69,700	38,135	31,565
City marshal	802,439	838,139	831,215	6,924
Community relations	1,069,486	1,084,586	1,055,595	28,991
Pasadena action line	472,179	472,188	343,380	128,808
Planning	626,840	1,103,340	1,009,490	93,850
Economic development liaison	298,593	303,993	286,364	17,629
Neighborhood network	318,341	321,441	272,742	48,699
Inspections	1,662,840	1,662,840	1,562,494	100,346
Property management	2,377,733	1,951,879	1,707,439	244,440
New city hall	-	243,938	34,838	209,100
New courts	-	53,072	-	53,072
Impound/storage	368,992	368,992	357,772	11,220
Other charges	2,867,601	1,743,864	169,291	1,574,573
<b>Total General Government</b>	<b><u>19,483,544</u></b>	<b><u>19,370,252</u></b>	<b><u>16,352,434</u></b>	<b><u>3,017,818</u></b>
<b>Public Safety</b>				
Emergency preparedness	619,483	769,583	764,578	5,005
Fire fighting	3,542,571	3,884,461	3,499,774	384,687
Fire prevention	1,253,051	1,381,601	1,377,152	4,449
Police	36,041,698	36,698,063	35,363,942	1,334,121
Code enforcement	579,143	629,743	563,757	65,986
<b>Total Public Safety</b>	<b><u>42,035,946</u></b>	<b><u>43,363,451</u></b>	<b><u>41,569,203</u></b>	<b><u>1,794,248</u></b>
<b>Public Works</b>				
Engineering	2,446,802	2,780,004	2,758,896	21,108
Street lighting and signals	1,358,800	1,418,800	1,418,228	572
Sanitation	6,933,507	6,938,607	6,582,220	356,387
Street and bridge	3,162,187	3,162,187	2,822,004	340,183
Traffic and transportation	1,601,380	1,603,980	1,533,304	70,676
<b>Total Public Works</b>	<b><u>\$ 15,502,676</u></b>	<b><u>\$ 15,903,578</u></b>	<b><u>\$ 15,114,652</u></b>	<b><u>\$ 788,926</u></b>

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Health</b>				
Health	\$ 1,531,776	\$ 1,565,322	\$ 1,416,094	\$ 149,228
Animal rescue and assistance	2,508,756	2,537,844	2,337,102	200,742
<b>Total Health</b>	<b>4,040,532</b>	<b>4,103,166</b>	<b>3,753,196</b>	<b>349,970</b>
<b>Culture and Recreation</b>				
Parks	5,002,006	5,029,583	3,322,593	1,706,990
Recreation	3,624,317	3,814,807	3,203,257	611,550
Clean streets	1,878,992	1,730,692	1,572,120	158,572
Golf course	718,560	743,910	625,052	118,858
Multi-purpose center	606,647	606,647	525,487	81,160
Civic center	710,257	800,257	760,546	39,711
Senior center - Madison Jobe	552,273	569,648	547,255	22,393
Museum	66,855	66,855	36,673	30,182
Library	3,950,071	3,958,449	3,758,197	200,252
<b>Total Culture and Recreation</b>	<b>17,109,978</b>	<b>17,320,848</b>	<b>14,351,180</b>	<b>2,969,668</b>
<b>TOTAL EXPENDITURES</b>	<b>98,172,676</b>	<b>100,061,295</b>	<b>91,140,665</b>	<b>8,920,630</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(535,009)</b>	<b>(2,308,081)</b>	<b>8,299,809</b>	<b>10,607,890</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,200,000	2,200,000	2,200,000	-
Transfers out	(881,000)	(8,566,196)	(8,566,196)	-
Sale of capital assets	40,000	789,060	795,481	6,421
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,359,000</b>	<b>(5,577,136)</b>	<b>(5,570,715)</b>	<b>6,421</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>823,991</b>	<b>(7,885,217)</b>	<b>2,729,094</b>	<b>10,614,311</b>
<b>FUND BALANCES - BEGINNING</b>	<b>41,711,928</b>	<b>44,491,132</b>	<b>44,491,132</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 42,535,919</b>	<b>\$ 36,605,915</b>	<b>\$ 47,220,226</b>	<b>\$ 10,614,311</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS**  
**GRANT MANAGEMENT (MAJOR SPECIAL REVENUE FUND) - BUDGETED**  
**FEDERAL EQUITABLE SHARING OF FORFEITED PROPERTY JUSTICE DEPARTMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND (PROGRAM) BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 265,389	\$ 265,389
Program income	230	230	1,539	1,309
<b>TOTAL REVENUES</b>	<b>230</b>	<b>230</b>	<b>266,928</b>	<b>266,698</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>Public Safety</b>				
Contractual services	84,000	89,000	88,857	143
Materials and supplies	74,169	69,169	35,546	33,623
<b>TOTAL EXPENDITURES</b>	<b>158,169</b>	<b>158,169</b>	<b>124,403</b>	<b>33,766</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<b>(157,939)</b>	<b>(157,939)</b>	<b>142,525</b>	<b>300,464</b>
<b>FUND (PROGRAM) BALANCE - BEGINNING</b>	<b>402,062</b>	<b>462,420</b>	<b>462,420</b>	<b>-</b>
<b>FUND (PROGRAM) BALANCE - ENDING</b>	<b>\$ 244,123</b>	<b>\$ 304,481</b>	<b>\$ 604,945</b>	<b>\$ 300,464</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS**  
**GRANT MANAGEMENT (MAJOR SPECIAL REVENUE FUND) - BUDGETED**  
**FEDERAL EQUITABLE SHARING OF FORFEITED PROPERTY TREASURY DEPARTMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND (PROGRAM) BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 28,457	\$ 28,457
Program income	200	200	1,495	1,295
<b>TOTAL REVENUES</b>	<b>200</b>	<b>200</b>	<b>29,952</b>	<b>29,752</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>Public Safety</b>				
Contractual services	52,000	52,000	44,029	7,971
Materials and supplies	73,000	73,000	34,943	38,057
<b>TOTAL EXPENDITURES</b>	<b>125,000</b>	<b>125,000</b>	<b>78,972</b>	<b>46,028</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<b>(124,800)</b>	<b>(124,800)</b>	<b>(49,020)</b>	<b>75,780</b>
<b>FUND (PROGRAM) BALANCE - BEGINNING</b>	<b>468,581</b>	<b>531,931</b>	<b>531,931</b>	<b>-</b>
<b>FUND (PROGRAM) BALANCE - ENDING</b>	<b>\$ 343,781</b>	<b>\$ 407,131</b>	<b>\$ 482,911</b>	<b>\$ 75,780</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2016**

	<b>Business-type Activities - Enterprise Fund</b>		<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>		
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$	1,228,252	\$ -
Investments			
TexPool		21,188,781	21,108,349
CLASS		44,391	-
Receivables (net of allowances for uncollectible)		5,972,924	86,637
Due from other funds		1,044,984	73,129
Deposit		-	-
Inventory, at cost		55,136	524,229
Prepaid items		-	483,103
Restricted assets			
Investments			
Texpool		2,367,098	-
CLASS		3,359,727	-
<b>Total Current Assets</b>		<b>35,261,293</b>	<b>22,275,447</b>
<b>Noncurrent Assets</b>			
Deposits		-	38,000
Prepaid items		33,713	-
Capital assets			
Land		1,624,352	602
Buildings and building improvements		4,902,086	2,233,791
Accumulated depreciation - buildings and building improvements		(2,969,240)	(1,752,790)
Facilities and other improvements		13,371,917	175,754
Accumulated depreciation - facilities and other improvements		(2,965,310)	(70,603)
Machinery and equipment		11,446,771	8,186,211
Accumulated depreciation - machinery and equipment		(9,236,700)	(4,910,821)
Infrastructure		356,693,431	41,746
Accumulated depreciation - Infrastructure		(105,620,309)	(21,290)
Automotive		196,081	38,864,021
Accumulated depreciation - automotive		(170,513)	(27,176,265)
Construction in progress		16,526,962	198,426
Net capital assets		<b>283,799,528</b>	<b>15,768,782</b>
<b>Total Noncurrent Assets</b>		<b>283,833,241</b>	<b>15,806,782</b>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>319,094,534</b>	<b>\$ 38,082,229</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred charges on refunding bonds	\$	3,317,860	\$ -
Deferred outflows on pension:			
Subsequent contributions		446,918	372,870
Net difference investment earnings		1,858,952	1,535,993
Assumption change		325,637	271,683
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$</b>	<b>5,949,367</b>	<b>\$ 2,180,546</b>

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>	
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,585,173	\$ 701,459
Accrued payroll payable	140,245	105,907
Bonds payable - current	2,655,000	-
Due to other funds	-	760,259
Claims payable	-	1,139,312
Compensated absences payable	224,821	130,274
Customer deposits	4,154,268	-
Liabilities payable from restricted assets		
Accounts payable	1,182,478	-
Retainage payable	223,378	-
Accrued interest payable	313,737	-
Bonds payable	1,342,387	-
<b>Total Current Liabilities</b>	<b>11,821,487</b>	<b>2,837,211</b>
<b>Noncurrent Liabilities</b>		
Bonds payable (including unamortized premiums)	69,583,452	-
Claims payable	-	759,542
Compensated absences payable	2,023,382	1,172,465
Other post employment benefits	2,963,327	355,834
Net pension liability	3,161,269	2,587,703
<b>Total Noncurrent Liabilities</b>	<b>77,731,430</b>	<b>4,875,544</b>
<b>TOTAL LIABILITIES</b>	<b>89,552,917</b>	<b>7,712,755</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred inflows on pension:		
Difference in economic experience	245,494	195,657
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>245,494</b>	<b>195,657</b>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	215,490,421	15,768,782
Restricted for debt service	2,053,361	-
Unrestricted	17,701,708	16,585,581
<b>TOTAL NET POSITION</b>	<b>235,245,490</b>	<b>\$ 32,354,363</b>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise fund	<b>(4,842,387)</b>	
Net position of business-type activities (page 31)	<b>\$ 230,403,103</b>	

The accompanying notes are an integral part of the financial statements

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**CITY OF PASADENA, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>	
<b>OPERATING REVENUES</b>		
Charges for sales and services	<b>\$ 39,681,159</b>	<b>\$ 33,511,645</b>
<b>OPERATING EXPENSES</b>		
Personnel services	7,990,437	6,326,091
Contractual services	5,933,510	1,592,121
Material and supplies	1,698,860	3,578,423
Maintenance charges	1,376,767	1,608,759
Sewer and water payments - Clear Lake Water Authority and City of Seabrook	157,216	-
Operating, maintenance and water charges - Southeast Water Purification Plant	4,504,637	-
Insurance/reinsurance premiums	-	4,563,442
Claims and legal expenses	-	13,203,562
Administration fees	-	601,987
Miscellaneous	38,852	919,156
Depreciation	5,865,799	2,733,755
<b>TOTAL OPERATING EXPENSES</b>	<b>27,566,078</b>	<b>35,127,296</b>
<b>OPERATING INCOME (LOSS)</b>	<b>12,115,081</b>	<b>(1,615,651)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
(Loss) gain on sale and retirement of capital assets	(6,404)	146,093
Investment income	79,794	55,979
Interest expense on bonds	(2,199,835)	-
Amortization	339,474	-
Issuance costs	(546,283)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(2,333,254)</b>	<b>202,072</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>9,781,827</b>	<b>(1,413,579)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>2,913,951</b>	<b>1,498,360</b>
<b>TRANSFERS IN</b>	<b>-</b>	<b>2,437,000</b>
<b>TRANSFERS (OUT)</b>	<b>(3,756,000)</b>	<b>-</b>
<b>CHANGES IN NET POSITION</b>	<b>8,939,778</b>	<b>2,521,781</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>226,305,712</b>	<b>29,832,582</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 235,245,490</b>	<b>\$ 32,354,363</b>
<b>CHANGES IN NET POSITION</b>	<b>\$ 8,939,778</b>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	<b>(82,948)</b>	
Change in net position of business-type activities (page 33)	<b>\$ 8,856,830</b>	

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, 2016**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from interfund services	\$ -	\$ 29,402,536
Cash received from customers and users	39,658,480	4,344,581
Cash payments to suppliers for goods and services	(12,785,307)	(6,583,005)
Cash payments to employees for services	(7,468,042)	(5,875,324)
Cash payments for insurance premiums, liability claims and administration	-	(18,836,458)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>19,405,131</b>	<b>2,452,330</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>		
Transfers (to)/from other funds		
General fund	(2,200,000)	-
General fund	-	881,000
Water and sewer system fund	-	1,556,000
Maintenance fund	(556,000)	-
General liability insurance fund	(1,000,000)	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(3,756,000)</b>	<b>2,437,000</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Proceeds from sale of capital assets	-	263,936
Acquisition and construction of capital assets	(6,200,082)	(1,583,669)
Refund received on the issuance costs related to refunding debt	6,947	-
Principal paid on capital debt	(5,020,688)	-
Interest paid on capital debt	(1,947,338)	-
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(13,161,161)</b>	<b>(1,319,733)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of investments	(22,920,250)	(21,716,418)
Proceeds from sale and maturities of investments	19,965,616	18,090,842
Investment income received	79,794	55,979
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(2,874,840)</b>	<b>(3,569,597)</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>(386,870)</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>1,615,122</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 1,228,252</b>	<b>\$ -</b>

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	<b>\$ 12,115,081</b>	<b>\$ (1,615,651)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</b>		
Depreciation	5,865,799	2,733,755
Changes in assets and liabilities		
(Increase) decrease in accounts receivables	(308,305)	79,548
Decrease in due from other funds	96,496	146,345
(Increase) in prepaid items	-	(37,925)
(Increase) decrease in inventory	(6,408)	(3,916)
(Increase) in pension related deferred outflows	(1,883,550)	(1,593,898)
Increase in accounts and claims payable	834,447	66,805
(Decrease) in accrued payroll liabilities	(211,460)	(184,509)
Increase in compensated absences payable	175,592	84,412
Increase in net pension payable	2,165,129	1,806,397
Increase in due to other funds	-	632,602
Increase in other post employment benefits	214,507	286,490
Increase in customer deposits	285,626	-
Increase in pension related deferred inflows	62,177	51,875
<b>Total Adjustments</b>	<b>7,290,050</b>	<b>4,067,981</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 19,405,131</b>	<b>\$ 2,452,330</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Contribution of capital assets from the government	\$ 2,913,951	\$ 1,498,360
The City issued GO Refunding Bonds, 2016 to refund bonds issued in 2008. The proceeds were immediately deposited into an irrevocable trust for defeasance of refunded debt.	\$ 56,039,338	\$ -

The accompanying notes are an integral part of the financial statements

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

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**CITY OF PASADENA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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 that, 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 was part of the City (the primary government) because its sole purpose is to provide economic resources to fund the City's capital projects such as repair and improvement of streets, sidewalks, sewer and water lines, drainage systems, and parks that stimulate the City's business climate, promote new and expanded business enterprises, and improve residential quality of life. All completed projects are recorded as 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 nonoperating 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 nonoperating 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. The general fund is always considered a major fund for reporting purposes.

**Debt service fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The debt service fund is considered a non-major fund for reporting purposes, but the City has elected to present as major due to its significance.

**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. The capital projects fund is considered a non-major fund for reporting purposes, but the City has elected to present as major due to its significance.

**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. The grant management fund is considered a non-major fund for reporting purposes, but the City has elected to present as major due to its significance.

### **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, 2016.

## **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 five 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. A deferred charge has been recognized for the changes in actuarial assumptions. This amount is deferred and amortized over the average of the expected service lives of pension plan members. Another deferred charge has been recognized for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions. This amount is deferred and amortized over the average of the expected service lives of pension plan members.

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 changes in proportion and difference between the employer's contributions and the proportionate share of contributions. This amount is deferred and amortized over the average of the expected service lives of pension plan members. 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 plus other revenues. 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. Bond Premiums/Discounts and Issuance Costs**

Bond premiums and discounts are amortized over the life of the bonds using the effective interest method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are recognized as expenses in the period incurred excluding the portion related to prepaid insurance costs, which is being recognized as an expense in a systematic and rational manner over the duration of the related debt.

In the governmental fund financial statements, bond premiums and discounts as well as issuance costs, are recognized in the current period. The face amount of the debt issued is reflected as other financing sources. Premiums are reported as other financing sources while discounts are reported as other financing uses. The issuance costs are reported as expenditures.

## **9. Fund Balance (Equity)**

### **a. Fund Balance Descriptions**

- 1. 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.

2. **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.
3. **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.
4. **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.
5. **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.

## b. Fund Balance Summary

A summary of the nature and purpose of fund balances at September 30, 2016 is as follows:

	Governmental Fund Balances									
	General	Debt Service	Pasadena Second Century	Capital Projects	Grant Management	Public Safety	Culture and Recreation	Other	Total Non major Special Revenue	Total
<b>Fund balances:</b>										
<b>Restricted for:</b>										
Court and other purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,269,658	\$ 1,269,658	\$ 1,269,658
Law enforcement	-	-	-	-	-	1,737,893	-	-	1,737,893	1,737,893
Economic development and other purposes	-	-	-	-	1,087,856	-	2,957,668	-	2,957,668	4,045,524
Housing services	-	-	-	-	2,184,534	-	-	-	-	2,184,534
Capital construction	-	-	48,870,236	3,867,841	-	-	-	-	-	52,738,077
Debt service	-	1,493,541	-	-	-	-	-	-	-	1,493,541
<b>Total restricted</b>	-	1,493,541	48,870,236	3,867,841	3,272,390	1,737,893	2,957,668	1,269,658	5,965,219	63,469,227
<b>Committed to:</b>										
Election, recall and charter revision	15,000	-	-	-	-	-	-	-	-	15,000
Capital construction	-	-	-	7,254,969	-	-	-	-	-	7,254,969
<b>Assigned to:</b>										
Capital construction	-	-	-	4,035,135	-	-	-	-	-	4,035,135
Purchases on order for:										
General facilities	396,404	-	-	-	-	-	-	-	-	396,404
Emergency	54,486	-	-	-	-	-	-	-	-	54,486
Law enforcement	13,160	-	-	-	-	-	-	-	-	13,160
Public recreation	8,404	-	-	-	-	-	-	-	-	8,404
Other purposes	43,737	-	-	-	-	-	-	-	-	43,737
<b>Total assigned</b>	516,191	-	-	-	-	-	-	-	-	516,191
<b>Unassigned</b>	46,689,035	-	-	-	-	-	-	-	-	46,689,035
<b>Total</b>	<b>\$ 47,220,226</b>	<b>\$ 1,493,541</b>	<b>\$ 48,870,236</b>	<b>\$ 15,157,945</b>	<b>\$ 3,272,390</b>	<b>\$ 1,737,893</b>	<b>\$ 2,957,668</b>	<b>\$ 1,269,658</b>	<b>\$ 5,965,219</b>	<b>\$ 121,979,557</b>

The amount restricted by enabling legislation was \$5,965,219.

**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 \$127,082,222 difference are as follows:

Bonds and other payables	\$	65,636,751
Other long-term debt		
Add: bond premiums		6,996,520
Less: deferred charges on refunded bonds		(3,152,979)
Accrued interest payable		340,251
Compensated absences		26,754,841
Net pension liability		34,388,156
Less: Deferred outflows on pension		(28,185,484)
Other post employment benefits		24,304,166
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities.	\$	<u>127,082,222</u>

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 \$37,196,750 difference are as follows:

Net position of the internal service funds	\$	32,354,363
Add: Internal receivable representing charges less the cost to business-type activities - prior year		4,759,439
Add: Internal receivable representing charges less the cost to business-type activities - current year		82,948
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities.	\$	<u>37,196,750</u>

**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 \$10,215,615 difference is as follows:

Capital outlay	\$	20,924,471
Depreciation expense		(10,708,856)
Net adjustment to an increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	\$	<u>10,215,615</u>

Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, and transfers) is to increase net position.” The detail of this \$1,615,128 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.	\$ (2,636,945)
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>4,252,073</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 1,615,128</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The detail of this \$7,386,841 difference is as follows:

Debt issued or incurred:	
General obligation bonds (Refunding bonds issued)	\$ 17,405,000
Plus premium	3,070,454
Principal repayments:	
General obligation debt	(7,999,312)
Sales tax revenue bonds	(865,000)
Payment to escrow agent for refunding	<u>(18,997,983)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (7,386,841)</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 \$5,519,056 difference is as follows:

Compensated absences	\$ (1,611,163)
Other post employment benefits	(1,954,828)
Pensions	(23,203,740)
Deferred inflows from pension	(706,488)
Deferred outflows from pension	20,389,116
Accrued interest	60,538
Amortization of bond issuance costs	(46,180)
Amortization of bond premiums	673,132
Deferred charges on refunded bonds	1,203,539
Amortization of deferred amounts on refunding	<u>(322,982)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (5,519,056)</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 \$2,604,729 difference is as follows:

Change in net position of the internal service funds	\$ 2,521,781
Add: Loss from charges from business-type activities	<u>82,948</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 2,604,729</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 \$1,888,619. There was an increase in public safety in the amount of \$1,327,505 or 3.2% with an increase in the police department in the amount of \$656,365, with the largest increase in personnel services in the amount of \$600,800 due to a 1.9% increase for public safety personnel. Public works' original budget increased by \$400,902 or 2.6%. Engineering personnel services increased by \$261,520 due to salary increases. Contractual services' (electricity for street lighting and signals) budget increased \$60,000 due to increased rate costs. Planning's budget increased by \$476,500 or 76% due to an increase in professional costs in contractual services for redistricting and charter issues. The general government original budget decreased by \$113,292 or 0.5% with a decrease in other charges in the amount of \$1,123,737, 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 2016 results for both budgeted and non-budgeted grant programs under the grant management fund:

	<u>Revenues</u>	<u>Expenditures</u>
Budgeted grant programs:		
Federal equitable sharing of forfeited property:		
Justice Department	\$ 266,928	\$ 124,403
Treasury Department	29,952	78,972
Nonbudgeted grant programs:		
Various grants	2,852,784	2,852,784
HUD Section 8 housing choice vouchers	7,020,547	6,970,920
FEMA DHAP program	967	-
FEMA DHAP IKE	1,742	-
HUD CDBG entitlement program	1,410,223	1,410,223
HUD HOME investment partnerships program	420,523	420,523
HUD emergency shelter program	146,635	146,635
Total grant management fund - actual	<u>\$12,150,301</u>	<u>\$ 12,004,460</u>

**C. Excess of Expenditures over Appropriations**

For the fiscal year ended September 30, 2016, 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, 2016, the carrying amount of the City's deposits with financial institutions, including blended component units, is \$3,072,280, excluding \$106,566 for petty cash and tax holding. The City's bank balance is the sum of all accounts, which totals \$3,481,775, and the market values of pledged securities, excluding FDIC, were \$7,291,628. The pledged securities are held by a third party custodian in the City's name.

## Investments

As of September 30, 2016 the City had the following investments:

Investment Type	Fair Value			Weighted Average Maturity (Years)
	Primary Government	Blended Component Unit Pasadena Second Century Corporation	Discretely Presented Component Unit Pasadena Crime Control and Prevention District	
TexPool Local Government Investment Pools	\$ 79,934,806	\$ 41,915,901	\$ 7,148,245	0.12
LOGIC Local Government Investment Pools	1,207,600	-	-	0.14
CLASS Local Government Investment Pools	42,722,354	5,295,891	-	0.18
Total Fair Value	<u>\$ 123,864,760</u>	<u>\$ 47,211,792</u>	<u>\$ 7,148,245</u>	
Portfolio Weighted Average Maturity				0.15

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 and Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard and 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 and 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 monitor the fund's compliance with its rating requirements.

TexPool, LOGIC, and CLASS states all investments at amortized cost to value portfolio assets and follows the criteria established by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* for the use of amortized cost. Deposits and withdrawals can be made on any business day of the week. The investment pools have a redemption notice of one day that may be redeemed daily. The investment pools may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the investment pool's liquidity. There are no limits on the number of accounts a participant can have or the number of transactions. The City has no unfunded commitments related to the investment pools.

*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 Appraisal District has certified the assessment of City's property taxable value for tax year 2015 in the amount of \$7,321,103,445. The City Council adopted the following tax rate per \$100 of 2015 taxable value for the current fiscal year ended September 30, 2016.

Purpose	Tax Rate
General government	\$ 0.4337
Debt service	0.1417
	\$ 0.5754

## 2. Receivables

Receivables as of September 30, 2016 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	General Liability Insurance	Health Insurance	Total
Receivables										
Property taxes	\$ 1,688,418	\$ 818,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,506,589
Sales taxes	3,574,795	-	1,787,290	-	-	-	-	-	-	5,362,085
Accounts	1,815,518	-	-	8,974	-	-	6,357,881	18,534	68,103	8,269,010
Less: allowance for for uncollectible	(1,248,822)	(560,000)	-	(8,974)	-	-	(384,957)	-	-	(2,202,753)
	5,829,910	258,171	1,787,290	-	-	-	5,972,924	18,534	68,103	13,934,932
Intergovernmental - restricted	54,665	-	-	-	1,810,823	88,968	-	-	-	1,954,456
Accounts restricted	-	-	-	-	862,633	246,843	-	-	-	1,109,476
Net total receivables	\$ 5,884,575	\$ 258,171	\$ 1,787,290	\$ -	\$ 2,673,456	\$ 335,811	\$ 5,972,924	\$ 18,534	\$ 68,103	\$ 16,998,864

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)	\$ 79,781
Unearned revenue (Nonmajor governmental)	6
Total unearned revenue for governmental funds	\$ 79,787

## 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	\$ -	\$ -	\$ 10,217	\$ -	\$ 454,819	\$ 53,062	\$ -
Investments	-	1,727,722	47,211,792	4,973,711	2,994,614	4,775,126	5,726,825
Intergovernmental receivables	54,665	-	-	-	1,810,823	88,968	-
Accounts receivables	-	-	-	-	862,633	246,843	-
	\$ 54,665	\$ 1,727,722	\$ 47,222,009	\$ 4,973,711	\$ 6,122,889	\$ 5,163,999	\$ 5,726,825
	(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, 2016 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	\$ 138,421,874	\$ 5,032,318	\$ (58,546)	\$ 143,395,646
Construction in progress	37,997,015	15,039,944	(17,958,492)	35,078,467
Total capital assets, not being depreciated	<u>176,418,889</u>	<u>20,072,262</u>	<u>(18,017,038)</u>	<u>178,474,113</u>
Capital assets, being depreciated:				
Buildings and building improvements	79,097,086	3,821,817	(1,093,494)	81,825,409
Facilities and other improvements	9,702,426	-	-	9,702,426
Machinery and equipment	37,006,981	2,050,240	(765,955)	38,291,266
Infrastructure	486,490,197	16,247,816	-	502,738,013
Automotive equipment	38,014,861	2,230,618	(1,381,458)	38,864,021
Total capital assets being depreciated	<u>650,311,551</u>	<u>24,350,491</u>	<u>(3,240,907)</u>	<u>671,421,135</u>
Less accumulated depreciation for:				
Building and building improvements	(24,402,637)	(1,465,507)	520,484	(25,347,660)
Facilities and other improvements	(2,769,846)	(353,464)	-	(3,123,310)
Machinery and equipment	(24,125,135)	(1,928,743)	631,694	(25,422,184)
Infrastructure	(179,809,880)	(7,470,709)	-	(187,280,589)
Automotive equipment	(26,216,103)	(2,224,188)	1,264,026	(27,176,265)
Total accumulated depreciation	<u>(257,323,601)</u>	<u>(13,442,611)</u>	<u>2,416,204</u>	<u>(268,350,008)</u>
Total capital assets, being depreciated, net	<u>392,987,950</u>	<u>10,907,880</u>	<u>(824,703)</u>	<u>403,071,127</u>
Governmental activities capital assets, net	<u>\$ 569,406,839</u>	<u>\$ 30,980,142</u>	<u>\$ (18,841,741)</u>	<u>\$ 581,545,240</u>

**2. Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,624,352	\$ -	\$ -	\$ 1,624,352
Construction in progress	31,030,864	8,092,296	(22,596,198)	16,526,962
Total capital assets, not being depreciated	<u>32,655,216</u>	<u>8,092,296</u>	<u>(22,596,198)</u>	<u>18,151,314</u>
Capital assets, being depreciated:				
Buildings and building improvements	4,636,550	265,536	-	4,902,086
Facilities and other improvements	6,977,604	6,430,563	(36,250)	13,371,917
Machinery and equipment	11,419,562	27,209	-	11,446,771
Infrastructure	339,798,804	16,894,627	-	356,693,431
Automotive equipment	196,081	-	-	196,081
Total capital assets being depreciated	<u>363,028,601</u>	<u>23,617,935</u>	<u>(36,250)</u>	<u>386,610,286</u>
Less accumulated depreciation for:				
Building and building improvements	(2,885,745)	(83,495)	-	(2,969,240)
Facilities and other improvements	(2,881,244)	(113,912)	29,846	(2,965,310)
Machinery and equipment	(8,839,909)	(396,791)	-	(9,236,700)
Infrastructure	(100,355,753)	(5,264,556)	-	(105,620,309)
Automotive equipment	(163,468)	(7,045)	-	(170,513)
Total accumulated depreciation	<u>(115,126,119)</u>	<u>(5,865,799)</u>	<u>29,846</u>	<u>(120,962,072)</u>
Total capital assets, being depreciated, net	<u>247,902,482</u>	<u>17,752,136</u>	<u>(6,404)</u>	<u>265,648,214</u>
Business-type activities capital assets, net	<u>\$ 280,557,698</u>	<u>\$ 25,844,432</u>	<u>\$ (22,602,602)</u>	<u>\$ 283,799,528</u>

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

**Governmental activities:**

General Government	\$ 297,581
Public Safety	1,825,875
Public Works	7,113,878
Health	43,130
Culture and Recreation	1,428,392
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>2,733,755</u>
	<u>\$ 13,442,611</u>

**Business-type activities**

Water and Sewer System

\$ 5,865,799

**E. Construction Commitments**

The City's commitments with contractors as of September 30, 2016 are as follows:

<u>Projects</u>	<u>Project Appropriation</u>	<u>Spent To Date</u>
<u>Drainage</u>		
D009 Thomas St Outfall Planning Study	\$ 64,541.0	\$ 63,842.0
D023 Vista Drainage; Btwy 8 - Space Center	2,202,853	1,863,849
D031 Red Bluff Terrace Outfall Replacement	650,736	614,644
D036 2015 Annual Drainage	930,591	817,478
D037 Channel Imp & Detention Facility	297,826	215,334
D040 Red Bluff Terrace Planning Study	207,966	207,083
D051 Cotton Patch-Thomas St Outfall	<u>2,247,934</u>	<u>2,221,602</u>
	<u>6,602,447</u>	<u>6,003,832</u>
<u>Fire Services</u>		
F004 Rebuild Station #5	<u>4,253,616</u>	<u>3,926,448</u>
<u>Municipal Facilities</u>		
M008 North Pasadena Receptment	1,006,724	6,724
M015 Conv Ctr Infrastructure Improvmt	544,200	149,529
M016 Animal Adoption Center	2,920,000	460,700
M017 AT&T Building	762,552	750,202
M018 Utility Development Projects	2,909,936	-
M025 Convention Center Improvements	2,000,000	42,644
M026 Convention Center Infrastructure	2,400,000	-
M027 Convention Center Hotel	125,000	12,019
M028 Rodeo Arena Expansion	100,000	22,409
M030 New City Hall-Ventech Renov	75,000	79,763
M031 Old City Hall-Court Build Out	<u>75,000</u>	<u>1,970</u>
	<u>12,918,412</u>	<u>1,525,960</u>
<u>Parks</u>		
R022 Strawberry Park Swimming Pool Renov	6,696,174	5,797,826
R026 Holly Hall Park Playground	<u>262,963</u>	<u>156,141</u>
	<u>6,959,137</u>	<u>5,953,967</u>
<u>Streets</u>		
S032 Bearle St; SH225 to Thomas	166,000	154,093
S037 Finrock; Thomas to Harris	799,969	713,018
S046 El Cary Subdivision Road Rehab	1,447,564	1,401,563
S048 Lafferty St; Fresa - Spencer	54,897	-
S052 Pansy; Vista-Shaw	4,342,710	3,652,710
S054 Fairway Plaza Acquisition/Extension	2,180,000	17,510
S057 Pasadena Blvd Overlay; Harris-Jackson	5,166,496	202,644
S074 Gateway Sign	300,000	-
S075 2015 Annual Sidewalk Replacement	749,065	515,292
S076 2015 Annual Paving	1,604,709	878,731
S084 Fairmont; Red Bluff - Luella	677,140	242,822
S087 Randolph; Pine - Spencer	3,500,000	2,759,778
S095 Paving & Drainage Program Management	<u>1,000,000</u>	<u>978,031</u>
	<u>\$ 21,988,550</u>	<u>\$ 11,516,192</u>

<u>Traffic</u>			
T009	Spencer Hwy Signal Improvements	\$ 484,986	\$ -
T014	Traffic Mobility Improvements	1,000,000	-
		<u>1,484,986</u>	<u>-</u>
<u>Water</u>			
W011	SEWPP Meter Station	1,959,612	1,683,572
W015	Waterline Rehab Project	1,588,829	1,307,977
W021	Waterline Improvement Project	2,355,628	2,205,080
W027	Bay Area Blvd/Port Rd Inter Improv	188,401	105,342
W028	Crenshaw Water Plant	6,654,164	6,442,577
W029	225 Waterline; Burke - Beltway 8	3,199,859	1,455,378
W030	Fairmont 12" Distribution Water Main	250,000	203,000
W031	Water Distribution System Improvements	97,800	77,550
W034	Scarborough Waterline	331,000	169,065
W035	225 Waterline	246,047	172,178
W036	Waterline Replacement	940,953	487,554
W038	Water Storage Tank Rehab	150,350	62,717
W046	Choate Rd Waterline Relocation	302,076	-
W047	Shaw Waterline Improvements	188,320	51,532
		<u>18,453,039</u>	<u>14,423,522</u>
<u>Wastewater</u>			
WW022	Llano/Red Bluff/Elaine/Wyatt/LA/Pasa Lift Sta	500,005	342,549
WW026	Red Bluff Rd Utility Ext	281,414	255,498
WW027	2016 Citywide Wastewater Improv	1,768,181	686,570
WW031	WWTP Consolidation Project	298,700	63,125
WW040	TCEQ Sanitary Sewer Overflow Action Plan	40,000	29,795
WW059	Bay Area LS/SS Line Ext	358,650	-
		<u>3,246,950</u>	<u>1,377,537</u>
<u>Others</u>			
Z003	AT&T Building	400,000	80,747
		<u>\$ 400,000</u>	<u>\$ 80,747</u>

**F. Interfund Receivables, Payables and Transfers**

Generally, outstanding balances between funds reported as “due to/from other funds” include outstanding charges by one fund to another for services or goods and other miscellaneous receivables/payables between funds.

The composition of interfund balances as of September 30, 2016 is as follows:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>		<u>Amount</u>
<b>General Fund</b>	Debt Service	\$ 221,373	
	Grant management	919,512	
	** State Forfeited Property	2,258	
	** Hotel and motel tax	7,087	
	** Abandoned motor vehicles/property	629	
	* General liability insurance	85,064	
	* Health Insurance	675,195	
			1,911,118
<b>Capital Projects</b>	General		11,220,863
** <b>Special charge allocation</b>	General		883,254
<b>Water and Sewer System</b>	General		1,044,984
* <b>Maintenance</b>	General		73,129
	Total		<u>\$ 15,133,348</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>\$ 4,661</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>* Maintenance</u>	<u>* General Liability Insurance</u>	
Transfer out:						
General	\$ -	\$ -	\$ 7,685,196	\$ 381,000	\$ 500,000	\$ 8,566,196
Pasadena Second Century	-	-	150,000	-	-	150,000
Capital Projects	-	1,156	-	-	-	1,156
Water and Sewer System	2,200,000	-	-	556,000	1,000,000	3,756,000
Total	<u>\$ 2,200,000</u>	<u>\$ 1,156</u>	<u>\$ 7,835,196</u>	<u>\$ 937,000</u>	<u>\$ 1,500,000</u>	<u>\$ 12,473,352</u>

\* Internal service funds

Transfers are used to move unrestricted and restricted funds from the general, debt service, capital projects, 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 \$842,049 and can be summarized as follows:

- The amount of \$3,756,000 was transferred out to the governmental activities from the business-type activities.
- Capital assets in the amount of \$2,913,951 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 \$27,585,000 and \$76,496,063, 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:

	Interest %	Maturity	Purpose	Installments	Amount
\$5,950,000 COB, 2007	4.00 - 4.88	2/15/2027	Governmental type	\$55,000 to \$390,000	\$ 310,000
\$21,635,000 GOB, 2008	4.00 - 4.75	2/15/2028	Governmental type	\$735,000 to \$1,720,000	2,025,000
\$6,725,000 GO and Refunding, 2009	2.50 - 4.00	2/15/2017	Governmental type	\$125,000 to \$2,240,000	360,000
\$20,030,000 GO Refunding, 2012	2.50 - 4.00	2/15/2023	Governmental type	\$435,000 to \$2,385,000	15,415,000
\$16,690,000 GO Refunding, 2012A	2.00 - 5.00	2/15/2025	Governmental type	\$145,000 to \$1,840,000	14,335,000
\$3,121,063 GO Refunding, 2014	3.00 - 4.00	2/15/2022	Governmental type	\$103,639 to \$778,142	2,631,751
\$12,525,000 GO Refunding, 2015	2.00 - 5.00	2/15/2027	Governmental type	\$755,000 to \$1,830,000	12,525,000
\$17,405,000 GO Refunding, 2016A	2.00 - 5.00	2/15/2028	Governmental type	\$265,000 to \$2,065,000	17,140,000
					\$64,741,751

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
2017	\$ 6,927,613	\$ 2,554,708	\$ 9,482,321
2018	6,745,914	2,289,168	9,035,082
2019	6,992,613	2,037,964	9,030,577
2020	7,263,142	1,771,749	9,034,891
2021	7,558,830	1,471,657	9,030,487
2022-2026	24,733,639	3,340,164	28,073,803
2027-2028	4,520,000	155,625	4,675,625
	\$ 64,741,751	\$ 13,621,035	\$ 78,362,786

### **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
2017	\$ 895,000	\$ 16,781	\$ 911,781

### **Current and Advance Refunding**

On June 1, 2016, the City issued \$17,405,000 General Obligation Refunding Bonds, Series 2016A to current and advance refund the following:

#### **Current Refunding**

- General Obligation Bonds, Series 2006 in the amount of \$1,715,000 consisted of entire principal due from February 15, 2017 through 2026.

#### **Advance Refunding**

- Certificate Obligation Bonds, Series 2007 in the amount of \$3,520,000 consisted of entire principal due from February 15, 2018 through 2027.
- General Obligation Bonds, Series 2008 in the amount of \$13,770,000 consisted of entire principal due from February 15, 2019 through 2028.

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 \$2,195,032. The transaction resulted in an economic gain of \$2,097,959 or 11.03% of the refunded debt.

## **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	\$ 465,000
\$ 15,285,000	Revenue Refunding Bonds, 2010	2.00 - 3.00	4/1/2019	Refunding	\$780,000 to \$2,355,000	6,815,000
\$ 5,885,000	GO Refunding Bonds, 2012A	2.00 - 5.00	2/15/2022	Refunding	\$275,000 to \$1,840,000	5,430,000
\$ 6,063,937	GO Refunding Bonds, 2014	3.00 - 4.00	2/15/2022	Refunding	\$201,361 to \$1,511,858	5,113,249
\$ 50,210,000	GO Refunding Bonds, 2016	2.00 - 5.00	2/15/2033	Refunding	\$440,000 to \$4,755,000	49,055,000
						\$66,878,249

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2017	\$ 3,997,387	\$ 2,671,011	\$ 6,668,398
2018	4,079,086	2,541,538	6,620,624
2019	4,017,387	2,412,279	6,429,666
2020	3,906,858	2,264,120	6,170,978
2021	4,551,170	2,083,737	6,634,907
2022-2026	16,686,361	7,978,118	24,664,479
2027-2031	20,305,000	3,773,744	24,078,744
2032-2033	9,335,000	314,491	9,649,491
	\$ 66,878,249	\$ 24,039,038	\$ 90,917,287

### **Advance Refunding**

On January 1, 2016, the City issued \$50,210,000 General Obligation Refunding Bonds, Series 2016 to advance refund Waterworks and Sewer System Revenue Bonds, Series 2008 in the amount of \$52,230,000 consisting of entire principal due on February 15, 2018 through 2033.

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 \$9,084,962. The transaction resulted in an economic gain of \$7,036,296 or 13.47% of the refunded debt.

### **3. Defeasance of Debt**

In the current and prior 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, 2016, \$17,160,000 of general obligation bonds and \$1,160,000 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 \$22,750,000 and \$57,565,000 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, 2016, the City's legal debt margin was \$661,877,057, which equates to 10% of City's property taxable value, totaling \$732,110,345 less \$70,233,288 (the amount of bonded debt outstanding) netted with the amount available in the debt service fund.

## 6. Rebatable Arbitrage

The City is taking the approach of treating rebatable arbitrage as a claim. For the interim computation period through September 30, 2016, 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, 2016 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds payable supported by property taxes:</b>					
General obligation and refunding bonds	\$ 70,211,063	\$ 17,405,000	\$ (23,184,312)	\$ 64,431,751	\$ 6,617,613
Certificate of obligation bonds	4,130,000	-	(3,820,000)	310,000	310,000
	74,341,063	17,405,000	(27,004,312)	64,741,751	6,927,613
Add: Premiums on debt issuances	4,567,639	3,070,454	(653,016)	6,985,077	-
	<b>78,908,702</b>	<b>20,475,454</b>	<b>(27,657,328)</b>	<b>71,726,828</b>	<b>6,927,613</b>
<b>Other Long-Term Debt</b>					
Sales taxes revenue bonds payable	1,760,000	-	(865,000)	895,000	895,000
Add: Premiums on debt issuances	41,955	-	(30,512)	11,443	-
	<b>1,801,955</b>	<b>-</b>	<b>(895,512)</b>	<b>906,443</b>	<b>895,000</b>
<b>Total Bonds Payable</b>	<b>80,710,657</b>	<b>20,475,454</b>	<b>(28,552,840)</b>	<b>72,633,271</b>	<b>7,822,613</b>
<b>Claims</b>	<b>1,817,589</b>	<b>7,482,242</b>	<b>(7,400,977)</b>	<b>1,898,854</b>	<b>1,139,312</b>
<b>Compensated absences</b>	<b>26,534,985</b>	<b>8,593,324</b>	<b>(6,913,615)</b>	<b>28,214,694</b>	<b>2,821,468</b>
<b>Other post employment benefits</b>	<b>22,418,682</b>	<b>4,160,479</b>	<b>(1,919,161)</b>	<b>24,660,000</b>	<b>-</b>
<b>Net pension liability</b>	<b>11,965,722</b>	<b>63,889,217</b>	<b>(38,879,080)</b>	<b>36,975,859</b>	<b>-</b>
<b>Governmental activity Long-term liabilities</b>	<b>\$ 143,447,635</b>	<b>\$ 104,600,716</b>	<b>\$ (83,665,673)</b>	<b>\$ 164,382,678</b>	<b>\$ 11,783,393</b>

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, 2016, \$1,302,739 of internal service funds' compensated absences, \$355,834 of other post employment benefits, and \$2,587,703 in net pension liability are included in the above amounts.

For the governmental activities, claims, compensated absences, other post employment benefits, and net pension liabilities 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, 2016 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
<b>Business-type activities:</b>					
<b>Bonds payable</b>					
Revenue bonds	\$ 53,040,000	\$ -	\$ (52,575,000)	\$ 465,000	\$ 465,000
Revenue refunding bonds	8,930,000	-	(2,115,000)	6,815,000	2,190,000
General obligation refunding bonds	11,948,937	50,210,000	(2,560,688)	59,598,249	1,342,387
Add: Premiums on debt issuances	1,748,220	5,829,338	(874,968)	6,702,590	-
<b>Total bonds payable</b>	<b>75,667,157</b>	<b>56,039,338</b>	<b>(58,125,656)</b>	<b>73,580,839</b>	<b>3,997,387</b>
<b>Compensated absences</b>	<b>2,072,612</b>	<b>614,798</b>	<b>(439,207)</b>	<b>2,248,203</b>	<b>224,821</b>
<b>Other post employment benefits</b>	<b>2,748,820</b>	<b>577,713</b>	<b>(363,206)</b>	<b>2,963,327</b>	<b>-</b>
<b>Net pension liability</b>	<b>996,140</b>	<b>5,455,380</b>	<b>(3,290,251)</b>	<b>3,161,269</b>	<b>-</b>
<b>Business-type activity</b>					
<b>Long-term liabilities</b>	<b>\$ 81,484,729</b>	<b>\$ 62,687,229</b>	<b>\$ (62,218,320)</b>	<b>\$ 81,953,638</b>	<b>\$ 4,222,208</b>

## **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 coverage 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:

	<b>Workers' Compensation</b>	<b>Health/Dental Insurance</b>
<b><u>Current Fiscal Year</u></b>		
<b>Unpaid claims and claim adjustment expenses at the beginning of the current fiscal year</b>	\$ 145,311	\$ 1,672,278
<b>Incurred claims and claim adjustment expenses:</b>		
Provisions for insured events of the current fiscal year	-	10,527,085
Increase (Decrease) in provision for insured events-prior years	19,506	(3,064,349)
<b>Total incurred claims and claim adjustment expenses</b>	<b>19,506</b>	<b>7,462,736</b>
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to insured events-		
Current fiscal year	-	8,751,808
Prior fiscal years	41,239	(1,392,070)
<b>Total payments</b>	<b>41,239</b>	<b>7,359,738</b>
<b>Total unpaid claims and claim adjustment expenses at end of current fiscal year</b>	<b>\$ 123,578</b>	<b>\$ 1,775,276</b>
<b><u>Prior Fiscal Year</u></b>		
<b>Unpaid claims and claim adjustment expenses at the beginning of the prior fiscal year</b>	\$ 196,939	\$ 1,815,307
<b>Incurred claims and claim adjustment expenses:</b>		
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)
<b>Total incurred claims and claim adjustment expenses</b>	<b>51,767</b>	<b>8,623,524</b>
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to insured events-		
Current fiscal year	-	9,526,988
Prior fiscal years	103,395	(760,435)
<b>Total payments</b>	<b>103,395</b>	<b>8,766,553</b>
<b>Total unpaid claims and claim adjustment expenses at end of prior fiscal year</b>	<b>\$ 145,311</b>	<b>\$ 1,672,278</b>

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

**B. Commitments and Contingent Liabilities**

**1. Commitments**

Construction commitments are discussed in note IV. E.

**2. Litigation**

The City is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its municipal and enterprise activities, certain of which seek substantial damages. These litigations include lawsuits and claims alleging that the City caused personal injuries and wrongful deaths and claims alleging practices and certain civil rights violations and various other liability claims. The status of these litigations ranges from an early discovery stage to various levels of appeal of judgments both for and against the City. The amount of damages is limited in certain cases under the Texas Tort Claims Act and unlimited in certain civil rights and other cases. The City intends to defend itself vigorously against these lawsuits. There are other threatened litigations for which 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, 2016, one hundred and six retirees, excluding spouses, participated and received OPEB.

In fiscal year 2016, retirees made contributions totaling \$721,441, while the City paid \$2,494,345 in claims and \$468,812 in stop-loss premiums and administrative fees on behalf of retirees, their spouses, and dependents. The City recovered \$539,464 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 sixty-six at September 30, 2016. For these retirees, the City paid up to \$300 per person, per month, at a cost of \$580,115 for fiscal year 2016.

**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, 2016 is as follows:

	OPEB
Annual required contribution (ARC)	\$ 4,712,186
Interest on OPEB obligation	1,006,700
Adjustment to ARC	(980,694)
Annual OPEB cost (expense) end of year	4,738,192
Net estimated employer contributions	(2,282,367)
Increase in net OPEB obligation	2,455,825
Net OPEB obligation - beginning	25,167,502
Net OPEB obligation - end of year	\$ 27,623,327

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, 2016 and the preceding two fiscal years are as follows:

Fiscal Year	Annual OPEB Costs	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 5,019,924	\$ 2,703,512	53.9%	\$ 22,286,013
2015	\$ 5,176,203	\$ 2,294,714	44.3%	\$ 25,167,502
2016	\$ 4,738,192	\$ 2,282,367	48.2%	\$ 27,623,327

### **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, 2015 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%
2015	\$ -	\$ 55,535,319	\$ 55,535,319	0%	\$ 50,864,031	109%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$55,535,319 at December 31, 2015. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 109%.

### **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 -	4.0% per annum, net of expenses
Actuarial cost method -	Projected Unit Credit Cost Method
Amortization method -	Level as a percentage of employee
Amortization Period -	30 year open amortization
Inflation Rate -	2.5% per annum
Payroll Growth -	3.0% per annum
Medical Trend -	Initial rate of 7.5% declining to an ultimate rate of 5.0% after 12 years

The maximum Medicare subsidy of \$300/mo. is not expected to increase in the future.

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 \$229,415 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 866 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](http://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, at the December 31, 2015 valuation and measurement date, 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, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	698
Inactive employees entitled to but not yet receiving benefits	265
Active employees	<u>970</u>
	<u><u>1,933</u></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 13.77% and 12.93%, including 0.21% and 0.23% of supplemental death benefits, respectively, in calendar years 2015 and 2016, respectively. The City’s contributions to TMRS for the year ended September 30, 2016 was \$7,622,892, and was equal to the required contributions.

## **Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

General Inflation	2.5% per year
Salary Increases	3.0% per year
Investment Rate of Return	6.75%, 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 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. 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 2014 valuation.

After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. 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 fund 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 asset 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. In determining their best estimate of a recommended investment return assumption under the various alternative assets allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation.

The target allocation and best estimates of 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%	4.55%
International Equity	17.5%	6.00%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

### Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. 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.

	Increase ( Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2014	\$ 382,021,019	\$ 369,914,315	\$ 12,106,704
Changes for the year:			
Service cost	8,664,210	-	8,664,210
Interest	26,426,824	-	26,426,824
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,734,873)	-	(1,734,873)
Changes of assumptions	5,151,855	-	5,151,855
Contributions - employer	-	7,531,271	(7,531,271)
Contributions - employee	-	3,892,097	(3,892,097)
Net investment income	-	545,817	(545,817)
Benefit payments, including refunds of employee contributions	(17,654,124)	(17,654,124)	-
Administrative expense	-	(332,466)	332,466
Other changes	-	(16,421)	16,421
Net changes	20,853,892	(6,033,826)	26,887,718
Balance at 12/31/2015	\$ 402,874,911	\$ 363,880,489	\$ 38,994,422

### 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 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in		1% Increase in	
	Discount Rate (5.75%)	Discount Rate (6.75%)	Discount Rate (7.75%)	
City's net pension liability \$	91,916,374	\$ 38,994,422	\$	(4,841,498)

### **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](http://www.tmr.com).

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

For the year ended September 30, 2016, the City recognized pension expense of \$11,772,958.

At September 30, 2016, 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	\$ -	\$ 3,000,108
Changes in actuarial assumptions	4,043,929	-
Net difference between projected and actual investment earnings	23,006,173	-
Contributions subsequent to the measurement date	5,550,066	-
Total	<u>\$ 32,600,168</u>	<u>\$ 3,000,108</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$5,550,066 will be recognized as a reduction to the net position liability for the year ended September 30, 2017. 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>	
2017	\$ 6,124,037
2018	6,124,037
2019	6,254,642
2020	5,547,278
2021	-
Thereafter	-
Total	<u>\$ 24,049,994</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 2016, 2015, and 2014 are \$38,234, \$29,209, and \$31,822, 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>
2014	0.06%	0.06%	100.00%
2015	0.05%	0.05%	100.00%
2016	0.07%	0.07%	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, 2015, there were 197 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, 2015, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,991
Terminated members entitled to benefits but not yet receiving them	2,211
Current active members (vested and nonvested)	4,016
	<u>9,218</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](http://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, 65<sup>th</sup> Legislature, Regular Session (1977), created TESRS, and established the applicable benefit provisions. The 79<sup>th</sup> Legislature, Regular Session (2005), 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 legacy 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, 2015, total contributions (dues, prior service, and interest on prior service financing) of \$202,225 were paid by the City. The State contributed \$1,637,308 for the fiscal year ending August 31, 2015.

**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%, net of pension plan investment expense, including inflation
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 (currently 4.45%) 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long -Term Expected Net Real Rate of Return</u>
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	<u>0.0%</u>	<u>0.0%</u>
Weighted average total	100.0%	4.45%

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 7.75%. No projection of cash flows was 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	\$ 1,999,400	\$ 1,142,706	\$ 649,039

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

At August 31, 2015, the City reported a liability of \$1,142,706 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	\$ 1,142,706
State's proportionate share that is associated with the City*	<u>396,097</u>
Total	<u>\$ 1,538,803</u>

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

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2014 and rolled forward to August 31, 2015. 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 (nor did they provide the necessary information for the participants to roll forward) the net pension liability to be measured as of a date no earlier than the end of the City's prior fiscal year. 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, 2015. The City used the assumption that any differences in the NPL measured as of August 31, 2015 versus September 30, 2015 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, 2014 thru August 31, 2015.

At August 31, 2015, the employer's proportion of the collective net pension liability was 4.281%, which was a decrease of 0.425% from its proportion measured as of August 31, 2014.

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, 2015, the City recognized pension expense of \$179,426. The City recognized on-behalf revenues of \$70,093 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At September 30, 2016, 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
Changes in proportional differences between City's contributions and proportionate share of contribution	\$ 17,115	\$ 102,278
Net difference between projected and actual investment earnings	195,322	-
Contributions subsequent to the measurement date	184,932	-
Total	<u>\$ 397,369</u>	<u>\$ 102,278</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$184,932 will be recognized as a reduction to the net position liability for the year ended September 30, 2017. 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>	
2017	\$ (24,302)
2018	(24,302)
2019	(24,302)
2020	(78,176)
2021	11,060
Thereafter	<u>29,863</u>
Total	<u>\$ (110,159)</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, 2016, the program reserve in the amount of \$1,026,636 is held by HUD on behalf of City of Pasadena Housing Authority.

**G. Subsequent Event**

On February 14, 2017, the Pasadena Second Century Corporation, Texas, a Blended Component Unit of the City of Pasadena, Texas, issued a Sales Tax Revenue Promissory Note, Series 2017 in the amount of \$1,000,000. The purpose of the issuance is for the financing of construction to create additional economic development opportunities in the City of Pasadena, Texas.

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**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 (9)x4.5%	ARC Adjustment (9)/(6)	Amortization Factor	OPEB Cost (2)+(4)-(5)	Change in NOO (7)-(3)	NOO Balance NOO+(8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
September 30, 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
September 30, 2016	\$ 4,712,186	\$ 2,282,367	\$ 1,006,700	\$ 980,684	25.6629	\$ 4,738,192	\$ 2,455,825	\$ 27,623,327

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	2015
<b>Total pension liability</b>		
Service cost	\$ 7,815,620	\$ 8,664,210
Interest (on the total pension liability)	25,468,655	26,426,824
Change of benefits terms	-	-
Difference between expected and actual experience	(2,817,613)	(1,734,873)
Change of assumptions	-	5,151,855
Benefit payments, including refund of employee contributions	(16,751,526)	(17,654,124)
<b>Net change in total pension liability</b>	<b>13,715,136</b>	<b>20,853,892</b>
<b>Total pension liability - beginning</b>	<b>368,305,883</b>	<b>382,021,019</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 382,021,019</b>	<b>\$ 402,874,911</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 7,624,193	\$ 7,531,271
Contributions - employee	3,761,701	3,892,097
Net investment income	20,317,406	545,817
Benefit payments, including refund of employee contributions	(16,751,526)	(17,654,124)
Administrative expense	(212,141)	(332,466)
Other	(17,442)	(16,421)
<b>Net change in plan fiduciary net pension</b>	<b>14,722,191</b>	<b>(6,033,826)</b>
<b>Plan fiduciary net position - beginning</b>	<b>355,192,124</b>	<b>369,914,315</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 369,914,315</b>	<b>\$ 363,880,489</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 12,106,704</b>	<b>\$ 38,994,422</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>96.83%</b>	<b>90.32%</b>
<b>Covered employee payroll</b>	<b>\$ 53,729,371</b>	<b>\$ 55,504,230</b>
<b>Net pension liability as a of covered employee payroll</b>	<b>22.53%</b>	<b>70.25%</b>

(1) GASB 68 requires ten fiscal years of data to be provided in this schedule; only two years are 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)**

	<b>September 30,</b>	
	<b>2015</b>	<b>2016</b>
Actuarially determined contribution	\$ 7,605,747	\$ 7,622,892
Contributions in relation to the actuarially determined contribution	\$ 7,605,747	\$ 7,622,892
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 55,384,915	\$ 58,987,632
Contributions as a percentage of covered employee payroll	13.73%	12.92%

(1) GASB 68 requires ten fiscal years of data to be provided in this schedule, only two years are 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	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
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 EMERGENCY SERVICES RETIREMENT SYSTEM  
SCHEDULE OF THE CITY'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY**

	Measurement Year*	
	2015	2016
City's proportion of the net pension liability	4.706%	4.281%
City's proportionate share of the net pension liability	\$ 855,158	\$ 1,142,706
State's proportionate share of the net pension liability	287,462	396,097
Total	\$ 1,142,620	\$ 1,538,803
Number of active members**	106	114
City's Net Pension Liability per Active Member	\$ 8,068	\$ 10,024
Plan fiduciary net position as a percentage of the total pension liability	83.5%	76.9%

\* Only two years of information are 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.

**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 liability during the measurement period.

**CITY OF PASADENA, TEXAS  
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM  
SCHEDULE OF CONTRIBUTIONS**

	Fiscal Year*		
	2014	2015	2016
Contractually required contribution	\$ 214,235	\$ 202,225	\$ 184,932
Contributions in relation to the contractually required contribution	214,235	202,225	184,932
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members**	106	106	114
Contributions per active member	\$ 2,021	\$ 1,907	\$ 1,622

\* Only three years of information are currently available. The City will build this schedule over the next seven-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, 2016**

**ASSETS**

Cash and cash equivalents		\$ 1,432,496
Investments		
TexPool		26,736,928
LOGIC CLASS A		550,210
CLASS		34,038,103
		61,325,241
Receivables (net, where applicable, of allowances for uncollectible)		
General property taxes		518,419
Accounts receivable		5,311,491
		5,829,910
Due from other funds		1,911,118
Due from component unit		4,661
Restricted assets		
Receivables (net, where applicable, of allowances for uncollectible)		54,665
		54,665
<b>TOTAL ASSETS</b>		<b>\$ 70,558,091</b>

**LIABILITIES**

Accounts payable		\$ 7,487,080
Accrued payroll payable		1,208,556
Due to other funds		13,222,230
		21,917,866
<b>TOTAL LIABILITIES</b>		<b>21,917,866</b>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue - property taxes		570,959
Unavailable revenue - industrial district fees		444,425
Unavailable revenue - electrical franchise fees		404,615
		1,419,999
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<b>1,419,999</b>

**FUND BALANCES**

Committed		15,000
Assigned		516,191
Unassigned		46,689,035
		47,220,226
<b>TOTAL FUND BALANCES</b>		<b>47,220,226</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		<b>\$ 70,558,091</b>

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**CITY OF PASADENA, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR YEAR ENDED SEPTEMBER 30, 2016**

**REVENUES**

General property taxes	\$ 31,666,936
Business taxes and fees	
Industrial district fees	17,364,338
Sales taxes	21,567,285
Franchise taxes	8,887,972
Other taxes	312,687
Total business taxes and fees	48,132,282
Licenses and permits	3,005,350
Municipal court fines	5,627,478
Charges for services	9,734,403
Intergovernmental	249,078
Miscellaneous	736,742
Investment income	288,205
<b>TOTAL REVENUES</b>	<b>99,440,474</b>

**EXPENDITURES**

Current	
General government	16,352,434
Public safety	41,569,203
Public works	15,114,652
Health	3,753,196
Culture and recreation	14,351,180
<b>TOTAL EXPENDITURES</b>	<b>91,140,665</b>

**EXCESS OF REVENUES OVER  
EXPENDITURES**

**8,299,809**

**OTHER FINANCING SOURCES (USES)**

Operating transfers in (out)	
Maintenance fund	(381,000)
Water and sewer system	2,200,000
General liability insurance fund	(500,000)
Capital projects fund	(7,685,196)
Sale of capital assets	795,481
<b>TOTAL OTHER FINANCING USES</b>	<b>(5,570,715)</b>

**NET CHANGE IN FUND BALANCE**

2,729,094

**FUND BALANCE - BEGINNING**

44,491,132

**FUND BALANCE - ENDING**

**\$ 47,220,226**

**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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>General Property Taxes</b>				
Ad valorem taxes	\$ 32,647,007	\$ 32,647,007	\$ 31,157,551	\$ (1,489,456)
Penalty and interest	362,000	362,000	509,385	147,385
<b>Total General Property Taxes</b>	<b>33,009,007</b>	<b>33,009,007</b>	<b>31,666,936</b>	<b>(1,342,071)</b>
<b>Business Taxes</b>				
Industrial district fees	17,298,700	17,298,700	17,364,338	65,638
Sales tax	20,300,000	20,300,000	21,567,285	1,267,285
Franchise taxes	8,628,250	8,628,250	8,887,972	259,722
Other taxes				
Mixed drink tax	250,000	250,000	312,687	62,687
<b>Total Business Taxes</b>	<b>46,476,950</b>	<b>46,476,950</b>	<b>48,132,282</b>	<b>1,655,332</b>
<b>Licenses and Permits</b>				
Business types	1,842,700	1,842,700	2,821,631	978,931
Occupational types	94,700	94,700	103,484	8,784
Non-business types	76,200	76,200	80,235	4,035
<b>Total Licenses and Permits</b>	<b>2,013,600</b>	<b>2,013,600</b>	<b>3,005,350</b>	<b>991,750</b>
<b>Municipal Court Fines and Fees</b>	<b>5,720,000</b>	<b>5,720,000</b>	<b>5,627,478</b>	<b>(92,522)</b>
<b>Charges for Services</b>				
Ellington municipal golf course	536,500	536,500	449,152	(87,348)
Recreational activities	191,400	191,400	199,753	8,353
Swimming pool	230,000	230,000	326,892	96,892
Tennis court	3,500	3,500	9,231	5,731
Civic center	377,000	377,000	336,908	(40,092)
Other centers	95,200	95,200	70,831	(24,369)
Miscellaneous	700,500	700,500	792,498	91,998
Solid waste collection	6,827,200	6,827,200	6,769,101	(58,099)
Health services	337,550	337,550	394,539	56,989
Library services	45,000	45,000	46,392	1,392
Property management	309,000	309,000	339,106	30,106
<b>Total Charges for Services</b>	<b>9,652,850</b>	<b>9,652,850</b>	<b>9,734,403</b>	<b>81,553</b>
<b>Intergovernmental</b>				
Fire protection	90,000	90,000	77,163	(12,837)
Reimbursement from other agencies	43,000	43,000	83,020	40,020
TxDOT - traffic signal maintenance	15,000	15,000	30,495	15,495
Emergency management performance grant	81,500	81,500	54,665	(26,835)
Restitution - Harris County	5,000	5,000	3,735	(1,265)
<b>Total Intergovernmental</b>	<b>234,500</b>	<b>234,500</b>	<b>249,078</b>	<b>14,578</b>
<b>Miscellaneous</b>	<b>493,960</b>	<b>609,507</b>	<b>736,742</b>	<b>127,235</b>
<b>Investment Income</b>	<b>36,800</b>	<b>36,800</b>	<b>288,205</b>	<b>251,405</b>
<b>TOTAL REVENUES</b>	<b>\$ 97,637,667</b>	<b>\$ 97,753,214</b>	<b>\$ 99,440,474</b>	<b>\$ 1,687,260</b>

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Current</b>				
<b>General Government</b>				
<b>City Council</b>				
Personnel services	\$ 95,697	\$ 99,297	\$ 99,259	\$ 38
Contractual services	46,106	54,706	43,606	11,100
Materials and supplies	11,800	11,800	6,301	5,499
Maintenance charges	44,825	47,325	46,906	419
	<b>198,428</b>	<b>213,128</b>	<b>196,072</b>	<b>17,056</b>
<b>Mayor</b>				
Personnel services	282,141	296,641	296,566	75
Contractual services	19,700	19,700	15,050	4,650
Materials and supplies	6,250	6,250	1,538	4,712
Maintenance charges	34,148	34,148	30,256	3,892
	<b>342,239</b>	<b>356,739</b>	<b>343,410</b>	<b>13,329</b>
<b>Budget and Financial Planning</b>				
Personnel services	532,789	565,789	564,855	934
Contractual services	31,400	47,400	37,195	10,205
Materials and supplies	7,200	7,200	3,593	3,607
Maintenance charges	13,635	13,635	13,033	602
	<b>585,024</b>	<b>634,024</b>	<b>618,676</b>	<b>15,348</b>
<b>Municipal Court</b>				
Personnel services	1,808,783	1,808,783	1,786,718	22,065
Contractual services	137,943	137,943	85,324	52,619
Materials and supplies	78,894	78,894	36,322	42,572
Maintenance charges	230,207	236,787	236,713	74
	<b>2,255,827</b>	<b>2,262,407</b>	<b>2,145,077</b>	<b>117,330</b>
<b>City Controller</b>				
Personnel services	1,635,900	1,662,900	1,662,653	247
Contractual services	111,300	111,300	106,893	4,407
Materials and supplies	23,562	23,562	19,620	3,942
Maintenance charges	77,040	77,040	69,399	7,641
	<b>\$ 1,847,802</b>	<b>\$ 1,874,802</b>	<b>\$ 1,858,565</b>	<b>\$ 16,237</b>

Continued

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

<b>EXPENDITURES</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>General Government, Continued</b>				
<b>Tax</b>				
Contractual services	\$ 427,500	\$ 461,000	\$ 460,950	\$ 50
Materials and supplies	20	20	-	20
	<b>427,520</b>	<b>461,020</b>	<b>460,950</b>	<b>70</b>
<b>Purchasing</b>				
Personnel services	329,234	341,134	341,091	43
Contractual services	11,550	13,750	11,676	2,074
Materials and supplies	5,095	2,895	2,649	246
Maintenance charges	36,967	36,967	36,618	349
	<b>382,846</b>	<b>394,746</b>	<b>392,034</b>	<b>2,712</b>
<b>Legal</b>				
Personnel services	901,732	901,732	877,431	24,301
Contractual services	183,775	629,775	629,676	99
Materials and supplies	37,453	37,453	26,521	10,932
Maintenance charges	64,903	64,903	60,264	4,639
	<b>1,187,863</b>	<b>1,633,863</b>	<b>1,593,892</b>	<b>39,971</b>
<b>City Secretary</b>				
Personnel services	283,100	283,100	269,677	13,423
Contractual services	63,525	63,525	26,581	36,944
Materials and supplies	4,975	4,975	3,337	1,638
Maintenance charges	58,126	58,126	53,772	4,354
	<b>409,726</b>	<b>409,726</b>	<b>353,367</b>	<b>56,359</b>
<b>Elections</b>				
Contractual services	32,500	27,500	794	26,706
Materials and supplies	2,000	2,000	-	2,000
	<b>34,500</b>	<b>29,500</b>	<b>794</b>	<b>28,706</b>
<b>Human Resources</b>				
Personnel services	665,969	665,969	518,592	147,377
Contractual services	85,750	85,750	79,957	5,793
Materials and supplies	49,450	49,450	41,886	7,564
Maintenance charges	81,156	81,156	80,407	749
	<b>\$ 882,325</b>	<b>\$ 882,325</b>	<b>\$ 720,842</b>	<b>\$ 161,483</b>
<b>Civil Service</b>				
Contractual services	54,400	54,400	22,915	31,485
Materials and supplies	10,000	15,300	15,220	80
	<b>\$ 64,400</b>	<b>\$ 69,700</b>	<b>\$ 38,135</b>	<b>\$ 31,565</b>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>City Marshal</b>				
Personnel services	\$ 634,262	\$ 669,262	\$ 668,655	\$ 607
Contractual services	10,300	10,300	7,994	2,306
Materials and supplies	12,726	12,726	8,758	3,968
Maintenance charges	145,151	145,851	145,808	43
	<b>802,439</b>	<b>838,139</b>	<b>831,215</b>	<b>6,924</b>
<b>Community Relations</b>				
Personnel services	841,723	856,823	856,728	95
Contractual services	74,100	74,100	64,861	9,239
Materials and supplies	44,550	44,550	32,317	12,233
Maintenance charges	109,113	109,113	101,689	7,424
	<b>1,069,486</b>	<b>1,084,586</b>	<b>1,055,595</b>	<b>28,991</b>
<b>Pasadena Action Line</b>				
Personnel services	421,018	421,018	300,142	120,876
Contractual services	2,050	2,050	-	2,050
Materials and supplies	6,700	6,700	818	5,882
Maintenance charges	42,411	42,420	42,420	-
	<b>472,179</b>	<b>472,188</b>	<b>343,380</b>	<b>128,808</b>
<b>Planning</b>				
Personnel services	414,603	414,603	388,206	26,397
Contractual services	132,500	601,500	544,034	57,466
Materials and supplies	20,000	20,000	10,066	9,934
Maintenance charges	59,737	67,237	67,184	53
	<b>626,840</b>	<b>1,103,340</b>	<b>1,009,490</b>	<b>93,850</b>
<b>Economic Development Liaison</b>				
Personnel services	231,075	236,475	236,444	31
Contractual services	42,415	42,415	28,846	13,569
Materials and supplies	7,100	7,100	3,326	3,774
Maintenance charges	18,003	18,003	17,748	255
	<b>\$ 298,593</b>	<b>\$ 303,993</b>	<b>\$ 286,364</b>	<b>\$ 17,629</b>

Continued

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

<b>EXPENDITURES</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>General Government, Continued</b>				
<b>Neighborhood Network</b>				
Personnel services	\$ 132,953	\$ 134,953	\$ 134,865	\$ 88
Contractual services	141,298	141,298	99,010	42,288
Materials and supplies	19,700	19,700	13,382	6,318
Maintenance charges	24,390	25,490	25,485	5
	<b>318,341</b>	<b>321,441</b>	<b>272,742</b>	<b>48,699</b>
<b>Inspections</b>				
Personnel services	1,376,093	1,376,093	1,312,493	63,600
Contractual services	73,075	73,075	42,587	30,488
Materials and supplies	18,050	18,050	14,230	3,820
Maintenance charges	195,622	195,622	193,184	2,438
	<b>1,662,840</b>	<b>1,662,840</b>	<b>1,562,494</b>	<b>100,346</b>
<b>Property Management</b>				
Personnel services	-	83,480	83,201	279
Contractual services	1,152,303	1,082,703	851,565	231,138
Materials and supplies	245,995	245,995	234,188	11,807
Maintenance charges	576,196	501,696	500,483	1,213
Capital outlay	403,239	38,005	38,002	3
	<b>2,377,733</b>	<b>1,951,879</b>	<b>1,707,439</b>	<b>244,440</b>
<b>New City Hall</b>				
Contractual services	-	211,000	32,218	178,782
Materials and supplies	-	32,938	2,620	30,318
	<b>-</b>	<b>243,938</b>	<b>34,838</b>	<b>209,100</b>
<b>New Courts</b>				
Contractual services	-	43,072	-	43,072
Materials and supplies	-	10,000	-	10,000
	<b>-</b>	<b>53,072</b>	<b>-</b>	<b>53,072</b>
<b>Impound/Storage</b>				
Personnel services	347,572	347,572	345,032	2,540
Contractual services	6,600	6,600	2,849	3,751
Materials and supplies	6,000	6,000	1,071	4,929
Other charges	8,820	8,820	8,820	-
	<b>368,992</b>	<b>368,992</b>	<b>357,772</b>	<b>11,220</b>
<b>Other Charges</b>				
Personnel services	2,477,601	952,301	-	952,301
Contractual services	225,000	224,000	77,528	146,472
Materials and supplies	-	10,529	10,529	-
Other charges	72,500	464,534	23,190	441,344
Other uses	92,500	92,500	58,044	34,456
	<b>2,867,601</b>	<b>1,743,864</b>	<b>169,291</b>	<b>1,574,573</b>
<b>Total General Government</b>	<b>\$ 19,483,544</b>	<b>\$ 19,370,252</b>	<b>\$ 16,352,434</b>	<b>\$ 3,017,818</b>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Personnel services	\$ 381,204	\$ 508,204	\$ 507,556	\$ 648
Contractual services	54,100	75,600	71,326	4,274
Materials and supplies	11,096	12,696	12,666	30
Maintenance charges	173,083	173,083	173,030	53
	<b>619,483</b>	<b>769,583</b>	<b>764,578</b>	<b>5,005</b>

**Fire Fighting**

Personnel services	600,612	611,612	611,345	267
Contractual services	1,136,810	1,136,810	1,069,628	67,182
Materials and supplies	803,553	803,553	576,409	227,144
Maintenance charges	918,853	918,853	914,353	4,500
Capital outlay	82,743	413,633	328,039	85,594
	<b>3,542,571</b>	<b>3,884,461</b>	<b>3,499,774</b>	<b>384,687</b>

**Fire Prevention**

Personnel services	898,270	976,270	976,262	8
Contractual services	66,890	94,140	94,091	49
Materials and supplies	45,750	69,050	68,624	426
Maintenance charges	242,141	242,141	238,175	3,966
	<b>1,253,051</b>	<b>1,381,601</b>	<b>1,377,152</b>	<b>4,449</b>

**Police**

Personnel services	31,254,436	31,855,236	30,591,107	1,264,129
Contractual services	545,890	558,390	545,345	13,045
Materials and supplies	343,630	356,642	317,383	39,259
Maintenance charges	3,897,742	3,927,795	3,910,107	17,688
	<b>36,041,698</b>	<b>36,698,063</b>	<b>35,363,942</b>	<b>1,334,121</b>

**Code Enforcement**

Personnel services	396,479	396,479	356,021	40,458
Contractual services	119,000	119,000	109,841	9,159
Materials and supplies	38,100	38,300	22,946	15,354
Maintenance charges	25,564	25,964	25,861	103
Capital outlay	-	50,000	49,088	912
	<b>579,143</b>	<b>629,743</b>	<b>563,757</b>	<b>65,986</b>

**Total Public Safety**

	<b>\$ 42,035,946</b>	<b>\$ 43,363,451</b>	<b>\$ 41,569,203</b>	<b>\$ 1,794,248</b>
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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, 2016**

<b>EXPENDITURES</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Public Works</b>				
<b>Engineering</b>				
Personnel services	\$ 1,690,118	\$ 1,951,638	\$ 1,951,498	\$ 140
Contractual services	488,439	555,339	545,759	9,580
Materials and supplies	41,000	41,682	39,372	2,310
Maintenance charges	203,245	203,245	200,685	2,560
Capital outlay	24,000	28,100	21,582	6,518
	<b>2,446,802</b>	<b>2,780,004</b>	<b>2,758,896</b>	<b>21,108</b>
<b>Street Lighting and Signals</b>				
Contractual services	1,358,800	1,418,800	1,418,228	572
	<b>1,358,800</b>	<b>1,418,800</b>	<b>1,418,228</b>	<b>572</b>
<b>Sanitation</b>				
Personnel services	2,455,427	2,455,427	2,389,944	65,483
Contractual services	3,793,070	3,837,070	3,707,011	130,059
Materials and supplies	400,439	360,439	199,689	160,750
Maintenance charges	284,571	285,671	285,576	95
	<b>6,933,507</b>	<b>6,938,607</b>	<b>6,582,220</b>	<b>356,387</b>
<b>Street and Bridge</b>				
Personnel services	2,305,762	2,305,762	2,161,721	144,041
Contractual services	48,650	48,650	25,858	22,792
Materials and supplies	395,744	395,744	242,851	152,893
Maintenance charges	397,031	397,031	391,574	5,457
Capital outlay	15,000	15,000	-	15,000
	<b>3,162,187</b>	<b>3,162,187</b>	<b>2,822,004</b>	<b>340,183</b>
<b>Traffic and Transportation</b>				
Personnel services	827,444	830,044	830,039	5
Contractual services	265,050	215,050	152,756	62,294
Materials and supplies	206,015	293,265	290,924	2,341
Maintenance charges	152,871	152,871	146,835	6,036
Capital outlay	150,000	112,750	112,750	-
	<b>1,601,380</b>	<b>1,603,980</b>	<b>1,533,304</b>	<b>70,676</b>
<b>Total Public Works</b>	<b>\$ 15,502,676</b>	<b>\$ 15,903,578</b>	<b>\$ 15,114,652</b>	<b>\$ 788,926</b>

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
Personnel services	\$ 770,918	\$ 770,918	\$ 759,780	\$ 11,138
Contractual services	635,380	635,380	504,708	130,672
Materials and supplies	19,341	52,887	46,790	6,097
Maintenance charges	106,137	106,137	104,816	1,321
	<b>1,531,776</b>	<b>1,565,322</b>	<b>1,416,094</b>	<b>149,228</b>

**Animal Rescue and Assistance**

Personnel services	1,672,657	1,672,657	1,599,794	72,863
Contractual services	248,990	278,990	273,991	4,999
Materials and supplies	250,064	264,064	212,832	51,232
Maintenance charges	267,045	252,133	250,485	1,648
Capital outlay	70,000	70,000	-	70,000
	<b>2,508,756</b>	<b>2,537,844</b>	<b>2,337,102</b>	<b>200,742</b>

**Total Health**

	<b>4,040,532</b>	<b>4,103,166</b>	<b>3,753,196</b>	<b>349,970</b>
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**Culture and Recreation****Parks**

Personnel services	2,076,066	2,076,066	1,799,216	276,850
Contractual services	941,753	941,753	471,978	469,775
Materials and supplies	239,092	288,669	215,304	73,365
Maintenance charges	822,549	800,549	800,383	166
Capital outlay	922,546	922,546	35,712	886,834
	<b>5,002,006</b>	<b>5,029,583</b>	<b>3,322,593</b>	<b>1,706,990</b>

**Recreation**

Personnel services	2,071,463	2,252,863	2,194,058	58,805
Contractual services	655,077	659,577	270,391	389,186
Materials and supplies	409,050	404,550	332,529	72,021
Maintenance charges	333,227	342,317	337,650	4,667
Other charges	88,000	88,000	68,629	19,371
Capital outlay	67,500	67,500	-	67,500
	<b>\$ 3,624,317</b>	<b>\$ 3,814,807</b>	<b>\$ 3,203,257</b>	<b>\$ 611,550</b>

Continued

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

<b>EXPENDITURES</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
<b>Culture and Recreation, Continued</b>	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Clean Streets</b>				
Personnel services	\$ 1,205,280	\$ 1,205,280	\$ 1,176,267	\$ 29,013
Contractual services	195,400	45,400	20,991	24,409
Materials and supplies	80,155	80,155	50,014	30,141
Maintenance charges	323,157	324,857	324,848	9
Capital outlay	75,000	75,000	-	75,000
	<b>1,878,992</b>	<b>1,730,692</b>	<b>1,572,120</b>	<b>158,572</b>
<b>Golf Course</b>				
Personnel services	382,018	382,018	361,696	20,322
Contractual services	140,800	165,800	124,915	40,885
Materials and supplies	109,050	109,050	51,456	57,594
Maintenance charges	86,692	87,042	86,985	57
	<b>718,560</b>	<b>743,910</b>	<b>625,052</b>	<b>118,858</b>
<b>Multi-Purpose Center</b>				
Personnel services	395,076	395,076	375,100	19,976
Contractual services	39,800	39,800	30,502	9,298
Materials and supplies	47,400	43,400	41,766	1,634
Maintenance charges	59,371	59,371	59,213	158
Other charges	15,000	19,000	18,906	94
Capital outlay	50,000	50,000	-	50,000
	<b>606,647</b>	<b>606,647</b>	<b>525,487</b>	<b>81,160</b>
<b>Civic Center</b>				
Personnel services	381,007	381,007	360,481	20,526
Contractual services	131,900	131,900	118,296	13,604
Materials and supplies	11,275	29,275	24,139	5,136
Maintenance charges	186,075	258,075	257,630	445
	<b>710,257</b>	<b>800,257</b>	<b>760,546</b>	<b>39,711</b>
<b>Senior Center - Madison Jobe</b>				
Personnel services	333,329	365,329	365,070	259
Contractual services	41,150	41,150	32,498	8,652
Materials and supplies	47,270	47,270	34,296	12,974
Maintenance charges	103,024	83,024	82,530	494
Other charges	27,500	27,575	27,571	4
Capital outlay	-	5,300	5,290	10
	<b>\$ 552,273</b>	<b>\$ 569,648</b>	<b>\$ 547,255</b>	<b>\$ 22,393</b>
<b>Museum</b>				
Personnel services	48,989	48,989	22,945	26,044
Contractual services	3,100	3,100	2,742	358
Materials and supplies	8,600	8,600	5,538	3,062
Maintenance charges	5,366	5,366	5,208	158
Other charges	800	800	240	560
	<b>\$ 66,855</b>	<b>\$ 66,855</b>	<b>\$ 36,673</b>	<b>\$ 30,182</b>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Library</b>				
Personnel services	\$ 2,765,152	\$ 2,765,152	\$ 2,633,047	\$ 132,105
Contractual services	327,904	329,004	307,188	21,816
Materials and supplies	211,455	183,683	153,645	30,038
Maintenance charges	440,478	440,478	424,186	16,292
Capital outlay	205,082	240,132	240,131	1
	<b>3,950,071</b>	<b>3,958,449</b>	<b>3,758,197</b>	<b>200,252</b>
<b>Total Culture and Recreation</b>	<b>17,109,978</b>	<b>17,320,848</b>	<b>14,351,180</b>	<b>2,969,668</b>
<b>TOTAL EXPENDITURES</b>	<b>98,172,676</b>	<b>100,061,295</b>	<b>91,140,665</b>	<b>8,920,630</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(535,009)</b>	<b>(2,308,081)</b>	<b>8,299,809</b>	<b>10,607,890</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)				
Maintenance fund	(381,000)	(381,000)	(381,000)	-
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	-	(7,685,196)	(7,685,196)	-
Sale of capital assets	40,000	789,060	795,481	6,421
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,359,000</b>	<b>(5,577,136)</b>	<b>(5,570,715)</b>	<b>6,421</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>823,991</b>	<b>(7,885,217)</b>	<b>2,729,094</b>	<b>10,614,311</b>
<b>FUND BALANCE - BEGINNING</b>	<b>41,711,928</b>	<b>44,491,132</b>	<b>44,491,132</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 42,535,919</b>	<b>\$ 36,605,915</b>	<b>\$ 47,220,226</b>	<b>\$ 10,614,311</b>

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## **MAJOR FUND**

### **DEBT SERVICE FUND**

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



**CITY OF PASADENA, TEXAS**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes				
Ad valorem taxes	\$ 10,949,000	\$ 10,949,000	\$ 10,372,575	\$ (576,425)
Investment income	1,000	1,000	5,603	4,603
<b>TOTAL REVENUES</b>	<b>10,950,000</b>	<b>10,950,000</b>	<b>10,378,178</b>	<b>(571,822)</b>
<b>EXPENDITURES</b>				
Debt service				
Principal	7,635,000	8,035,000	7,999,312	35,688
Interest	3,128,005	2,728,005	2,674,113	53,892
Fiscal charges	5,000	5,000	-	5,000
Payment to refunding bond escrow agent	-	1,822,973	1,822,973	-
Underwriter/issuance costs	-	273,932	269,693	4,239
Other charges	12,000	12,000	-	12,000
<b>TOTAL EXPENDITURES</b>	<b>10,780,005</b>	<b>12,876,910</b>	<b>12,766,091</b>	<b>110,819</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>169,995</b>	<b>(1,926,910)</b>	<b>(2,387,913)</b>	<b>(461,003)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in - capital projects fund	-	1,156	1,156	-
Premiums on bonds	-	3,070,454	3,070,454	-
Refunding bonds issued	-	17,405,000	17,405,000	-
Payment to refunding bond escrow agent	-	(18,378,549)	(18,378,549)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>2,098,061</b>	<b>2,098,061</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>169,995</b>	<b>171,151</b>	<b>(289,852)</b>	<b>(461,003)</b>
<b>FUND BALANCES - BEGINNING</b>	<b>1,300,375</b>	<b>1,783,393</b>	<b>1,783,393</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 1,470,370</b>	<b>\$ 1,954,544</b>	<b>\$ 1,493,541</b>	<b>\$ (461,003)</b>

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

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

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

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

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

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

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

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

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

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

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, 2016**

	<u>Special Revenue</u>				
	<u>Special Charge Allocation Fund</u>	<u>State Forfeited Property</u>	<u>Hotel and Motel Tax</u>	<u>Abandoned Motor Vehicles and Property</u>	<u>Total Funds</u>
<b><u>ASSETS</u></b>					
Due from other funds	\$ 883,254	\$ -	\$ -	\$ -	\$ 883,254
Restricted assets					
Cash and cash equivalents	-	53,062	-	-	53,062
Investments	1,420,378	535,772	2,661,122	157,854	4,775,126
Receivables (net of allowances of uncollectibles)					
Intergovernmental	88,968	-	-	-	88,968
Accounts	-	-	246,843	-	246,843
<b>TOTAL ASSETS</b>	<b><u>\$2,392,600</u></b>	<b><u>\$ 588,834</u></b>	<b><u>\$2,907,965</u></b>	<b><u>\$ 157,854</u></b>	<b><u>\$6,047,253</u></b>
<b><u>LIABILITIES</u></b>					
Due to other funds	\$ -	\$ 2,258	\$ 7,087	\$ 629	\$ 9,974
Liabilities payable from restricted assets					
Accounts payable	26,484	2,050	17,228	19,976	65,738
Accrued payroll payable	3,460	-	2,856	-	6,316
Unearned revenue	6	-	-	-	6
<b>TOTAL LIABILITIES</b>	<b><u>29,950</u></b>	<b><u>4,308</u></b>	<b><u>27,171</u></b>	<b><u>20,605</u></b>	<b><u>82,034</u></b>
<b><u>FUND BALANCES</u></b>					
Restricted	2,362,650	584,526	2,880,794	137,249	5,965,219
<b>TOTAL FUND BALANCES</b>	<b><u>2,362,650</u></b>	<b><u>584,526</u></b>	<b><u>2,880,794</u></b>	<b><u>137,249</u></b>	<b><u>5,965,219</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$2,392,600</u></b>	<b><u>\$ 588,834</u></b>	<b><u>\$2,907,965</u></b>	<b><u>\$ 157,854</u></b>	<b><u>\$6,047,253</u></b>

**CITY OF PASADENA, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<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>	
<b>REVENUES</b>					
Business taxes					
Franchise taxes	\$ 316,869	\$ -	\$ -	\$ -	\$ 316,869
Other taxes	-	-	915,241	-	915,241
Licenses and permits	2,820	-	-	-	2,820
Municipal court fines	402,799	-	-	-	402,799
Intergovernmental	290,263	118,050	-	-	408,313
Miscellaneous	5,444	-	-	308,291	313,735
Investment income	4,141	1,712	8,197	425	14,475
<b>TOTAL REVENUES</b>	<b><u>1,022,336</u></b>	<b><u>119,762</u></b>	<b><u>923,438</u></b>	<b><u>308,716</u></b>	<b><u>2,374,252</u></b>
<b>EXPENDITURES</b>					
Current					
General government					
Personnel services	173,406	-	-	-	173,406
Contractual services	174,121	-	-	-	174,121
Materials and supplies	33,560	-	-	-	33,560
Capital outlay	36,248	-	-	-	36,248
Public safety					
Personnel services	78,665	-	-	-	78,665
Contractual services	110,163	94,701	-	228,163	433,027
Materials and supplies	17,426	90,902	-	32,261	140,589
Other charges	-	24,400	-	32,693	57,093
Capital outlay	82,500	7,000	-	-	89,500
Culture and recreation					
Personnel services	-	-	139,030	-	139,030
Contractual services	-	-	101,986	-	101,986
Materials and supplies	-	-	63,583	-	63,583
Other charges	-	-	4,533	-	4,533
Capital outlay	-	-	93,245	-	93,245
<b>TOTAL EXPENDITURES</b>	<b><u>706,089</u></b>	<b><u>217,003</u></b>	<b><u>402,377</u></b>	<b><u>293,117</u></b>	<b><u>1,618,586</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>316,247</b>	<b>(97,241)</b>	<b>521,061</b>	<b>15,599</b>	<b>755,666</b>
<b>FUND BALANCES - BEGINNING</b>	<b><u>2,046,403</u></b>	<b><u>681,767</u></b>	<b><u>2,359,733</u></b>	<b><u>121,650</u></b>	<b><u>5,209,553</u></b>
<b>FUND BALANCES - ENDING</b>	<b><u>\$2,362,650</u></b>	<b><u>\$ 584,526</u></b>	<b><u>\$2,880,794</u></b>	<b><u>\$ 137,249</u></b>	<b><u>\$5,965,219</u></b>

**CITY OF PASADENA, TEXAS  
SPECIAL CHARGE ALLOCATION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Franchise taxes	\$ 280,000	\$ 280,000	\$ 316,869	\$ 36,869
Licenses and permits	3,000	3,000	2,820	(180)
Municipal court fines	440,000	440,000	402,799	(37,201)
Intergovernmental	282,000	282,000	290,263	8,263
Miscellaneous	5,500	5,500	5,444	(56)
Investment income	465	465	4,141	3,676
<b>TOTAL REVENUES</b>	<b><u>1,010,965</u></b>	<b><u>1,010,965</u></b>	<b><u>1,022,336</u></b>	<b><u>11,371</u></b>
<b>EXPENDITURES</b>				
Current				
General government				
Personnel services	178,130	178,130	173,406	4,724
Contractual services	213,700	217,700	174,121	43,579
Materials and supplies	159,117	159,117	33,560	125,557
Capital outlay	145,250	145,250	36,248	109,002
Public safety				
Personnel services	116,177	116,177	78,665	37,512
Contractual services	170,700	170,700	110,163	60,537
Materials and supplies	69,600	69,600	17,426	52,174
Capital outlay	122,500	122,500	82,500	40,000
<b>TOTAL EXPENDITURES</b>	<b><u>1,175,174</u></b>	<b><u>1,179,174</u></b>	<b><u>706,089</u></b>	<b><u>473,085</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>(164,209)</u></b>	<b><u>(168,209)</u></b>	<b><u>316,247</u></b>	<b><u>484,456</u></b>
<b>FUND BALANCES - BEGINNING</b>	<b><u>1,734,903</u></b>	<b><u>2,046,403</u></b>	<b><u>2,046,403</u></b>	<b><u>-</u></b>
<b>FUND BALANCES - ENDING</b>	<b><u>\$1,570,694</u></b>	<b><u>\$ 1,878,194</u></b>	<b><u>\$2,362,650</u></b>	<b><u>\$ 484,456</u></b>

**CITY OF PASADENA, TEXAS  
STATE FORFEITED PROPERTY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 173,154	\$ 118,050	\$ (55,104)
Investment income	430	430	1,712	1,282
<b>TOTAL REVENUES</b>	<u>430</u>	<u>173,584</u>	<u>119,762</u>	<u>(53,822)</u>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	-	500	-	500
Contractual services	99,254	119,254	94,701	24,553
Materials and supplies	120,264	120,264	90,902	29,362
Other charges	20,000	60,000	24,400	35,600
Capital outlay	17,000	17,000	7,000	10,000
<b>TOTAL EXPENDITURES</b>	<u>256,518</u>	<u>317,018</u>	<u>217,003</u>	<u>100,015</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(256,088)</u>	<u>(143,434)</u>	<u>(97,241)</u>	<u>46,193</u>
<b>FUND BALANCES - BEGINNING</b>	<u>528,545</u>	<u>681,767</u>	<u>681,767</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 272,457</u>	<u>\$ 538,333</u>	<u>\$ 584,526</u>	<u>\$ 46,193</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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Other taxes	\$ 650,000	\$ 650,000	\$ 915,241	\$ 265,241
Miscellaneous	6,000	6,000	-	(6,000)
Investment income	1,500	1,500	8,197	6,697
<b>TOTAL REVENUES</b>	<b>657,500</b>	<b>657,500</b>	<b>923,438</b>	<b>265,938</b>
<b>EXPENDITURES</b>				
Current				
Culture and recreation				
Personnel services	165,610	165,610	139,030	26,580
Contractual services	129,750	134,750	101,986	32,764
Materials and supplies	75,800	100,800	63,583	37,217
Other charges	60,000	60,000	4,533	55,467
Capital outlay	566,591	536,591	93,245	443,346
<b>TOTAL EXPENDITURES</b>	<b>997,751</b>	<b>997,751</b>	<b>402,377</b>	<b>595,374</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(340,251)</b>	<b>(340,251)</b>	<b>521,061</b>	<b>861,312</b>
<b>FUND BALANCES - BEGINNING</b>	<b>2,048,532</b>	<b>2,359,733</b>	<b>2,359,733</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$1,708,281</b>	<b>\$2,019,482</b>	<b>\$2,880,794</b>	<b>\$ 861,312</b>

**CITY OF PASADENA, TEXAS**  
**ABANDONED MOTOR VEHICLE AND PROPERTY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 250,000	\$ 250,000	\$ 308,291	\$ 58,291
Investment income	40	40	425	385
<b>TOTAL REVENUES</b>	<b><u>250,040</u></b>	<b><u>250,040</u></b>	<b><u>308,716</u></b>	<b><u>58,676</u></b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Contractual services	210,200	247,500	228,163	19,337
Materials and supplies	39,800	39,800	32,261	7,539
Other charges	25,000	32,700	32,693	7
<b>TOTAL EXPENDITURES</b>	<b><u>275,000</u></b>	<b><u>320,000</u></b>	<b><u>293,117</u></b>	<b><u>26,883</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(24,960)</b>	<b>(69,960)</b>	<b>15,599</b>	<b>85,559</b>
<b>FUND BALANCES - BEGINNING</b>	<b><u>93,888</u></b>	<b><u>121,650</u></b>	<b><u>121,650</u></b>	<b><u>-</u></b>
<b>FUND BALANCES - ENDING</b>	<b><u>\$ 68,928</u></b>	<b><u>\$ 51,690</u></b>	<b><u>\$ 137,249</u></b>	<b><u>\$ 85,559</u></b>

## **INTERNAL SERVICE FUNDS**

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

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

**Workers' Compensation Insurance Fund** – This fund is used to account for the 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, 2016**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
<b>ASSETS</b>					
<b>Current Assets</b>					
Investments - TexPool	\$ 9,125,675	\$ 2,170,562	\$ 5,725,380	\$ 4,086,732	\$ 21,108,349
Accounts receivable	-	-	18,534	68,103	86,637
Due from other funds					
General	73,129	-	-	-	73,129
Inventory, at cost	524,229	-	-	-	524,229
Prepaid items	-	-	483,103	-	483,103
<b>Total Current Assets</b>	<b>9,723,033</b>	<b>2,170,562</b>	<b>6,227,017</b>	<b>4,154,835</b>	<b>22,275,447</b>
<b>Noncurrent Assets</b>					
<b>Deposits</b>					
	-	13,000	-	25,000	38,000
<b>Capital Assets</b>					
Land	602	-	-	-	602
Buildings and building improvements	2,233,791	-	-	-	2,233,791
Accumulated depreciation - buildings and building improvements	(1,752,790)	-	-	-	(1,752,790)
Facilities and other improvements	175,754	-	-	-	175,754
Accumulated depreciation - facilities and other improvements	(70,603)	-	-	-	(70,603)
Machinery and equipment	8,186,211	-	-	-	8,186,211
Accumulated depreciation - machinery and equipment	(4,910,821)	-	-	-	(4,910,821)
Infrastructure	41,746	-	-	-	41,746
Accumulated depreciation - infrastructure	(21,290)	-	-	-	(21,290)
Automotive equipment	38,864,021	-	-	-	38,864,021
Accumulated depreciation - automotive equipment	(27,176,265)	-	-	-	(27,176,265)
Construction in progress	198,426	-	-	-	198,426
<b>Net Capital Assets</b>	<b>15,768,782</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,768,782</b>
<b>Total Noncurrent Assets</b>	<b>15,768,782</b>	<b>13,000</b>	<b>-</b>	<b>25,000</b>	<b>15,806,782</b>
<b>TOTAL ASSETS</b>	<b>25,491,815</b>	<b>2,183,562</b>	<b>6,227,017</b>	<b>4,179,835</b>	<b>38,082,229</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows on pension:					
Subsequent contributions	372,870	-	-	-	372,870
Net difference in investment earnings	1,535,993	-	-	-	1,535,993
Assumption changes	271,683	-	-	-	271,683
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,180,546</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,180,546</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	494,220	1,869	147,343	58,027	701,459
Accrued payroll payable	102,941	2,345	-	621	105,907
Due to other funds					
General	-	-	85,064	675,195	760,259
Claims payable	-	74,146	-	1,065,166	1,139,312
Compensated absences payable	130,274	-	-	-	130,274
<b>Total Current Liabilities</b>	<b>727,435</b>	<b>78,360</b>	<b>232,407</b>	<b>1,799,009</b>	<b>2,837,211</b>
<b>Noncurrent Liabilities</b>					
Claims payable	-	49,432	-	710,110	759,542
Compensated absences payable	1,172,465	-	-	-	1,172,465
Other post employment benefits	355,834	-	-	-	355,834
Net pension liability	2,587,703	-	-	-	2,587,703
<b>Total Noncurrent Liabilities</b>	<b>4,116,002</b>	<b>49,432</b>	<b>-</b>	<b>710,110</b>	<b>4,875,544</b>
<b>TOTAL LIABILITIES</b>	<b>4,843,437</b>	<b>127,792</b>	<b>232,407</b>	<b>2,509,119</b>	<b>7,712,755</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflow on pension:					
Difference in economic experience	195,657	-	-	-	195,657
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>195,657</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195,657</b>
<b>NET POSITION</b>					
Net investment in capital assets	15,768,782	-	-	-	15,768,782
Unrestricted	6,864,485	2,055,770	5,994,610	1,670,716	16,585,581
<b>TOTAL NET POSITION</b>	<b>\$ 22,633,267</b>	<b>\$ 2,055,770</b>	<b>\$ 5,994,610</b>	<b>\$ 1,670,716</b>	<b>\$ 32,354,363</b>

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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, 2016**

	<b>Maintenance</b>	<b>Workers' Compensation Insurance</b>	<b>General Liability Insurance</b>	<b>Health Insurance</b>	<b>Total Funds</b>
<b>OPERATING REVENUES</b>					
Charges for sales and services	<b>\$ 14,923,799</b>	<b>\$ 993,071</b>	<b>\$ 222,470</b>	<b>\$ 17,372,305</b>	<b>\$ 33,511,645</b>
<b>OPERATING EXPENSES</b>					
Personnel services	6,205,015	121,076	-	-	6,326,091
Contractual services	1,491,279	29,744	-	71,098	1,592,121
Materials and supplies	3,554,168	24,255	-	-	3,578,423
Maintenance charges	1,608,759	-	-	-	1,608,759
Insurance/reinsurance premiums	-	618,844	1,157,570	2,787,028	4,563,442
Claim and legal expenses	-	19,507	616,155	12,567,900	13,203,562
Administration fees	-	-	-	601,987	601,987
Miscellaneous	-	-	-	919,156	919,156
Depreciation	2,733,755	-	-	-	2,733,755
<b>TOTAL OPERATING EXPENSES</b>	<b>15,592,976</b>	<b>813,426</b>	<b>1,773,725</b>	<b>16,947,169</b>	<b>35,127,296</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(669,177)</b>	<b>179,645</b>	<b>(1,551,255)</b>	<b>425,136</b>	<b>(1,615,651)</b>
<b>NONOPERATING REVENUES</b>					
Gain on sale of capital assets	146,093	-	-	-	146,093
Investment income	23,226	5,085	16,428	11,240	55,979
<b>TOTAL NONOPERATING REVENUES</b>	<b>169,319</b>	<b>5,085</b>	<b>16,428</b>	<b>11,240</b>	<b>202,072</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(499,858)</b>	<b>184,730</b>	<b>(1,534,827)</b>	<b>436,376</b>	<b>(1,413,579)</b>
Capital contributions	1,498,360	-	-	-	1,498,360
Transfers in	937,000	-	1,500,000	-	2,437,000
<b>CHANGES IN NET POSITION</b>	<b>1,935,502</b>	<b>184,730</b>	<b>(34,827)</b>	<b>436,376</b>	<b>2,521,781</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>20,697,765</b>	<b>1,871,040</b>	<b>6,029,437</b>	<b>1,234,340</b>	<b>29,832,582</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 22,633,267</b>	<b>\$ 2,055,770</b>	<b>\$ 5,994,610</b>	<b>\$ 1,670,716</b>	<b>\$ 32,354,363</b>

**CITY OF PASADENA, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<b>Maintenance</b>	<b>Workers' Compensation Insurance</b>	<b>General Liability Insurance</b>	<b>Health Insurance</b>	<b>Total Funds</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>					
Cash received from interfund services	\$ 15,038,744	\$ 993,071	\$ 222,470	\$ 13,148,251	\$ 29,402,536
Cash received from customers and users	1,174	-	-	4,343,407	4,344,581
Cash payments to suppliers for goods and services	(6,583,005)	-	-	-	(6,583,005)
Cash payments to employees for services	(5,744,682)	(124,579)	-	(6,063)	(5,875,324)
Cash payments for insurance premiums, liability claims and administration	-	(713,194)	(1,797,351)	(16,325,913)	(18,836,458)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>2,712,231</u></b>	<b><u>155,298</u></b>	<b><u>(1,574,881)</u></b>	<b><u>1,159,682</u></b>	<b><u>2,452,330</u></b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>					
Transfers from other funds					
General	381,000	-	500,000	-	881,000
Water and sewer system	556,000	-	1,000,000	-	1,556,000
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>937,000</u></b>	<b><u>-</u></b>	<b><u>1,500,000</u></b>	<b><u>-</u></b>	<b><u>2,437,000</u></b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>					
Proceeds from sale of capital assets	263,936	-	-	-	263,936
Acquisition and construction of capital assets	(1,583,669)	-	-	-	(1,583,669)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>(1,319,733)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(1,319,733)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Purchase of investments	(3,584,615)	(890,095)	(1,670,669)	(15,571,039)	(21,716,418)
Proceeds from sale and maturities of investments	1,231,891	729,712	1,729,122	14,400,117	18,090,842
Investment income received	23,226	5,085	16,428	11,240	55,979
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b><u>(2,329,498)</u></b>	<b><u>(155,298)</u></b>	<b><u>74,881</u></b>	<b><u>(1,159,682)</u></b>	<b><u>(3,569,597)</u></b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

	<b>Maintenance</b>	<b>Workers' Compensation Insurance</b>	<b>General Liability Insurance</b>	<b>Health Insurance</b>	<b>Total Funds</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	<b>\$ (669,177)</b>	<b>\$ 179,645</b>	<b>\$ (1,551,255)</b>	<b>\$ 425,136</b>	<b>\$ (1,615,651)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>					
Depreciation	2,733,755	-	-	-	2,733,755
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	-	80	(9,659)	89,127	79,548
(Increase) in prepaids	-	-	(37,925)	-	(37,925)
Decrease in due from other funds	116,119	-	-	30,226	146,345
(Increase) in pension related deferred outflows	(1,593,898)	-	-	-	(1,593,898)
(Increase) in inventory	(3,916)	-	-	-	(3,916)
Increase (decrease) in accounts and claims payable	77,582	(20,924)	64,086	(53,939)	66,805
(Decrease) in accrued payroll payable	(174,943)	(3,503)	-	(6,063)	(184,509)
Increase in compensated absences payable	84,412	-	-	-	84,412
Increase in net pension payable	1,806,397	-	-	-	1,806,397
Increase in other post employment benefits	286,490	-	-	-	286,490
(Decrease) increase in due to other funds	(2,465)	-	(40,128)	675,195	632,602
Increase in pension related deferred inflows	51,875	-	-	-	51,875
<b>Total Adjustments</b>	<b>3,381,408</b>	<b>(24,347)</b>	<b>(23,626)</b>	<b>734,546</b>	<b>4,067,981</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
	<b>\$ 2,712,231</b>	<b>\$ 155,298</b>	<b>\$ (1,574,881)</b>	<b>\$ 1,159,682</b>	<b>\$ 2,452,330</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Contribution of capital assets from the government	\$ 1,498,360	\$ -	\$ -	\$ -	\$ 1,498,360

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# STATISTICAL SECTION

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

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### I. Financial Trends

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

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**V. Operating Information**

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

**CITY OF PASADENA, TEXAS**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years (1) (2)**  
**(accrual basis of accounting)**

	Fiscal Year			
	2007	2008	2009	2010
<b>Governmental activities</b>				
Net investment in capital assets	\$ 412,109,172	\$ 431,100,171	\$ 451,397,477	\$ 463,105,305
Restricted	47,364,187	48,856,439	40,253,459	36,063,307
Unrestricted	15,953,388	19,220,043	15,209,325	16,138,845
Total governmental activities net position	<u>\$ 475,426,747</u>	<u>\$ 499,176,653</u>	<u>\$ 506,860,261</u>	<u>\$ 515,307,457</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 154,799,229	\$ 155,671,798	\$ 154,942,535	\$ 157,245,239
Restricted	1,128,275	988,591	2,255,328	1,929,345
Unrestricted (deficit)	6,580,409	6,559,351	11,385,007	13,307,492
Total business-type activities net position	<u>\$ 162,507,913</u>	<u>\$ 163,219,740</u>	<u>\$ 168,582,870</u>	<u>\$ 172,482,076</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 566,908,401	\$ 586,771,969	\$ 606,340,012	\$ 620,350,544
Restricted	48,492,462	49,845,030	42,508,787	37,992,652
Unrestricted	22,533,797	25,779,394	26,594,332	29,446,337
Total primary government net position	<u>\$ 637,934,660</u>	<u>\$ 662,396,393</u>	<u>\$ 675,443,131</u>	<u>\$ 687,789,533</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 2007 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 2007 to 2013.

**Fiscal Year**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 472,614,231	\$ 478,211,050	\$ 483,252,803	\$ 481,756,248	\$ 499,187,584	\$ 520,604,774
35,271,243	40,271,155	46,905,633	55,218,439	55,408,353	55,591,891
14,744,816	22,491,388	23,545,604	25,026,501	24,391,603	21,560,862
<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>	<u>\$ 597,757,527</u>
\$ 159,525,608	\$ 160,991,697	\$ 163,652,579	\$ 176,526,854	\$ 207,484,738	\$ 215,490,421
2,020,890	2,241,698	2,339,483	2,298,834	2,108,767	2,053,361
17,664,879	28,726,466	30,178,589	28,113,976	11,952,768	12,859,321
<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>	<u>\$ 230,403,103</u>
\$ 632,139,839	\$ 639,202,747	\$ 646,905,382	\$ 658,283,102	\$ 706,672,322	\$ 736,095,195
37,292,133	42,512,853	49,245,116	57,517,273	57,517,120	57,645,252
32,409,695	51,217,854	53,724,193	53,140,477	36,344,371	34,420,183
<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>	<u>\$ 828,160,630</u>

**CITY OF PASADENA, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years (1) (2)**  
**(accrual basis of accounting)**

	Fiscal Year			
	2007	2008	2009	2010
<b>Expenses</b>				
Governmental activities				
General government	\$ 11,200,559	\$ 12,819,859	\$ 16,735,291	\$ 16,369,013
Public safety	35,213,887	40,486,310	44,930,012	46,743,243
Public works	19,851,288	24,938,059	28,489,685	22,194,436
Health	2,340,163	2,711,459	3,170,468	3,543,536
Culture and recreation	12,687,318	13,647,614	16,082,335	15,533,525
Housing and community development	7,968,458	8,821,136	9,615,124	10,102,166
Interest and fiscal agent fees on long-term debt	4,478,707	4,711,542	4,990,590	5,002,086
Total governmental activities expenses	<u>93,740,380</u>	<u>108,135,979</u>	<u>124,013,505</u>	<u>119,488,005</u>
Business-type activities				
Water and sewer	25,729,728	28,593,719	28,622,955	29,274,247
Total business-type activities expenses	<u>25,729,728</u>	<u>28,593,719</u>	<u>28,622,955</u>	<u>29,274,247</u>
Total primary government expenses	<u>\$ 119,470,108</u>	<u>\$ 136,729,698</u>	<u>\$ 152,636,460</u>	<u>\$ 148,762,252</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for service				
General government	\$ 9,077,366	\$ 13,444,472	\$ 9,881,296	\$ 11,802,432
Public safety	7,845,825	7,769,911	8,236,156	7,685,606
Other activities	4,662,239	4,422,153	5,116,673	4,220,825
Operating grants and contributions	9,499,817	15,960,153	16,102,417	13,576,536
Capital grants and contributions	15,711,854	5,215,499	5,578,582	4,999,237
Total governmental activities program revenues	<u>46,797,101</u>	<u>46,812,188</u>	<u>44,915,124</u>	<u>42,284,636</u>
Business-type activities:				
Charges for services:				
Water and sewer	30,744,928	30,489,659	35,096,384	33,419,961
Capital grants and contributions	-	-	35,000	-
Total business-type activities program revenues	<u>30,744,928</u>	<u>30,489,659</u>	<u>35,131,384</u>	<u>33,419,961</u>
Total primary government program revenues	<u>\$ 77,542,029</u>	<u>\$ 77,301,847</u>	<u>\$ 80,046,508</u>	<u>\$ 75,704,597</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (46,943,279)	\$ (61,323,791)	\$ (79,098,381)	\$ (77,203,369)
Business-type activities	5,015,200	1,895,940	6,508,429	4,145,714
Total primary government net expense	<u>\$ (41,928,079)</u>	<u>\$ (59,427,851)</u>	<u>\$ (72,589,952)</u>	<u>\$ (73,057,655)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
General property taxes	\$ 28,855,714	\$ 31,071,723	\$ 33,728,265	\$ 32,609,811
Industrial district fees	15,153,643	15,551,252	16,100,049	15,777,475
Sales taxes	23,088,652	23,835,369	26,084,712	23,213,061
Utility taxes	7,582,443	7,644,267	7,817,369	7,948,433
Other taxes/fees	604,342	691,263	698,023	5,523,330
Investment earnings				
Unrestricted	2,580,560	1,590,544	363,528	125,652
Restricted	3,839,946	2,748,233	685,824	154,475
Gain on sale of capital assets	102,835	73,265	-	-
Transfers	1,180,894	1,867,781	1,304,219	298,328
Total governmental activities	<u>82,989,029</u>	<u>85,073,697</u>	<u>86,781,989</u>	<u>85,650,565</u>
Business-type activities:				
Investment earnings				
Unrestricted	386,097	363,757	95,551	26,823
Restricted	569,997	319,911	63,369	24,997
Gain on sale of capital assets	-	-	-	-
Transfers	(1,180,894)	(1,867,781)	(1,304,219)	(298,328)
Total business-type activities	<u>(224,800)</u>	<u>(1,184,113)</u>	<u>(1,145,299)</u>	<u>(246,508)</u>
Total primary government	<u>\$ 82,764,229</u>	<u>\$ 83,889,584</u>	<u>\$ 85,636,690</u>	<u>\$ 85,404,057</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 36,045,750	\$ 23,749,906	\$ 7,683,608	\$ 8,447,196
Business-type activities	4,790,400	711,827	5,363,130	3,899,206
Total primary government	<u>\$ 40,836,150</u>	<u>\$ 24,461,733</u>	<u>\$ 13,046,738</u>	<u>\$ 12,346,402</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 2007 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 2007 to 2014.

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 17,498,400	\$ 15,344,585	\$ 17,825,589	\$ 20,070,338	\$ 17,122,766	\$ 20,888,643	
45,242,538	44,094,055	48,354,722	47,153,867	48,403,071	51,631,147	
21,049,209	19,734,083	21,579,683	23,789,663	23,367,837	23,608,280	
3,419,292	3,385,069	3,493,148	3,873,409	4,013,432	4,209,705	
14,629,653	13,999,948	15,492,340	15,853,285	16,579,672	17,650,996	
10,672,024	9,976,482	9,324,100	7,922,281	7,512,375	7,985,634	
4,832,227	4,123,021	3,877,613	3,564,479	3,439,836	2,627,998	
<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>	<u>128,602,403</u>	
29,982,837	29,019,663	30,765,422	31,443,569	30,561,782	30,062,074	
<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>30,062,074</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>	<u>\$ 158,664,477</u>	
\$ 9,431,596	\$ 9,411,401	\$ 9,022,279	\$ 11,987,529	\$ 10,021,968	\$ 10,003,780	
7,757,395	7,891,097	7,880,922	8,355,481	8,236,938	8,368,016	
4,134,589	4,139,681	5,058,845	4,858,171	5,653,162	5,781,731	
12,087,315	12,370,427	11,579,631	10,491,952	8,214,522	9,158,177	
8,610,718	12,799,735	7,769,209	13,955,703	11,569,987	9,563,828	
<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>	<u>42,875,532</u>	
36,894,886	36,790,596	37,235,536	36,618,566	39,079,938	39,681,159	
-	212,675	147,596	-	-	-	
<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>39,681,159</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>	<u>\$ 82,556,691</u>	
\$ (75,321,730)	\$ (64,044,902)	\$ (78,636,309)	\$ (72,578,486)	\$ (76,742,412)	\$ (85,726,871)	
6,912,049	7,983,608	6,617,710	5,174,997	8,518,156	9,619,085	
<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>	<u>\$ (76,107,786)</u>	
\$ 33,224,390	\$ 34,997,328	\$ 35,501,359	\$ 36,899,872	\$ 38,799,792	\$ 42,155,738	
15,980,044	16,773,145	17,548,408	17,177,327	17,284,062	17,774,342	
23,954,810	25,789,345	27,938,085	30,472,024	31,439,633	32,350,927	
8,550,770	8,704,878	8,932,383	9,270,311	9,260,543	9,609,456	
544,183	671,036	716,284	1,000,102	1,059,717	1,227,928	
84,799	96,098	89,748	46,788	73,803	344,184	
89,411	86,079	65,620	30,622	44,421	192,234	
-	-	63,864	-	1,826,646	-	
216,156	(4,729,704)	1,668,346	(6,011,207)	(6,059,853)	842,049	
<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>	<u>104,496,858</u>	
22,636	25,510	23,752	9,763	12,802	62,105	
10,772	9,662	3,947	1,486	3,657	17,689	
-	-	-	200,325	12,141	-	
(216,156)	4,729,704	(1,668,346)	6,011,207	6,059,853	(842,049)	
<u>(182,748)</u>	<u>4,764,876</u>	<u>(1,640,647)</u>	<u>6,222,781</u>	<u>6,088,453</u>	<u>(762,255)</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>	<u>\$ 103,734,603</u>	
\$ 7,322,833	\$ 18,343,303	\$ 13,887,788	\$ 16,307,353	\$ 16,986,352	\$ 18,769,987	
6,729,301	12,748,484	4,977,063	11,397,778	14,606,609	8,856,830	
<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>	<u>\$ 27,626,817</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General property taxes	\$ 28,855,714	\$ 31,071,723	\$ 33,728,265	\$ 32,609,811
Industrial district fees	15,153,643	15,551,252	16,100,049	15,777,475
Sales taxes	23,088,652	23,835,369	26,084,712	23,213,061
Franchise taxes	7,582,443	7,644,267	7,817,369	7,948,433
Other taxes/fees	604,342	691,263	698,023	5,523,330 (1)
	<u>\$ 75,284,794</u>	<u>\$ 78,793,874</u>	<u>\$ 84,428,418</u>	<u>\$ 85,072,110</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					
2011	2012	2013	2014	2015	2016
\$ 33,224,390	\$ 34,997,328	\$ 35,501,359	\$ 36,899,872	\$ 38,799,792	\$ 42,155,738
15,980,044	16,773,145	17,548,408	17,177,327	17,284,062	17,774,342
23,954,810	25,789,345	27,938,085	30,472,024	31,439,633	32,350,927
8,550,770	(2) 8,704,878	8,932,383	9,270,311	9,260,543	9,609,456
544,183	671,036	716,284	1,000,102	1,059,717	1,227,928
<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>	<u>\$ 103,118,391</u>

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

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Unreserved, designated for:				
Encumbrances	\$ 492,441	\$ 2,549,842	\$ 404,551	\$ 1,567,841
Capital and technology improvements	63,181	1,800,295	2,578,002	1,591,361
Recall, election, and charter revisions	15,000	15,000	15,000	15,000
Unreserved	16,869,064	16,923,559	22,557,426	21,511,101
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 17,439,686</u>	<u>\$ 21,288,696</u>	<u>\$ 25,554,979</u>	<u>\$ 24,685,303</u>
All Other Governmental Funds				
Reserved	\$ 1,495,924	\$ 2,607,222	\$ 1,631,459	\$ 2,284,607
Unreserved, designated for:				
Encumbrances	147,250	1,219,237	66,671	1,414,244
Encumbrances for special revenue funds	46,048	379,634	368,961	18,712
Unreserved, reported in:				
Pasadena Second Century Corp fund	15,664,093	22,399,524	27,151,207	13,421,401
Capital project fund	57,023,939	37,863,806	36,959,612	32,358,730
Grant management fund	3,565,531	3,631,100	3,478,625	5,330,596
Special revenue funds	3,772,165	4,289,626	3,846,713	2,939,272
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 81,714,950</u>	<u>\$ 72,390,149</u>	<u>\$ 73,503,248</u>	<u>\$ 57,767,562</u>

(1) GASB Statement No. 54 requirement for statistical data is ten years with retroactive implementation encouraged; only six fiscal years are available at this time. The City chose not to restate 2007 to 2010.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
257,462	388,622	1,733,497	15,000	15,000	15,000
1,430,771	13,954,260	605,417	23,915,771	199,868	516,191
30,129,675	28,392,323	47,741,413	27,382,553	44,276,264	46,689,035
<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>	<u>\$ 47,220,226</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
52,165,350	55,763,123	58,940,029	65,238,024	60,624,443	63,469,227
-	-	-	10,034,023	15,328,098	7,254,969
-	-	-	-	-	4,035,135
<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>	<u>\$ 74,759,331</u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Revenues</b>				
Taxes	\$ 75,298,799	\$ 78,823,699	\$ 84,285,891	\$ 85,021,762
Licenses and permits	2,614,522	2,377,189	2,384,655	2,048,459
Municipal court fines	6,478,333	6,318,981	6,072,604	6,083,691
Charges for services	9,143,891	9,516,526	9,547,090	9,241,590
Intergovernmental	12,963,551	19,748,247	20,601,837	15,940,787
Investment earnings	5,354,084	3,594,698	895,156	249,214
Contribution from outside sources	-	-	-	-
Program income	-	-	-	-
Miscellaneous	12,762,352	1,514,999	1,057,115	2,973,015
<b>Total revenues</b>	<b>124,615,532</b>	<b>121,894,339</b>	<b>124,844,348</b>	<b>121,558,518</b>
<b>Expenditures</b>				
General government	13,063,869	12,461,993	14,144,783	13,876,473
Public safety	34,797,520	36,975,770	40,633,853	40,670,046
Public works	14,826,289	19,038,620	21,178,029	17,217,317
Health	2,396,944	2,612,142	2,880,092	3,343,040
Culture and recreation	13,011,143	13,441,738	14,690,854	14,336,405
Housing and community development	9,166,267	10,943,860	11,477,417	10,544,584
Capital outlay	21,539,329	34,743,955	25,765,715	23,824,715
Debt service				
Principal	6,212,535	7,484,660	7,394,661	7,653,050
Interest	5,953,074	4,666,601	5,035,933	5,114,584
Payment to refunding bond escrow agent	-	-	-	-
Other charges	346,639	171,897	397,929	5,016
<b>Total expenditures</b>	<b>121,313,609</b>	<b>142,541,236</b>	<b>143,599,266</b>	<b>136,585,230</b>
Excess (deficiency) of revenues over (under) expenditures	3,301,923	(20,646,897)	(18,754,918)	(15,026,712)
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	2,415,000	-	6,725,000	-
Payment to refunding 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	8,976,878	1,800,190	3,741,587	16,564,533
Transfers out	(8,476,878)	(800,190)	(1,254,610)	(19,636,533)
Sale of capital assets	-	-	6,868	390,749
Insurance recovery	-	506,106	1,809,421	1,102,601
<b>Total other financing sources (uses)</b>	<b>13,057,674</b>	<b>15,171,106</b>	<b>24,134,300</b>	<b>(1,578,650)</b>
<b>Net change in fund balances</b>	<b>\$ 16,359,597</b>	<b>\$ (5,475,791)</b>	<b>\$ 5,379,382</b>	<b>\$ (16,605,362)</b>
Debt service as a percentage of noncapital expenditures	12.68%	11.76%	11.11%	11.54%

Fiscal Year						
	2011	2012	2013	2014	2015	2016
\$	82,200,858	\$ 86,974,148	\$ 90,787,936	\$ 95,059,433	\$ 97,786,566	\$ 102,187,545
	2,144,525	2,075,020	2,317,936	2,428,726	2,498,776	3,008,170
	6,459,457	6,312,595	5,992,141	6,505,416	6,148,378	6,030,277
	9,680,697	9,595,662	9,507,936	9,586,071	9,755,077	9,734,403
	20,202,246	23,875,081	16,291,635	22,518,118	19,032,196	12,643,378
	149,265	162,330	137,918	71,505	109,206	480,439
	-	18,621	1,362,099	871,137	218,727	717,303
	165,174	176,537	145,534	327,540	176,096	153,963
	808,983	910,662	1,375,816	902,691	1,145,954	1,050,477
	<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>	<u>136,005,955</u>
	14,325,552	13,364,086	15,001,760	15,386,204	15,414,838	16,769,769
	38,619,020	40,228,303	42,780,930	41,719,857	43,153,975	43,695,603
	18,912,137	21,354,811	15,081,752	25,086,686	23,878,916	17,148,365
	3,446,535	3,168,772	3,109,669	3,520,728	3,734,963	3,753,196
	12,611,085	12,096,056	12,632,871	13,467,999	14,171,327	14,753,557
	11,208,701	10,496,692	9,699,937	11,247,201	8,567,002	8,948,301
	16,876,471	5,917,040	7,265,134	4,712,504	21,173,978	19,932,875
	7,480,000	8,020,000	7,565,000	7,650,000	7,880,000	8,864,312
	4,774,501	4,135,448	3,952,598	3,785,622	3,345,373	2,722,813
	-	-	-	-	4,829,110	1,822,973
	143,075	299,426	242,921	-	301,303	269,693
	<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>	<u>138,681,457</u>
	(6,585,872)	11,020,022	10,586,379	11,693,836	(9,579,809)	(2,675,502)
	-	20,030,000	16,690,000	-	15,646,063	17,405,000
	-	(21,356,307)	(18,931,383)	-	(13,627,529)	(18,378,549)
	4,960,000	-	-	-	-	-
	183,075	1,631,546	2,493,667	-	1,614,726	3,070,454
	3,870,996	4,971,697	2,942,518	2,259,026	18,501,785	10,036,352
	(1,350,256)	(2,446,697)	(4,622,319)	(4,415,553)	(21,316,745)	(8,717,352)
	43,495	239,875	139,788	5,845,152	2,619,811	795,481
	408,955	424,934	1,223,378	2,182,554	-	-
	<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>4,211,386</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>	<u>\$ 1,535,884</u>
	11.49%	11.12%	10.78%	9.86%	9.17%	9.84%

**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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General property taxes	\$ 28,869,719	\$ 31,101,548	\$ 33,585,738	\$ 32,559,463
Industrial district fees	15,153,643	15,551,252	16,100,049	15,777,475
Sales taxes	23,088,652	23,835,369	26,084,712	23,213,061
Franchise taxes	7,582,443	7,644,267	7,817,369	7,948,433
Other taxes	604,342	691,263	698,023	5,523,330 (1)
	<u>\$ 75,298,799</u>	<u>\$ 78,823,699</u>	<u>\$ 84,285,891</u>	<u>\$ 85,021,762</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**

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 33,171,051	\$ 35,195,121	\$ 35,262,542	\$ 37,144,601	\$ 38,755,245	\$ 42,039,511
15,980,044	16,549,164	17,755,534	17,172,395	17,271,428	17,364,338
23,954,810	25,789,345	27,938,085	30,472,024	31,439,633	32,350,927
8,550,770 (2)	8,751,762	9,030,691	9,270,311	9,260,543	9,204,841
544,183	688,756	801,084	1,000,102	1,059,717	1,227,928
\$ 82,200,858	\$ 86,974,148	\$ 90,787,936	\$ 95,059,433	\$ 97,786,566	\$ 102,187,545

**CITY OF PASADENA, TEXAS**  
**WATER AND SEWER SYSTEM PRINCIPAL CUSTOMERS**  
 Current Year and Nine Years Ago

2016						
<u>Consumers</u>	<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>
City of Seabrook (1)	52,138.9	625,667.0	\$ 457,556	1	1.15%	1.15%
Nestle Waters North America	9,922.9	119,075.0	339,269	2	0.85%	0.85%
Pasadena Independent School District	8,231.2	98,774.9	575,463	3	1.45%	1.45%
Lyondell	6,722.2	80,666.2	498,966	4	1.26%	1.25%
Alta Villas Apartments	5,607.4	67,288.5	470,649	5	1.18%	1.18%
Mbmi Apartments	5,120.9	61,451.6	389,649	6	0.98%	0.98%
Brighton Hill Apartments	4,123.2	49,478.5	335,897	7	0.85%	0.84%
Columbia Bayshore Hospital	2,996.2	35,954.8	298,348	8	0.75%	0.75%
WP&T Suez Treatment	2,886.4	34,636.4	291,232	9	0.73%	0.73%
Minh Food Company	2,522.1	30,265.2	488,683	10	1.23%	1.23%
Brandywood Housing Corporation	-	-	-	-	-	-
Sandstone Apartments	-	-	-	-	-	-
Phillips Chemical	-	-	-	-	-	-
San Jacinto College	-	-	-	-	-	-
Air Products	-	-	-	-	-	-
<b>Total</b>	<u>100,271.4</u>	<u>1,203,258.1</u>	<u>\$ 4,145,712</u>		<u>10.43%</u>	<u>10.41%</u>

Source: Prepared by the City's Water Department.

(1) 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**

<b>Consumption (per month)</b>	<b>Annualized Consumption</b>	<b>Billed Amount</b>	<b>Rank</b>	<b>% of Water/Sewer Revenues</b>	<b>% of All System Fund Revenues</b>
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%
3,853.7	46,243.9	525,157	5	1.82%	1.69%
-	-	-	-	-	-
1,322.3	15,867.8	173,722	9	0.34%	0.32%
4,147.7	49,772.6	432,057	3	1.50%	1.39%
2,208.9	26,506.8	217,462	6	0.75%	0.70%
1,804.2	21,650.7	118,761	7	0.41%	0.38%
1,522.8	18,273.6	236,243	8	0.82%	0.76%
1,253.2	15,038.8	99,000	10	0.60%	0.56%
<b>63,851.2</b>	<b>766,215.1</b>	<b>\$ 3,246,046</b>		<b>11.86%</b>	<b>11.01%</b>

**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,							
			2007		2008		2009		2010	
			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	5.50	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,**

2011		2012		2013		2014		2015		2016	
Water Rates	Sewer Rates										
\$5.50	\$8.00	\$10.50	\$8.00	\$10.50	\$8.00	\$10.50	\$8.00	\$10.50	\$8.00	\$10.75	\$10.75
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	3.50	3.50
3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50	4.00	4.00
4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50	5.00	4.00
4.50	3.50	4.50	3.50	4.50	3.50	4.50	3.50	4.50	3.50	5.50	4.00
3.59	4.99	6.59	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	2.50	2.50
3.25	3.50	3.25	3.50	3.25	3.00	3.25	3.00	3.25	3.00	3.50	3.50
4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50	5.00	4.00
4.50	3.50	4.50	3.50	4.50	3.50	4.50	3.50	4.50	3.50	5.50	4.00
5.59	8.00	8.59	8.00	8.59	8.00	8.59	8.00	8.59	8.00	12.59	12.00
2.75	3.00	2.75	3.00	2.75	3.00	2.75	3.00	2.75	3.00	3.25	3.00
3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25	3.75	3.30
3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50	4.00	3.55
4.50	4.00	4.50	4.00	4.50	4.00	4.50	4.00	4.50	4.00	4.50	3.80
4.50	4.15	4.50	4.15	4.50	4.15	4.50	4.15	4.50	4.15	4.50	4.05
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	8.50	8.00	8.50	8.00	8.50	8.00	8.50	8.00	9.50	9.50
2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	3.25	3.00
3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25	3.50	3.50
3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50	4.25	4.00
4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50	5.00	4.00
4.50	3.50	4.50	3.50	4.50	3.50	4.50	3.50	4.50	3.50	5.50	4.00
4.59	-	9.59	-	9.59	-	9.59	-	9.59	-	14.00	-
3.25	-	3.25	-	3.25	-	3.25	-	3.25	-	4.00	-
4.00	-	4.00	-	4.00	-	4.00	-	4.00	-	5.00	-
4.50	-	4.50	-	4.50	-	4.50	-	4.50	-	6.00	-

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

Assessed Value of Taxable Property	Fiscal Year Ended September 30,			
	2007	2008	2009	2010
	2006 Tax Year	2007 Tax Year	2008 Tax Year	2009 Tax Year
<b>Real Property</b>				
Real Residential	\$ 3,779,716,024	\$ 3,999,177,768	\$ 4,232,641,041	\$ 4,129,237,231
Real Commercial	922,067,090	1,076,316,825	1,198,814,394	1,249,370,402
Real Industrial	131,759,087	134,299,360	147,127,450	154,349,049
Real Agriculture	624,222	668,106	229,086	215,563
Real Vacant	100,398,134	93,398,249	107,109,632	123,659,890
Real Acreage Undeveloped	45,515,120	36,458,789	34,480,311	36,659,482
Real Farm & Ranch Improved	-	-	-	-
<b>Total Real Property</b>	<b>4,980,079,677</b>	<b>5,340,319,097</b>	<b>5,720,401,914</b>	<b>5,693,491,617</b>
<b>Less: Exemptions</b>	<b>(797,405,237)</b>	<b>(819,227,558)</b>	<b>(841,604,642)</b>	<b>(839,474,827)</b>
<b>Net Total Real Property</b>	<b>4,182,674,440</b>	<b>4,521,091,539</b>	<b>4,878,797,272</b>	<b>4,854,016,790</b>
<b>Other Property</b>				
Oil Gas and Mineral Reserves	8,334,609	10,807,745	9,270,819	6,764,074
Real and Tangible Personal - Utility	363,865	371,338	331,940	330,068
Gas Companies	8,434,840	8,145,690	7,961,540	8,286,315
Electric Companies	60,799,352	58,450,652	54,628,038	53,755,344
Telephone Companies	23,570,812	23,762,316	20,113,792	19,731,446
Railroad	308,110	318,730	347,390	392,796
Pipelines	28,640,460	29,088,230	29,628,470	24,795,395
Inventory	20,656,653	28,715,903	30,451,933	26,415,373
Major Cable TV Systems	5,960,690	11,926,584	10,181,107	7,984,017
Tangible Personal Commercial	446,580,327	458,779,115	532,377,581	553,633,704
Tangible Personal Industrial	515,099,420	555,453,193	675,428,776	648,801,280
Tangible Personal Other - Mobile Homes	18,514,607	17,697,725	18,689,409	17,046,042
Residential Inventory - Vacant	-	-	-	-
Governmental Exemption	373,205,856	356,709,579	496,046,506	519,756,039
Charitable Exemption	27,948,364	30,959,147	32,977,016	33,317,985
Religious Exemption	114,620,604	108,956,786	113,848,612	119,839,982
Private School Exempt	17,331,096	17,364,543	16,771,140	16,771,140
Miscellaneous Exempt	387,520	408,198	494,967	486,462
Agricultural	-	-	-	-
Low-Moderate Income Housing	-	72,341	184,120	-
Unknown	-	-	-	-
Improving Prop-Housing w/Volunteer Labor	-	-	-	-
Economic Devel Svcs to Local Community	-	-	-	-
Other Exempt	-	-	-	-
<b>Total Other Property</b>	<b>1,670,757,185</b>	<b>1,717,987,815</b>	<b>2,049,733,156</b>	<b>2,058,107,462</b>
<b>Less: Exemptions</b>	<b>(820,663,243)</b>	<b>(813,195,895)</b>	<b>(918,569,343)</b>	<b>(1,117,092,435)</b>
<b>Net Total Other Property</b>	<b>850,093,942</b>	<b>904,791,920</b>	<b>1,131,163,813</b>	<b>941,015,027</b>
<b>Total Property</b>	<b>6,650,836,862</b>	<b>7,058,306,912</b>	<b>7,770,135,070</b>	<b>7,751,599,079</b>
<b>Less: Total Exemptions</b>	<b>(1,618,068,480)</b>	<b>(1,632,423,453)</b>	<b>(1,760,173,985)</b>	<b>(1,956,567,262)</b>
<b>Total Assessed Value of Taxable Property</b>	<b>\$ 5,032,768,382</b>	<b>\$ 5,425,883,459</b>	<b>\$ 6,009,961,085</b>	<b>\$ 5,795,031,817</b>
<b>Total Actual Value of Taxable Property</b>	<b>\$ 5,032,768,382</b>	<b>\$ 5,425,883,459</b>	<b>\$ 6,009,961,085</b>	<b>\$ 5,795,031,817</b>
<b>Total Direct Tax Rate Per \$ 100</b>	<b>\$ 0.567</b>	<b>\$ 0.567</b>	<b>\$ 0.562</b>	<b>\$ 0.562</b>

Source: Harris County Appraisal District Certified Tax Roll

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

**Fiscal Year Ended September 30,**

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>2010 Tax Year</b>	<b>2011 Tax Year</b>	<b>2012 Tax Year</b>	<b>2013 Tax Year</b>	<b>2014 Tax Year</b>	<b>2015 Tax Year</b>
\$ 4,052,171,721	\$ 3,966,049,464	\$ 3,852,056,577	\$ 3,872,765,988	\$ 4,099,197,425	\$ 4,437,264,879
1,164,598,370	1,237,888,449	1,328,287,594	1,534,186,202	1,724,550,745	1,882,514,422
158,854,677	165,773,388	170,231,894	162,926,484	159,908,910	209,572,611
221,790	241,507	227,549	188,270	184,971	178,264
117,984,092	120,572,974	127,123,041	143,130,709	159,066,568	159,267,801
36,725,841	42,021,873	37,424,971	41,471,437	52,404,929	48,308,431
-	-	248,262	252,079	251,507	276,657
<b>5,530,556,491</b>	<b>5,532,547,655</b>	<b>5,515,599,888</b>	<b>5,754,921,169</b>	<b>6,195,565,055</b>	<b>6,737,383,065</b>
<b>(836,075,493)</b>	<b>(813,327,025)</b>	<b>(792,375,980)</b>	<b>(798,795,765)</b>	<b>(826,800,278)</b>	<b>(865,038,283)</b>
<b>4,694,480,998</b>	<b>4,719,220,630</b>	<b>4,723,223,908</b>	<b>4,956,125,404</b>	<b>5,368,764,777</b>	<b>5,872,344,782</b>
7,854,851	241,610	1,100	-	-	-
272,549	272,549	234,003	234,003	406,911	407,011
7,692,460	7,515,900	7,635,305	9,007,545	9,650,985	10,335,973
52,300,077	52,011,882	54,036,712	61,544,486	58,880,213	57,137,279
17,917,042	16,078,872	12,681,172	12,137,483	11,620,085	10,927,075
428,700	495,520	1,474,440	1,639,650	1,835,930	2,018,640
28,491,661	30,614,337	35,354,411	37,023,276	48,033,250	50,440,617
28,064,363	26,438,731	28,837,389	24,752,105	24,902,586	26,789,396
14,286,631	13,783,892	12,539,470	13,071,100	13,833,260	14,288,850
532,372,461	525,877,003	541,207,611	551,411,132	585,993,827	674,994,577
668,423,788	1,053,499,087	1,182,300,519	1,176,456,318	936,387,584	729,540,148
15,915,686	16,357,302	15,604,926	15,146,856	14,582,987	14,958,005
-	-	-	-	-	-
531,014,416	558,111,018	598,471,214	-	-	-
25,685,661	26,110,291	28,122,328	2,033,915	1,911,572	1,914,822
115,848,852	119,018,125	121,779,281	-	-	-
17,061,755	17,595,212	17,427,256	17,839,420	17,839,420	17,839,420
826,251	844,407	879,116	705,880	712,254	718,082
-	-	-	-	-	-
209,748	216,978	338,200	-	-	-
-	-	-	-	-	-
-	-	-	262,987	479,025	180,466
-	-	-	301,508	385,458	386,379
-	-	-	787,048,320	804,209,783	866,099,527
<b>2,064,666,952</b>	<b>2,465,082,716</b>	<b>2,658,924,453</b>	<b>2,710,615,984</b>	<b>2,531,665,130</b>	<b>2,478,976,267</b>
<b>(1,142,444,955)</b>	<b>(1,402,974,610)</b>	<b>(1,356,134,366)</b>	<b>(1,401,752,949)</b>	<b>(1,217,268,714)</b>	<b>(1,030,217,604)</b>
<b>922,221,997</b>	<b>1,062,108,106</b>	<b>1,302,790,087</b>	<b>1,308,863,035</b>	<b>1,314,396,416</b>	<b>1,448,758,663</b>
<b>7,595,223,443</b>	<b>7,997,630,371</b>	<b>8,174,524,341</b>	<b>8,465,537,153</b>	<b>8,727,230,185</b>	<b>9,216,359,332</b>
<b>(1,978,520,448)</b>	<b>(2,216,301,635)</b>	<b>(2,148,510,346)</b>	<b>(2,200,548,714)</b>	<b>(2,044,068,992)</b>	<b>(1,895,255,887)</b>
<b>\$ 5,616,702,995</b>	<b>\$ 5,781,328,736</b>	<b>\$ 6,026,013,995</b>	<b>\$ 6,264,988,439</b>	<b>\$ 6,683,161,193</b>	<b>\$ 7,321,103,445</b>
<b>\$ 5,616,702,995</b>	<b>\$ 5,781,328,736</b>	<b>\$ 6,026,013,995</b>	<b>\$ 6,264,988,439</b>	<b>\$ 6,683,161,193</b>	<b>\$ 7,321,103,445</b>
<b>\$ 0.592</b>	<b>\$ 0.591593</b>	<b>\$ 0.591593</b>	<b>\$ 0.591593</b>	<b>\$ 0.576904</b>	<b>\$ 0.575388</b>

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

Fiscal Year Ended September 30,	Tax Year	City Direct Rates			Overlapping Rates (1)		
		General Fund	Debt Service Fund	Total Direct	Clear Lake City Water Authority	Clear Creek ISD	Deer Park ISD
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
2016	2015	0.4337	0.1417	0.5754	0.2700	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)**

<b>La Porte ISD</b>	<b>Pasadena ISD</b>	<b>(2) Harris County</b>	<b>Harris County Department of Education</b>	<b>San Jacinto College District</b>	<b>Total Direct and Overlapping Rates</b>
\$ 1.6350	\$ 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
1.4500	1.3500	0.6300	0.0054	0.1758	7.4133

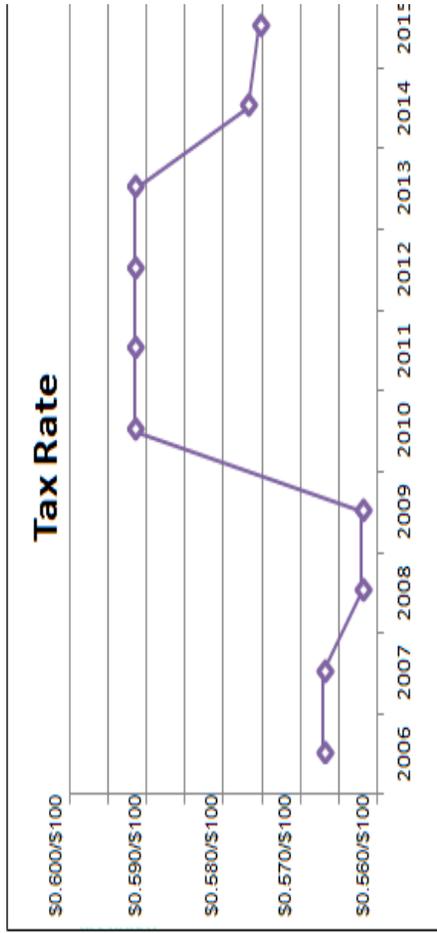
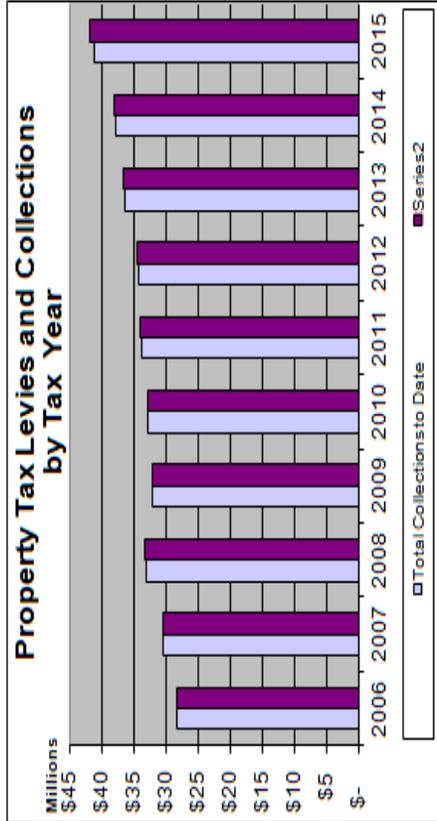
**CITY OF PASADENA, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
Current Year and Nine Years Ago**

Property Taxpayer	Fiscal Year Ended September 30, 2016			Fiscal Year Ended September 30, 2007		
	2015 Tax Year		% of Taxable Assessed Value	2006 Tax Year		% of Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
PRSI Trading	\$ 147,223,074	1	2.01%	\$ -	-	-
Calpine Operating	127,068,920	2	1.74%	-	-	-
Celanese LTD	94,480,150	3	1.29%	-	-	-
225 Railport LLC	63,123,649	4	0.86%	-	-	-
KIR Pasadena LP.	61,526,359	5	0.84%	50,866,584	4	1.01%
CenterPoint Energy, Inc.	57,363,533	6	0.78%	66,657,599	2	1.32%
Boeing Co.	52,850,768	7	0.72%	43,869,697	5	0.87%
Sunbelt Supply Inc.	46,926,509	8	0.64%	-	-	-
Phillips 66 Co.	45,132,802	9	0.62%	-	-	-
Walmart	43,876,894	10	0.60%	39,529,853	6	0.79%
Coral Energy Resources	-	-	-	135,294,878	1	2.69%
Shell Oil Co.	-	-	-	53,284,168	3	1.06%
Tejas Gas	-	-	-	38,592,454	7	0.77%
GATX Terminals % Kinder	-	-	-	36,187,976	8	0.72%
CHCA Bayshore LP	-	-	-	32,786,677	9	0.65%
CP Pasadena Property LTD	-	-	-	23,372,547	10	0.46%
Subtotal	\$ 739,572,658		10.10%	\$ 520,442,433		10.34%
Other Taxpayers	6,581,530,787		89.90%	4,512,325,949		89.66%
Total	\$ 7,321,103,445		100.00%	\$ 5,032,768,382		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
2007	2006	\$ 0.5670	\$ 28,339,112	\$ 27,297,253	96.32%	\$ 939,375	\$ 28,236,628	99.64%
2008	2007	0.5670	30,438,411	29,614,437	97.29%	739,526	30,353,963	99.72%
2009	2008	0.5620	33,286,129	32,386,497	97.30%	789,189	33,175,686	99.67%
2010	2009	0.5620	32,135,134	31,296,353	97.39%	709,454	32,005,807	99.60%
2011	2010	0.5916	32,838,502	31,967,660	97.35%	742,376	32,710,036	99.61%
2012	2011	0.5916	33,931,494	33,262,827	98.03%	533,387	33,796,214	99.60%
2013	2012	0.5916	34,476,149	34,147,313	99.05%	175,905	34,323,218	99.56%
2014	2013	0.5916	36,652,441	36,231,129	98.85%	250,865	36,481,994	99.53%
2015	2014	0.5769	38,042,494	37,619,372	98.89%	151,077	37,770,449	99.28%
2016	2015	0.5754	41,982,964	41,198,200	98.13%	-	41,198,200	98.13%



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

<b>Fiscal Year Ended September 30,</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Governmental Activities</b>				
General Obligation Bonds	\$ 46,750,000	\$ 57,725,000	\$ 74,535,000	\$ 70,500,000
General Obligation Refunding Bonds	7,255,000	4,440,000	8,525,000	8,355,000
General Obligation and Refunding Bonds	28,275,000	28,165,000	28,020,000	26,700,000
Certificates of Obligation	5,950,000	5,895,000	5,840,000	5,570,000
Combination Tax and Revenue Certificates of Obligation	9,605,000	8,755,000	1,780,000	900,000
Other Long-Term Debt				
Volunteer Fireman Prior Service Costs Note	-	-	-	-
Tax Notes, 2000	-	-	-	-
Overpaid Sales Tax Note	471,581	305,140	138,700	-
Blended Component Unit - Pasadena Second Century Corporation				
Sales Tax Notes	-	-	-	-
Sales Tax Revenue Bonds	3,030,000	2,315,000	1,575,000	805,000
Overpaid Sales Tax Note	235,790	152,571	69,350	-
	<b>101,572,371</b>	<b>107,752,711</b>	<b>120,483,050</b>	<b>112,830,000</b>
<b>Business-Type Activities</b>				
Waterworks and Sewer System Revenue Bonds	17,120,000	71,775,000	70,855,000	70,430,000
Waterworks and Sewer System Revenue Refunding Bonds	1,550,000	550,000	-	-
Combination Tax and Revenue Certificates of Obligation	2,495,000	1,280,000	-	-
General Obligation Refunding Bonds	17,675,000	17,550,000	17,430,000	15,895,000
General Obligation and Refunding Bonds	9,970,000	9,970,000	9,970,000	9,970,000
Deferred Water Charges Debt	851,912	283,970	-	-
	<b>49,661,912</b>	<b>101,408,970</b>	<b>98,255,000</b>	<b>96,295,000</b>
<b>Total Primary Government</b>	<b>\$ 151,234,283</b>	<b>\$ 209,161,681</b>	<b>\$ 218,738,050</b>	<b>\$ 209,125,000</b>
Percentage of Personal Income	5.55%	7.45%	7.75%	7.15%
Per Capita	\$ 1,030	\$ 1,428	\$ 1,500	\$ 1,430
(1) Population	146,769	146,523	145,789	146,265
(1) Per Capita Personal Income	\$ 18,558	\$ 19,167	\$ 19,359	\$ 19,992
(1) Personal Income (amount expressed in thousands)	\$ 2,723,739	\$ 2,808,455	\$ 2,822,330	\$ 2,924,130

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

The debt amounts presented from 2007 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.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	66,485,000	\$ 41,960,000	\$ 30,152,196	\$ 27,835,000	\$ 17,475,000	\$ 2,025,000
	8,180,000	26,680,000	45,303,868	42,009,458	55,201,099	69,391,828
	25,395,000	24,080,000	14,336,973	12,896,876	2,102,603	-
	5,290,000	5,010,000	4,720,000	4,430,000	4,130,000	310,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	4,960,000	4,190,000	3,507,979	2,667,467	1,801,955	906,443
	-	-	-	-	-	-
	<b>110,310,000</b>	<b>101,920,000</b>	<b>98,021,016</b>	<b>89,838,801</b>	<b>80,710,657</b>	<b>72,633,271</b>
	54,290,000	53,430,000	53,846,804	53,693,635	53,445,465	488,169
	14,505,000	13,255,000	12,441,550	11,268,996	9,166,441	6,983,886
	-	-	-	-	-	-
	14,285,000	12,740,000	17,459,587	14,539,259	13,055,250	66,108,784
	9,970,000	9,970,000	4,112,109	4,085,278	-	-
	-	-	-	-	-	-
	<b>93,050,000</b>	<b>89,395,000</b>	<b>87,860,050</b>	<b>83,587,168</b>	<b>75,667,156</b>	<b>73,580,839</b>
	<b>\$ 203,360,000</b>	<b>\$ 191,315,000</b>	<b>\$ 185,881,066</b>	<b>\$ 173,425,969</b>	<b>\$ 156,377,813</b>	<b>\$ 146,214,110</b>
	7.19%	6.16%	6.01%	5.64%	4.94%	4.57%
\$	1,364	\$ 1,256	\$ 1,221	\$ 1,135	\$ 1,016	\$ 951
	149,043	152,281	152,272	152,735	153,887	153,784
\$	18,967	\$ 20,383	\$ 20,305	\$ 20,146	\$ 20,590	\$ 20,805
\$	2,826,899	\$ 3,103,944	\$ 3,091,883	\$ 3,076,999	\$ 3,168,533	\$ 3,199,476

**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
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
2016	137,835,612	(1,493,541)	136,342,071	7,321,103,445	1.86%	153,784	887

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 2007 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, 2016**

<b>Government Unit</b>	<b>Taxing Body (as of)</b>	<b>Outstanding Principal Debt</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes</b>				
Harris County	3/31/2016	\$2,430,303,330	1.79%	\$ 43,502,430
Harris County Flood Control District	3/31/2016	83,075,000	1.79%	1,487,043
Port of Houston Authority	3/31/2016	674,269,397	1.79%	12,069,422
Clear Lake City Water Authority	3/31/2016	67,935,000	18.82%	12,785,367
Clear Creek Independent School District	3/31/2016	861,345,000	6.91%	59,518,940
Deer Park Independent School District	3/31/2016	224,700,000	15.82%	35,547,540
La Porte Independent School District	3/31/2016	329,015,000	5.83%	19,181,575
Pasadena Independent School District	3/31/2016	704,940,000	37.63%	265,268,922
San Jacinto College District	3/31/2016	268,437,618	18.51%	49,687,803
Harris County WC & ID #156	3/31/2016	1,780,000	41.24%	734,072
Harris County Dept. of Education	3/31/2016	7,000,000	1.79%	125,300
<b>Subtotal, overlapping debt</b>				<b>499,908,412</b>
<b>Add - City direct debt (2)</b>				<b>71,726,829</b>
<b>Total direct and overlapping debt</b>				<b>\$ 571,635,241</b>

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 Series 2011 Sales Tax Revenue Bonds where the debt service payments are being paid by the Pasadena Second Century Corporation.

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

<u>Fiscal Year Ended September 30,</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Debt limit</b>				
Assessed value based on tax year	2006	2007	2008	2009
	\$ 5,032,768,382	\$ 5,425,883,459	\$ 6,009,961,085	\$ 5,795,031,817
10% of assessed value	<b>503,276,838</b>	<b>542,588,346</b>	<b>600,996,109</b>	<b>579,503,182</b>
<b>Less: net debt applicable to limit</b>				
Debt to be repaid from ad valorem tax	97,835,000	104,980,000	118,700,000	112,025,000
Less: amount available in debt service fund	(1,495,924)	(2,607,222)	(1,631,459)	(2,284,607)
	<b>96,339,076</b>	<b>102,372,778</b>	<b>117,068,541</b>	<b>109,740,393</b>
<b>Legal Debt Margin</b>	<b>\$ 406,937,762</b>	<b>\$ 440,215,568</b>	<b>\$ 483,927,568</b>	<b>\$ 469,762,789</b>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>19.14%</b>	<b>18.87%</b>	<b>19.48%</b>	<b>18.94%</b>

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
2010	2011	2012	2013	2013	2015
\$ 5,616,702,995	\$ 5,781,328,736	\$ 6,026,013,995	\$ 6,264,988,439	\$ 6,683,161,193	\$ 7,321,103,445
<b>561,670,300</b>	<b>578,132,874</b>	<b>602,601,400</b>	<b>626,498,844</b>	<b>668,316,119</b>	<b>732,110,345</b>
105,350,000	97,730,000	91,952,482	87,243,801	78,908,702	71,726,829
(2,875,586)	(4,097,226)	(5,219,578)	(6,272,408)	(1,783,393)	(1,493,541)
<b>102,474,414</b>	<b>93,632,774</b>	<b>86,732,904</b>	<b>80,971,393</b>	<b>77,125,309</b>	<b>70,233,288</b>
<b>\$ 459,195,886</b>	<b>\$ 484,500,100</b>	<b>\$ 515,868,496</b>	<b>\$ 545,527,451</b>	<b>\$ 591,190,810</b>	<b>\$ 661,877,057</b>
<b>18.24%</b>	<b>16.20%</b>	<b>14.39%</b>	<b>12.92%</b>	<b>11.54%</b>	<b>9.59%</b>

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

Fiscal Year Ended September 30,	Water and Sewer Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2016	39,760,953	21,700,279	18,060,674	5,020,688	2,199,835	2.50

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

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

<b>Fiscal Year Ended September 30,</b>	<b>Population(1)</b>	<b>Personal Income (amounts expressed in thousands)</b>	<b>Per Capita Personal Income(1)</b>	<b>Median Age (1)</b>	<b>School Enrollment(2)</b>	<b>Unemployment Rate (3)</b>
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%
2016	153,784	3,199,476	20,805	30.1	55,395	5.3%

Data sources:

(1) Bureau of the Census (2015 estimates)

(2) Pasadena Independent School District

(3) Bureau of Labor Statistics

(P) - Preliminary

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

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

<u>Employer</u>	<u>2016</u>			<u>2007</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	7,404	1	7.91%	5,800	1	4.49%
SGS Petroleum Service Corp.	2,500	2	2.67%	-	-	-
The Boeing Company	2,000	3	2.14%	2,300	2	1.78%
Shell Chemical	1,500	4	1.60%	1,750	3	1.36%
Bayshore Medical Center	1,350	5	1.44%	1,042	6	0.81%
San Jacinto College	1,322	6	1.41%	1,058	5	0.82%
Mundy Company	1,200	7	1.28%	1,500	4	1.16%
City of Pasadena	1,056	8	1.13%	990	7	0.77%
University of Houston-Clear Lake	932	9	1.00%	660	10	0.51%
Lyondell Chemical Co	923	10	0.99%	-	-	-
Lyondell Houston Refinery	-	-	-	900	8	0.70%
Chevron Phillips - Pasadena Plastics	-	-	-	693	9	0.54%
	<u>20,187</u>		<u>24.57%</u>	<u>16,693</u>		<u>12.94%</u>

Source: City of Pasadena, Texas

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

Function	Fiscal Year Ended September 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
City Council	8	8	8	8	8	8	7	7	7	8
Mayor	3	3	3	3	1	3	2	2	2	2
Budget and Financial Planning	2	2	2	2	2	2	2	4	3	4
Municipal Court	33	35	33	33	34	34	34	32	32	35
City Controller	15	16	16	15	16	15	15	15	15	16
Purchasing	3	4	4	4	4	4	4	3	4	4
Legal	8	8	8	8	8	8	7	7	6	8
City Secretary	4	4	4	4	4	4	4	4	4	4
Human Resources	7	8	7	7	9	11	7	7	7	7
City Marshal	7	7	6	6	6	6	7	7	7	7
Community Relations	6	7	7	7	7	7	8	9	9	8
Pasadena Action Line	5	5	4	4	4	6	6	6	6	5
Planning	3	3	4	5	6	4	5	2	4	4
Planning/Development Administration	1	1	1	1	1	1	1	-	-	-
Neighborhood Network	1	1	1	1	1	1	1	2	1	2
Inspections	21	20	21	19	16	15	15	18	17	15
Property Management	-	-	-	1	8	1	3	2	-	1
Impound/Storage	-	-	-	6	7	5	6	6	6	6
Economic Development Liaison	-	1	1	1	1	1	2	2	2	2
Public Safety										
Emergency Preparedness	2	3	3	3	3	3	3	3	3	5
Fire Fighting	3	3	3	3	3	7	10	6	10	8
Fire Prevention	10	11	11	10	9	10	10	11	12	12
Police	362	340	369	358	344	349	335	349	353	349
Code Enforcement	-	-	-	-	-	-	-	-	8	7
Public Works										
Engineering	20	19	17	14	15	15	17	24	24	21
Sanitation	43	44	43	43	38	37	39	40	37	41
Street and Bridge	36	36	34	31	30	30	32	31	31	36
Traffic and Transportation	11	12	12	12	11	10	9	10	10	12
Health										
Health	12	11	11	11	10	10	11	11	11	12
Animal Rescue and Assistance	15	13	17	19	19	18	22	23	26	29
Culture and Recreation										
Leisure Services Administration	1	-	-	-	6	4	4	3	3	3
Parks	41	33	35	37	33	38	42	39	40	39
Recreation	36	38	55	75	57	60	64	62	94	38
Clean Streets	12	17	21	21	17	14	19	20	18	19
Golf Course	10	10	16	10	9	9	6	6	5	5
Multi-Purpose Center	9	5	13	9	8	9	8	8	8	7
Civic Center	7	8	9	10	6	6	7	9	7	10
Senior Center - Madison Jobe	4	6	5	5	4	4	4	4	5	6
Library	47	47	45	49	41	45	53	54	51	45
Water and Sewer System										
Maintenance	110	119	123	120	112	116	119	114	121	115
Health Insurance	75	76	82	72	69	75	78	82	83	83
Grant Management	1	1	1	3	2	4	1	1	1	-
	20	20	19	21	25	21	16	18	16	16
<b>TOTAL CITY POSITIONS</b>	<u>1,014</u>	<u>1,005</u>	<u>1,074</u>	<u>1,071</u>	<u>1,014</u>	<u>1,030</u>	<u>1,045</u>	<u>1,063</u>	<u>1,109</u>	<u>1,056</u>

Source: City's Payroll department.

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

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

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

Function	Fiscal Year Ended September 30,			
	2007	2008	2009	2010
<b>Public Safety</b>				
Police				
Arrests	14,142	12,853	12,552	12,119
Accident reports	4,139	3,549	3,635	3,376
Citations issued	79,708	78,789	82,153	82,576
Calls for service	83,599	82,603	82,949	81,633
<b>Public Works</b>				
Refuse collection				
Refuse collected Type 1 (tons/day)	123	136	120	170
Refuse collected Type 2 (cubic yards/day)	202	251	492	267
Mulching collected (cubic yards/day)	64	146	104	102
Recyclables collected (tons/day)	2.65	2.29	1.13	3.75
<b>Health</b>				
Number of food permits issued	893	1,081	1,120	1,125
Number of health inspections	2,604	2,180	2,344	2,223
<b>Culture and Recreation</b>				
Convention Center				
Number of Events	169	145	138	143
Library				
Visitors	812,357	324,983	241,891 (2)	424,568
<b>Water and Sewer System</b>				
Average daily consumption (millions of gallons)	17.50	17.60	19.30	17.97
Total Consumption (billions of gallons)	6,500.00	6,800.00	7,043.30	6,871.37
Average daily Waste Water Plant Flow (millions of gallons)	14.54	12.39	11.22	13.90
Total Waste Water Plant Flow (millions of gallons)	5,110.09	4,500.66	4,095.21	5,084.80

Source: Various City departments.

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

(1) Information unavailable.

(2) Library was under renovation during this year.

**Fiscal Year Ended September 30,**

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
11,926	10,747	11,185	10,970	9,890	10,496
3,335	3,474	3,520	3,693	4,143	4,200
84,551	69,209	69,888	73,062	64,210	67,603
61,625	75,869	84,146	63,488	65,515	75,847
110	103	105	107	110	112
145	166	179	178	185	211
124	107	83	72	56	48
3.53	4.35	7.31	6.23	6.62	7.00
1,215	1,229	1,219	1,373	1,936	1,503
2,511	2,529	2,675	2,719	2,315	2,663
178	165	158	172	196	188
303,074	342,628	(1)	(1)	356,240	280,992
21.17	20.37	18.90	17.80	18.80	17.62
7,749.38	7,435.00	7,100.00	6,900.00	6,800.00	6,449.37
10.40	12.41	11.57	12.60	14.20	13.5
3,796.45	4,542.14	4,212.54	4,573.59	5,172.20	4,926.12

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

Function / Program	Fiscal Year Ended September 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Public Safety</b>										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	153	167	199	181	198	198	181	181	171	172
Fire stations	10	10	10	10	10	10	10	10	10	10
<b>Public Works</b>										
Streets (miles)	520	524	526	527	541	542	522	522	523	524
Streetlights	7,426	7,504	7,493	7,548	7,550	7,541	7,590	7,584	7,565	7,560
Traffic signals	196	194	192	184	189	191	195	194	194	196
Sanitation										
Collection trucks	24	28	28	28	28	26	25	27	20	18
<b>Culture and Recreation</b>										
Parks	47	47	47	47	47	47	47	48	48	48
Parks acreage	1,084	1,084	1,084	1,084	1,104	1,104	1,120	1,180	1,180	1,180
Swimming pools	5	5	5	5	4	4	4	4	4	4
Tennis courts	15	15	15	15	15	15	15	15	15	15
Community centers	8	8	9	9	8	8	8	8	8	8
<b>Water and Sewer System</b>										
Water										
Water mains (miles)	465	481	471	473	473	474	476	479	480	481
Fire hydrants	2,150	2,154	2,203	2,247	2,259	2,283	2,327	2,327	2,314	2,314
Maximum daily capacity (millions of gallons)	26	24	25	23	32 (1)	26	26	24	26	25
Sewer										
Sanitary sewers (miles)	387	388	392	396	397	402	404	405	406	407
Storm sewers (miles)	217	217	228	231	233	259	340	406	406	409
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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