

*I pledge
allegiance
to the flag of
The United
States of America
and to the
republic for
which it stands
One Nation
Under God
with Liberty and
Justice for all*



City of Pasadena, Texas Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2017



**CITY OF PASADENA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017**

**PREPARED BY:
OFFICE OF THE CITY CONTROLLER
JOMIE BLUMREICH, CPA
CITY CONTROLLER**

**CITY OF PASADENA, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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INTRODUCTORY SECTION



CITY OF PASADENA
OFFICE OF THE CITY CONTROLLER
JOMIE BLUMREICH, CPA, CITY CONTROLLER

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Post Office Box 672, Pasadena, Texas 77501
Telephone: 713-477-1511 ~ Fax: 713-920-7939

March 26, 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, 2017, including the independent auditors' report, is presented to comply with both Article IX of the City's Charter and applicable state statutes. These statutes require all local governments to publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with *Generally Accepted Government Auditing Standards* (GAGAS) issued by the Government Accountability Office (GAO) of the United States and the standards applicable to financial audits by a firm of licensed independent certified public accountants chosen by the Mayor and Councilmembers.

The CAFR is published to provide the 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 fiscal year ended September 30, 2017. 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 Requirements, Cost Principles, and Audit Requirements 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, 2017. The City's Single Audit Report is separately available.

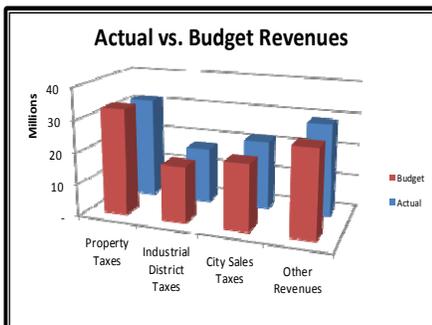
This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The City's MD&A can be found immediately following the 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, bordering 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 2017 population is estimated at 153,351 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 eight Councilmembers referred to as "the Council" are responsible for enacting legislation, adopt budgets, and determine policies of the City. Councilmembers shall be nominated and elected by the voters in each of the eight single-member Council Districts and serve two-year terms with a limit of four consecutive terms. The Mayor is elected by the qualified voters of the entire City and serves four-year terms with a limit of two consecutive terms. At the time of the election, each candidate must be a citizen, resident, and qualified voter of State of Texas and the City of Pasadena. They have to reside physically within his/her district (Councilmembers) or the City (the Mayor) for twelve months immediately preceding the day of the election at which he/she is elected. At the first meeting following each general City election, the Council by-election designates one of its Councilmember as Mayor Pro-tem. Due to a ruling and order by the U.S. District Court, the City is to submit to federal oversight for any changes in its electoral system until 2023, and to base May 6, 2017 elections on a single-member district system last used in 2013. The Court ruled the redistricting plan approved by the voters on November 5, 2013, unconstitutional; the plan changed the election system to have six Councilmembers nominated and elected by the voters in each of six single-member Council Districts, and two at-large Councilmembers by the voters of the entire City.

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



The City Charter requires the adoption of the City budget no later than September 27th. The appropriated budget is prepared by fund, function, and department/division. Within the department/division, it is categorized further by object and subject. City department heads may make transfers between two subjects within the same object (e.g., transfer between postage and office supplies within the object of materials and supplies). Any other transfers or changes to the appropriations require the approval of City Council and an amendment to the budget. For additional information on the City's budgetary practices, see Note III.A on page 61 in the notes to financial statements.

Pasadena has a new City Hall building and employees began moving in the summer of 2017. It is a nearby six-story building donated to the City that sits in front of the Pasadena Municipal Library main branch. A new Council Chamber for Council meetings was constructed on the first floor, while other City departments are housed from the second to the fifth floors with the Mayor and Councilmembers residing on the sixth floor.

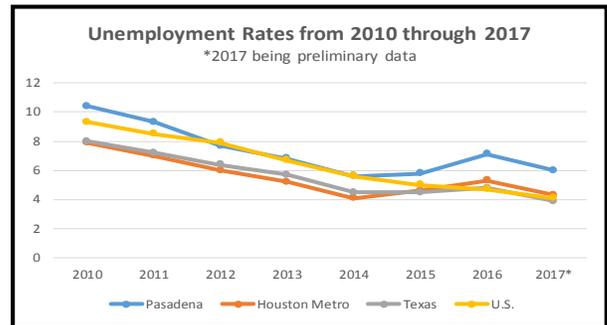
Local Economy

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

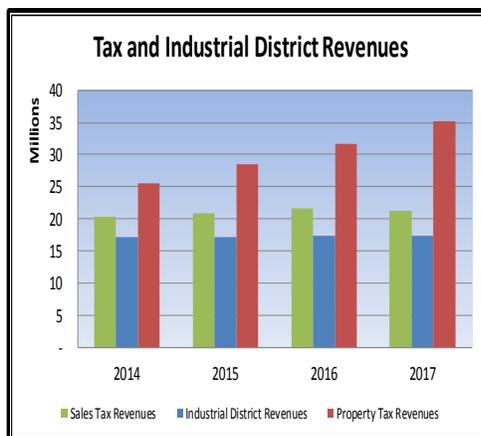
materials. Pasadena borders the Houston Ship Channel and benefits from its proximity, which is a huge employment generator in the area.

Port Houston is the Gulf Coast’s leading gateway to North America’s fastest growing markets between the Mississippi River and the Rocky Mountains. Port Houston is the nation’s largest port for foreign waterborne tonnage; first in U.S. imports; first in U.S. export tonnage and the second in the U.S. in total tonnage. 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. It is an essential economic engine for the Houston region, the state of Texas, and the nation. It supports the creation of nearly 1.2 million jobs in Texas and 2.7 million jobs nationwide, and economic activity is 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 2017 the state’s preliminary unemployment rate was at 3.9% ranking Texas as 23rd in the nation, a decrease from December 2016 at a rate of 4.8%. While the Houston metro area had a preliminary unemployment rate of 4.3%, Pasadena’s rate is slightly higher at 6.0%, which is following the State and Nation downturn trend.



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 \$60 per barrel for 2018 and \$61 per barrel into 2019. Traders responded to the November 2017 OPEC meeting where members agreed to keep production cuts through 2018. Oil prices used to have a predictable seasonal swing by spiking in the spring with anticipation of high demand for summer vacation driving and then drop in the fall and winter. Prices have been volatile thanks to swings in oil supply versus demand because the oil industry has changed in fundamental ways. Three reasons for volatile oil prices are: first, OPEC reduced output to put a floor under prices; second, is the foreign exchange traders driving up the value of the dollar; and third is that global demand grew more slowly than anticipated. Long-term predictions are that by 2025 crude oil will rise to \$85.70 per barrel per 2017 dollars, which removes the effect of inflation. By 2022 the United States will become a net energy exporter, where it has been an energy importer since 1953.



The City’s 2017 total revenues in the governmental funds, excluding other financing sources increased by 2% from 2016 of \$136,005,955 to \$138,623,181. The City’s sales tax revenues, in the general fund only, decreased 1.7% from \$21,567,285 in 2016 to \$21,207,907 in 2017. On the other hand, the City’s 2017 property tax collection again increased \$3,601,809 or 11.4% over 2016. Even though the property tax rate remained the same as in 2016 at \$0.5754, the increase in the property tax revenue is due to the increase in property values. The industrial district revenues have remained fairly steady at \$17 million for the last four years with a positive outlook on the new constructions in 2017, specifically in the categories of construction work in progress and first-year completion.

Housing and real estate sales are other indicators of our local economy, and home sales are stable with home prices remaining steady. Pasadena offers a variety of housing options to meet everyone’s budget and needs. New subdivisions plus a new 55+ property with 135 units are under construction. The leasing of this new 55+ property, with cottage style living, pool, and covered garage will begin in March 2018 with the first move-ins in May.

Pasadena also offers a variety of family entertainment; there's something for everyone. The City offers parks, local museums, and athletics, or enjoy the entertainment at the Pasadena Convention Center and Fairgrounds, and performances at local theaters. You can spend the summer at the local pools and splash pads or rejuvenate at one of the several recreation centers.

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; because in part of the benefits from the ready 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 to serve the community, which leads to increased sales tax revenues.

Long-term Financial Planning

The City's long-term plans are striving for fiscal stability, sound financial practices in accordance with all Federal, State and local laws and direct its financial resources towards meeting the City's long-term goals. The City will maintain and further develop programs to assure its long-term ability to pay costs necessary to provide the level and quality service required by our citizens. The long-term planned Capital Improvement Plan (CIP) that incorporate the Council priorities, community objectives 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 and has identified and targeted a variety of projects. The newly appointed PSCC Board called for a strategic plan to be in place before moving forward with any new projects. Once the strategic plan is finalized, PSCC Board would consider issuing new Sales Tax Revenue Bonds to go forward with projects that 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.

As of September 30, 2017, PSCC has 18 projects funded by sales tax revenues totaling \$46,040,790. These 18 projects are comprised of 58% municipal and recreational projects, 38% street/traffic projects and 4% utilities projects. The 2011 Revenue Bonds that were initially issued for a river-walk development by the Convention Center have been re-purposed and is now funding a joint Richey Street improvements project with the Harris County.



The City is drafting an updated Industrial District agreement for renewal in the fiscal year 2018. Most importantly the new agreement will have a reduced time span than the past agreement of 15 years. Events change so rapidly in the energy business environment today that an agreement needs to be more adaptable to current and future occurrences. Businesses in this designated area will have the opportunity to renew their agreement with the City to pay a reduced fee instead of City property taxes. The new agreement will be more advantageous to both the City and the businesses in the Industrial District.

Health insurance for City employees has become one of the major financial burdens for the City. The City is self-insured but contracted with United Healthcare as the administrator of health insurance benefits. Employees will again benefit by participating in the Health Awareness Program provided by the City in hopes of reducing health insurance costs by keeping employees aware of health issues. The City also provides its employees and their families with a health clinic to assist with medical needs from prescriptions to minor medical services with the hope of long-term reduction of health costs through preventive care.

The City is required to implement the Governmental Accounting Standards Board (GASB) Statement 45 since the City provides healthcare benefits to retirees. This statement establishes standards for the measurement and recognition of 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 fourth OPEB actuarial valuation performed as required by GASB. The City's annual OPEB cost as of the end of the fiscal year 2017 is \$4,882,095, with the total actuarial accrued liability of \$55,535,319 as of December 31, 2015. The actuarial calculation is prepared bi-annually, and the most recent report was dated December 31, 2015, which was slightly down when compared to the last actuarial report because of the cost-cutting changes the City made in the plan. In the fiscal year 2018, the City will implement GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued in June 2015, replacing the requirements of Statements No. 45 as amended, and No. 57. This statement 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. Also, this statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB.

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). GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* changed how the government calculates and report the costs and obligations associated with pensions in important ways. It is designed to improve decision-usefulness of reported pension information and to increase transparency, consistency, and comparability of pension information across governments. (See Note V. D page 79).

Relevant Financial Policies

The City maintains conservative financial policies to assure strong financial health both in the short- and long-term. The City finances are managed in a manner that will continue to provide for public safety protections and quality services to the citizens, ensure a balanced budget and maintain reserves necessary to meet known and unknown future obligations. The City issues debt primarily to finance large capital investments such as the construction of public infrastructure and improvements. Maintaining the City's excellent bond rating is an important objective of the City's financial policies, the City is constantly working to improve its financial planning, budgeting process, forecast, and overall financial health. The unexpected Hurricane Harvey expenditures in debris removal and emergency protective measures resulted the general fund expenditures exceeded the revenues slightly by \$428,202 in 2017. The City is anticipating 100% reimbursements from FEMA on these costs. The City pay all interest and repay all debt in accordance with terms of the bond ordinances and bond covenants. Nealy 70% of the principal on the tax-supported debt is scheduled to retire within ten years. The City plans to issue a Combination Tax and Revenue Certificates of Obligation, Series 2017 in the amount of \$35,480,000 in the early fiscal year 2018. This issuance is to fund costs to acquire, construct, equip, repair and improve various City-owned facilities; including waterworks and sanitary sewer systems, the Police and Fire Departments, public libraries, civic and community centers, public parks and recreational facilities, and animal shelters, and to construct street, sidewalk and drainage improvements at various locations in the City.

Major Initiatives

Pasadena was impacted by Hurricane Harvey which hit the Texas coast on August 25, 2017, as a Category 4 hurricane and then stalled over the Houston metro area through August 27, 2017. It dropped approximately 50 inches of rain in the Pasadena area and created major flooding to streets, neighborhoods, and businesses. Texas' Governor Greg Abbott requested a Disaster Declaration from the President, which allowed Pasadena to apply for a Federal Public Assistance Grant from the Federal Emergency Management Agency (FEMA). The City incurred major expenditures in planning, preparing and managing assistance to its citizens before, during and after Hurricane Harvey hit the Pasadena area. The City has submitted the Public Assistant Grant application with FEMA and is actively pursuing other Federal, and State Grant Funding resources.



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 and 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, with the Federal grants received from U.S. Department of Housing and Urban Development (HUD) - Community Development Block Grants (CDBG), Home Investment Partnership Program (HOME), and Emergency Solutions Grants (ESG) have successfully executed the majority of its 2017 initiatives. The Annual Action Plan goal was to improve the quality of life for Pasadena's low- to moderate-income residents. Highlights from the 2016 – 2017 program year are:

- To improve the overall drainage system for neighborhood residents and to enhance City facilities and infrastructure improvements, CDBG funded three (3) public facilities projects within the City of Pasadena low- to moderate-income target areas. Construction has been completed for the Witter Street Replacement Project, totaling \$969,128 of CDBG funds. Two additional projects began construction and are to be completed in fiscal year 18: Eagle Avenue Waterline Replacement Project – CDBG investment of \$830,189 and McMasters Avenue Waterline Replacement Project – CDBG Investment of \$496,613.
- Through the facilitation of a transportation services program, the City's CDBG Program serviced a significant number of elderly and/or disabled clients. The Madison Jobe Senior Center provided transportation vouchers to 2,406 participants.

Public service, infrastructure improvements, and housing rehabilitation were identified as high priority activities. The City partnered with local agencies and City departments to provide special needs services to foster community welfare, expand opportunity, and address essential needs. Public service activities have included a transportation program to aid in providing resources to elderly and disabled clients to maintain an independent lifestyle and facilitate essential services. A vast majority of the CDBG allocation focuses on the amelioration of deteriorated public drainage systems and roadways. Public facilities projects, assisted with CDBG, were completed within areas that are primarily residential and located within the low-to-moderate-income target areas. Affordable housing needs are addressed through the combination of CDBG and HOME resources. Due to the age of the City's housing stock and the decline of opportunities available for low-income households to obtain affordable housing, housing rehabilitation is a high priority need. The CDBG Program provides housing rehabilitation administration to support the HOME Housing Rehabilitation Services Program. The City's HOME Program continues to assist low-income residents with affordable housing opportunities and is currently working on ten (10) low-income homes. Additionally, with continued efforts of Habitat for Humanity, two (2) new homes were constructed within the Freedom Place Subdivision and sold to first-time

low-income home buyers. Coordination of these resources furthers the City's goal of creating suitable living environments, providing affordable housing, and increasing the quality of life.

The City's ESG Program has provided 12,108 nights of shelter and supportive services to 181 homeless women and children, which include 181 victims of domestic violence or abuse. 15 households at risk of homelessness were transitioned to permanent housing with assistance in rent and utility

The U.S. Department of Housing and Urban Development (HUD), with the Texas General Land Office as the administrative agency, has distributed Hurricane IKE 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 completed, Round (2.1) \$4,710,307 completed, and Round (2.2) \$14,592,495. All grant funds are utilized for City drainage, water, and sewer system 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 (CAFR) for the fiscal year ended September 30, 2016. The City has continued to receive this prestigious award since 1993.

Annually, the City Controller Office submits the City's Comprehensive Annual Financial Report (CAFR) to GFOA for their review. The review is conducted by the GFOA's Special Review Committee, which is comprised of individuals from government, the public accounting profession, and academe who possess specialized expertise in governmental financial reporting. A Certificate is awarded only if there is a consensus among reviewers that the CAFR substantially complied with generally accepted accounting principles (GAAP) and CAFR program policy.

A Certificate of Achievement is valid for 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 and Councilmembers for their support and leadership.

Respectfully Submitted,



Jomie Blumreich, 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**

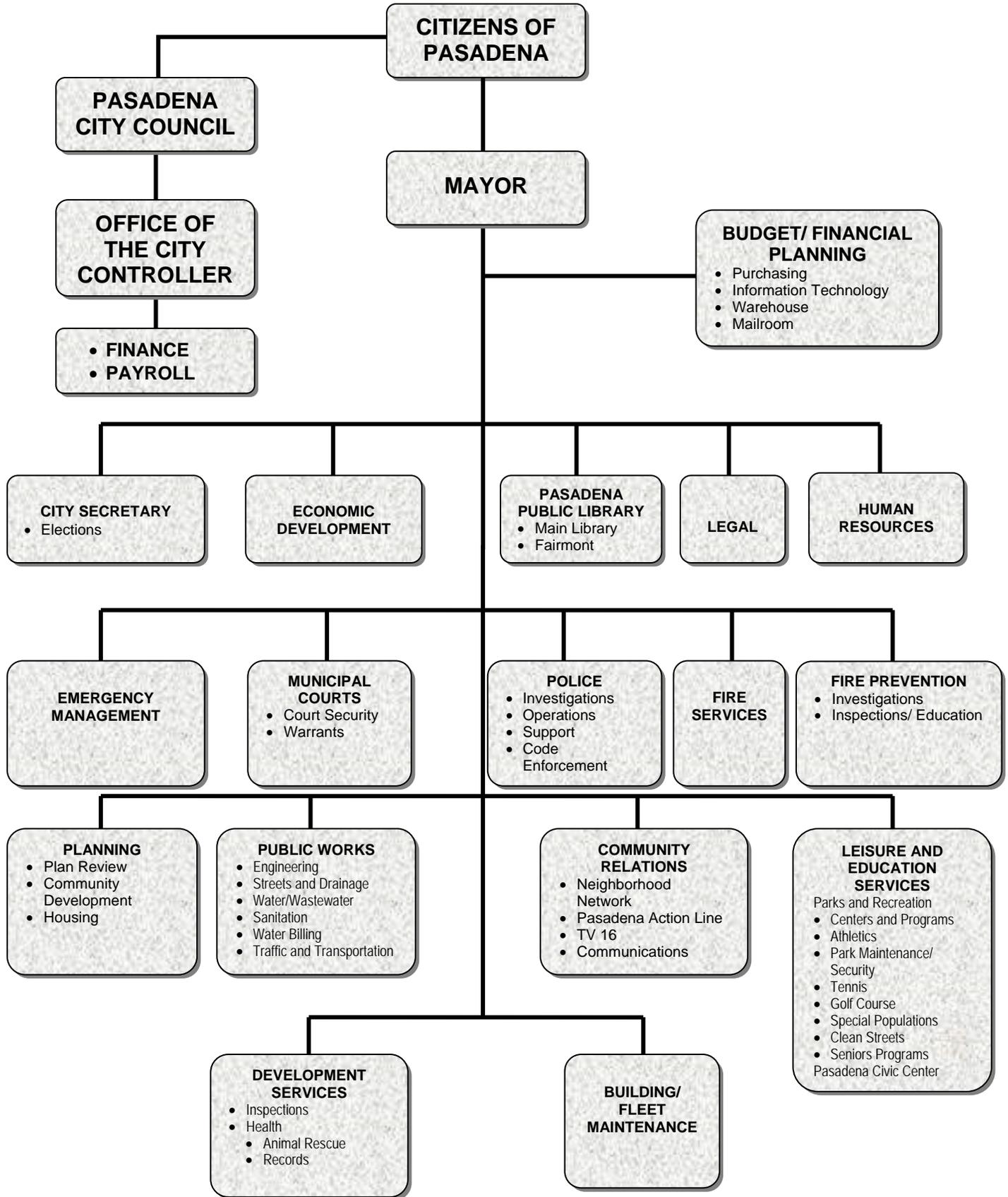
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

CITY OF PASADENA, TEXAS ORGANIZATION CHART



**CITY OF PASADENA, TEXAS
PRINCIPAL OFFICIALS**

MAYOR

JEFF WAGNER

CHIEF OF STAFF

JAMES RODRIGUEZ

BUDGET & FINANCIAL PLANNING

ANDY HELMS

CITY COUNCIL

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

FELIPE VILLARREAL
BRUCE LEAMON
DON HARRISON
SAMMY CASADOS
CODY RAY WHEELER
PHIL CAYTEN
CARY BASS
THOMAS SCHOENBEIN

CITY CONTROLLER

JOMIE BLUMREICH, CPA

CITY SECRETARY

LINDA RORICK

CITY ATTORNEY

LEE CLARK

DIRECTOR OF PERSONNEL

RANDY PERRY

DIRECTOR OF PUBLIC WORKS

ROBIN GREEN

CHIEF OF POLICE

AL ESPINOZA

FIRE CHIEF

LANNY ARMSTRONG

FIRE MARSHALL

DAVID BRANNON

DIRECTOR OF COMMUNITY RELATIONS

JOSEPH LINDBERG

ACTING DIRECTOR OF PLANNING

DEANNA SCHMIDT

DIRECTOR OF HEALTH

KATHY PEREZ-ASHTON

ACTING DIRECTOR OF PARKS/RECREATION

TIM MILLER

DIRECTOR OF ECONOMIC DEVELOPMENT

VACANT AT SEPTEMBER 30, 2017

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, 2017, 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, 2017, 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 March 23, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 23, 2018

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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, 2017. This discussion and analysis includes comparative data for fiscal year 2016. 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, 2017 are as follows:

Government-Wide Financial Statements

The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$843,415,482 (net position), showing an increase of \$15,254,852 (1.8%) compared to the prior fiscal year of \$828,160,630. Total net position of the City is comprised of the following:

Net investment in capital assets of \$759,162,882 (90%) 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 \$65,195,396 (7.7%) is restricted by constraints imposed from outside the City such as debt covenants, laws, and regulations.

Net position of \$19,057,204 (2.3%) 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 \$113,295,735. This compares to the prior fiscal year combined fund balances of \$121,979,557, showing a decrease of \$8,683,822 (7.1%). Approximately 32.6% of the fund balances, \$36,958,917, is available for spending at the City's discretion (unassigned); 61.8% of the fund balance, \$69,931,255 is restricted for court, law enforcement, economic development, housing services, capital construction, and debt service. The balance of \$5,607,139 (4.9%) is committed for general government capital construction in the amounts of \$5,592,139 and \$15,000. The \$5,592,139 is for various capital projects including drainage improvements, fire station #5, Strawberry Park renovations, Jasmine Street, Garner Road, Rodeo Arena improvements, West Lane reconstruction, and sidewalk replacement projects, to name a few. Assigned is for purchases on order of \$466,821 and capital construction of \$331,603, totaling \$798,424 (0.7%).

At the end of fiscal year, the general fund had a total fund balance of \$37,440,738. The unassigned portion of the fund balance was \$36,958,917 or 36% of total general fund expenditures of \$102,849,416. The committed portion of the fund balance was \$15,000. The assigned portion of the fund balance was \$466,821. 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, 2017, the unassigned fund balance exceeded this required balance by \$19,817,348.

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 \$843,415,482 at fiscal year ended September 30, 2017.

CITY OF PASADENA, TEXAS
Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 159,245,113	\$ 161,940,485	\$ 35,172,621	\$ 30,452,619	\$ 194,417,734	\$ 192,393,104
Capital assets	595,353,007	581,545,240	284,330,867	283,799,528	879,683,874	865,344,768
Total assets	754,598,120	743,485,725	319,503,488	314,252,147	1,074,101,608	1,057,737,872
Deferred outflows of resources	28,345,980	33,519,009	5,329,014	5,949,367	33,674,994	39,468,376
Total deferred outflows	28,345,980	33,519,009	5,329,014	5,949,367	33,674,994	39,468,376
Long-term liabilities, outstanding	148,878,492	152,599,285	73,477,578	77,731,430	222,356,070	230,330,715
Other liabilities	26,413,803	23,791,030	13,553,874	11,821,487	39,967,677	35,612,517
Total liabilities	175,292,295	176,390,315	87,031,452	89,552,917	262,323,747	265,943,232
Deferred inflows of resources	1,865,410	2,856,892	171,963	245,494	2,037,373	3,102,386
Total deferred inflows	1,865,410	2,856,892	171,963	245,494	2,037,373	3,102,386
Net position:						
Net investment in capital assets	538,867,914	520,604,774	220,294,968	215,490,421	759,162,882	736,095,195
Restricted	62,927,934	55,591,891	2,267,462	2,053,361	65,195,396	57,645,252
Unrestricted	3,990,547	21,560,862	15,066,657	12,859,321	19,057,204	34,420,183
Total net position	\$ 605,786,395	\$ 597,757,527	\$ 237,629,087	\$ 230,403,103	\$ 843,415,482	\$ 828,160,630

By far, the largest portion of the City's net position, \$759,162,882 (90%), 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 \$23,067,687 compared to prior fiscal year of \$736,095,195. Capital assets had a net increase of \$14,339,106, with 96% net increase in the governmental activities and the remaining 4% 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 bond debt resulted in a net decrease of \$12,268,631, including bond premiums and principal payments totaling \$7,670,920 for both governmental including sales tax revenue notes and business-type activities, which created an overall decrease of \$4,597,711 in the total bond debt liabilities.

The second largest portion of the City's net position, \$65,195,396 (7.7%), represents resources that are subject to external restrictions on how they may be used. This compared to the prior fiscal year of \$57,645,252, showing an increase of \$7,550,144. Overall, the largest increase was in capital projects in the amount of \$5,790,562 from \$45,122,341 to \$50,912,903 because the Pasadena Second Century Corporation held off on major projects until an overall City project study had been completed. Also, a note for \$1,000,000 was issued but not spent during the year. Debt service restricted net position increased by \$306,427 from \$4,039,254 to \$4,345,681.

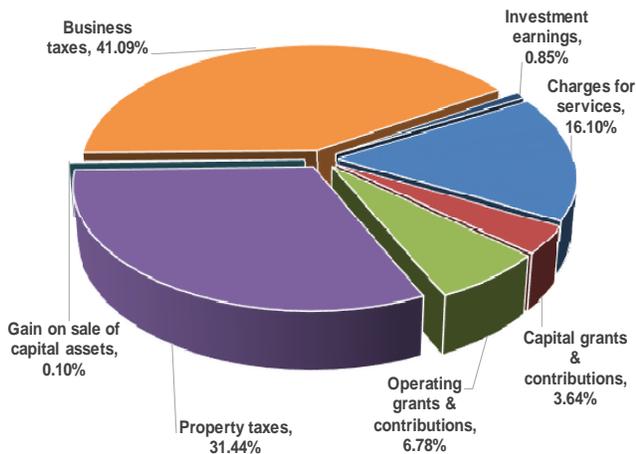
Cultural and recreation restricted net position increased by \$1,000,581 from \$2,886,881 to \$3,887,462 due in part to the increase in hotel and motel tax revenue with three new hotels: Fairfield Inn, Holiday Inn Express & Suites, and Residence Inn/Marriott.

The third and final portion of the City's net position, \$19,057,204 (2.3%), 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 \$15,362,979 (44.6%) compared to the prior fiscal year of \$34,420,183. 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	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 23,395,414	\$ 24,153,527	\$ 41,915,812	\$ 39,681,159	\$ 65,311,226	\$ 63,834,686
Operating grants and contributions	9,852,748	9,158,177	-	-	9,852,748	9,158,177
Capital grants and contributions	5,282,526	9,563,828	-	-	5,282,526	9,563,828
General revenues:						
Property taxes	45,677,186	42,155,738	-	-	45,677,186	42,155,738
Business taxes	58,070,585	59,734,725	-	-	58,070,585	59,734,725
Other taxes/fees	1,641,838	1,227,928	-	-	1,641,838	1,227,928
Investment earnings	1,235,356	536,418	198,865	79,794	1,434,221	616,212
Gain on sale of capital assets	149,093	-	17,950	-	167,043	-
Total Revenues	145,304,746	146,530,341	42,132,627	39,760,953	187,437,373	186,291,294
Expenses:						
General government	22,756,730	20,888,643	-	-	22,756,730	20,888,643
Public safety	55,497,066	51,631,147	-	-	55,497,066	51,631,147
Public works	25,898,493	23,608,280	-	-	25,898,493	23,608,280
Health	4,901,819	4,209,705	-	-	4,901,819	4,209,705
Culture and recreation	19,232,324	17,650,996	-	-	19,232,324	17,650,996
Housing and community development	8,804,281	7,985,634	-	-	8,804,281	7,985,634
Interest on long-term debt	2,097,954	2,627,998	-	-	2,097,954	2,627,998
Water and sewer	-	-	32,993,854	30,062,074	32,993,854	30,062,074
Total Expenses	139,188,667	128,602,403	32,993,854	30,062,074	172,182,521	158,664,477
Increase in net position before transfers	6,116,079	17,927,938	9,138,773	9,698,879	15,254,852	27,626,817
Transfers	1,912,789	842,049	(1,912,789)	(842,049)	-	-
Increase in net position	8,028,868	18,769,987	7,225,984	8,856,830	15,254,852	27,626,817
Net position - beginning	597,757,527	578,987,540	230,403,103	221,546,273	828,160,630	800,533,813
Net position - ending	\$ 605,786,395	\$ 597,757,527	\$ 237,629,087	\$ 230,403,103	\$ 843,415,482	\$ 828,160,630



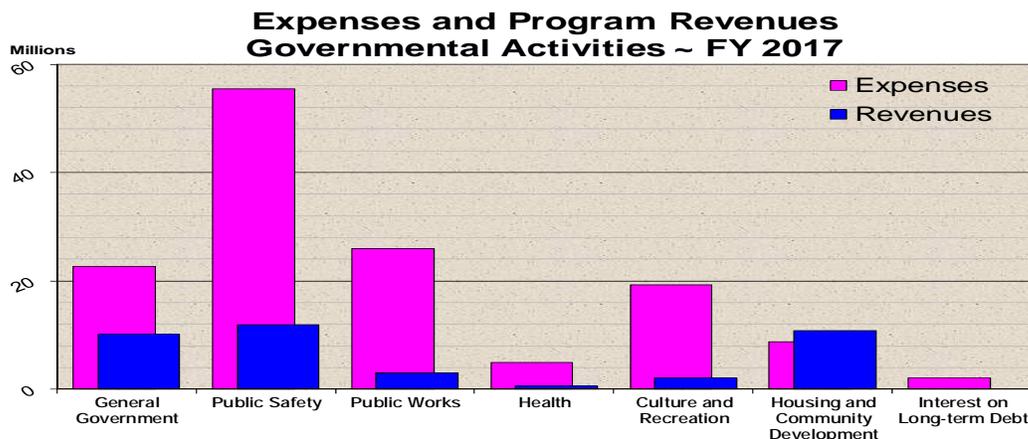
Governmental Activities.

Governmental activities increased the City's net position by \$8,028,868 (1.4%). This was impacted by the current economic conditions. The City has seen overall revenues decreased by \$154,854, including transfers. Program revenue decreased by \$4,344,844 (10.2%) from \$42,875,532 to \$38,530,688. Operating grants and contributions increased by \$694,571 and capital grants and contributions decreased by \$4,281,302. There were several factors in the changes, first being general government had a decrease of \$3,990,000 due to contributions of capital assets donated to the City in the prior year. Additionally, Public Works had a decrease of \$1,928,090 from \$2,376,576 to \$448,486. The Community Development Block Grant

Disaster Recovery, which granted a total of \$34,821,231 to the City over several years, was finalized and, consequently, the bulk of the funds was received and spent in prior years.

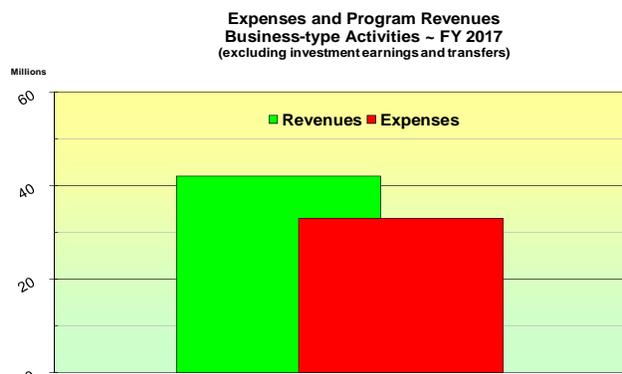
There was a \$3,119,249 (3.0%) increase in general revenues, excluding transfers, but including investment earnings, and last year's gain on sale of capital assets, in the governmental activities. General property taxes increased by \$3,521,448 due to increased property values and sales taxes decreased by \$539,067 because of a leveling off due to the higher increase in sales taxes in prior years.

Expenses increased by \$10,586,264 (8.3%). The largest increase was \$3,865,919 in the public safety with police personnel services increasing in part for services performed during Hurricane Harvey that impacted our region beginning August 28, 2017 in the amount of \$1,239,512. Public works increased \$2,290,213 with personnel services increasing in the sanitation department in the amount of \$221,708 due to Hurricane Harvey where sanitation picked-up additional debris due to the hurricane in the amount of \$240,647 and contractual services increased \$714,245 of which the City used additional professional services.



Business-type Activities. Business-type activities increased the City's net position by \$7,225,984. The key elements of this increase include:

The business-type activities had seen an increase in expenses of \$2,931,780 (9.8%). Personnel services increased by \$391,371 (4.9%) in materials and supplies and specifically the meter replacement fund increased from \$445,692 to \$1,533,243, an increase of \$1,087,551. Last year, personnel services were 29% of total operating expenses and currently they are at 27%. The business-type activities capital contribution from the grant management fund and Pasadena Second Century Corporation (PSCC) capital projects fund was \$2,733,828. This is reported on the Statement of Activities as a net of \$1,912,789 including net \$2,741,211 capital contribution less net transfers of \$4,654,000. Capital assets purchased through the governmental activities fund were capitalized in the water and sewer funds. The projects included waterline rehabilitation; Wafer and Guthrie storage tank rehab; Garner water well; Pansy, Deepwater, Crenshaw, and Red Bluff water plants; Eagle Avenue, San Augustine, Shaw, and McMasters Fairmont waterlines replacements; and SEWPP meter station. Interest expense on bonds and is included in water and sewer system expense on the Statement of Activities went from \$2,199,835 to \$2,665,483; a slight increase.



Revenue, including interest earnings, had an increase of \$2,353,724. Charges for services increased by \$2,234,653 due to an increase in water and sewer sales rates.

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 \$113,295,735. Approximately 32.6% of this amount, or \$36,958,917, 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 (\$10,305,474 or 9.1%)
2. restricted to pay debt service (\$2,060,784 or 1.8%)
3. restricted to pay for certain capital construction (\$57,564,997 or 50.9%)
4. assigned to pay purchases on order (\$466,821 or 0.4%)
5. assigned to pay capital construction (\$331,603 or 0.3%)
6. committed to general government capital construction and recall, election, and charter revision (\$5,607,139 or 4.9%)

The general fund is the principal operating fund of the City of Pasadena. As of September 30, 2017, the general fund reported fund balance of \$37,440,738. This compared to the prior fiscal year of \$47,220,226, showing a decrease of \$9,779,488 (20.7%).

The unassigned portion of the general fund fund balance was \$36,958,917. 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 \$102,849,416 or 36%, a decrease of 15.2% over last year's percentage of 51.2.

The City's general fund has emerged from the recession with general property tax collection increasing by 11.4%. Industrial district fees had a small decrease 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. There was a slight decrease, in the amount of \$359,378 over last year. Expenditures excluding transfers out increased by \$11,708,751 or 12.9%. The general fund transferred \$3,624,176 more in fiscal year 2017 than the year before to the capital projects funds for projects, with an overall increase of \$4,619,676 in the transfers out and transfers in went from \$2,200,000 to \$3,700,000.

The debt service fund has a total fund balance of \$2,060,784, all of which is restricted for the payment of debt service. The increase in fund balance of \$567,243 compared to prior fiscal year fund balance of \$1,493,541 was mainly due to no underwriter/issuance costs on the refunding bonds during the year.

The Pasadena Second Century Corporation fund has a total fund balance of \$54,670,438, all of which is restricted for economic development capital projects. The increase in fund balance of \$5,800,202, or 11.9%, compared to prior fiscal year of \$48,870,436, was attributed to a reduction of projects from \$9,532,384 in FY 2016 to \$5,770,846 in FY 2017 due to a new Board wanting a complete study of needed projects in the City. There was a decrease in capital project expenditures of \$3,931,890. The majority of projects were in culture and recreation in the total amount of \$2,405,762. The greater part was used on the City's Convention Center and to enclose the Rodeo Arena.

The capital projects fund has a total fund balance of \$8,818,301, with \$2,894,559 restricted for capital construction projects; \$5,592,139 committed by Council, the highest level of decision making for capital construction; and \$331,603 assigned by management for capital construction. The decrease in fund balance amounted to \$6,339,644 or 41.9%, compared to the prior fiscal year of \$15,157,945. 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 \$17,620,619 had increased by \$6,001,348 compared to the prior fiscal year with the majority of expenditures concentrated on public works projects, totaling \$7,267,871, general government projects of \$6,728,969 for the majority for the new City Hall, and the health project totaling \$2,335,471 for construction of the new animal shelter.

The grant management fund has a total fund balance of \$3,277,954, all of which is restricted for specific grant purposes. There was an increase in the fund balance of \$5,564 compared to \$145,841 last year. The slight decrease was primarily due to the HUD funds received and more 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 \$119,267,803, including transfers out, was \$16,554,476 (16.2%) more than the original budget of \$102,713,327.

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

- \$1,043,218 increase for General Government - included a decrease of \$2,636,626 in other charges, mainly the use of sick and vacation time transferred to various departments in a budget amendment. Legal increased \$1,439,322 due to professional services increase. Planning increased \$582,700 again due to the increase in contractual services.
- \$2,470,348 increase for Public Safety - included increased costs in various police and fire prevention salary accounts due to the unexpected costs by \$2,149,947 and emergency preparedness department increased by \$299,631 (38.5%) due to the increase in contractual services.
- \$837,770 increase for Public Works - included an increase in the sanitation department in the amount of \$670,855 for contractual services due to debris pick up after Hurricane Harvey.
- \$474,395 increase in Health - included an increase in the amount for ambulance services under contractual services in the amount of \$96,548 and the increase in animal rescue and assistance of capital outlay in the amount of \$246,778 for furniture and fixtures for the newly constructed animal shelter.
- \$419,373 increase in Culture and Recreation – increases in recreation personnel service due to the opening of the new Strawberry pool and the construction of a new concession facility at the pool.

Even with the above mentioned amendments, total actual expenditures, including transfers out totaling \$116,035,288, were \$3,232,515 (2.8%) below the final budget. The general government function had a variance of \$841,715, specifically in property management, City hall, and neighborhood network; and the culture and recreation function had a variance in the amount of \$1,567,838. In the parks and recreation departments, projects had been budgeted but not completed this fiscal year.

Actual revenues, including the transfers in and sale of capital assets, totaled \$106,255,800, which was over the final budgeted amount of \$103,848,086 by \$2,407,714 (2.4%). The largest favorable variance was in the amount of \$2,433,399 for ad valorem taxes 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, 2017 amounted to \$879,683,874 (net of accumulated depreciation). This investment includes land, buildings and building improvements, facilities and other improvements, machinery and equipment, infrastructure (streets, bridges, storm drains, and 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 \$14,339,106 (1.6%) compared to prior fiscal year of \$865,344,768. There was a \$13,807,767 (2.4%) increase for governmental activities and a \$531,339 (0.2%) increase for business-type activities.

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

- Began Thornwood Drainage; Preston-Glenmore (D018) - \$1,114,780 in progress at the end of the fiscal year.
- Continued with Vista Drainage: BW8 – Space Center (D023) - \$99,121 with \$1,962,970 in progress at the end of the fiscal year.
- Continued Channel/Detention BW8-Crenshaw (D037) - \$11,093 with \$226,428 construction in progress at the end of the fiscal year.
- Began Partnership Park Drainage (D039) - \$28,915 in progress at the end of the fiscal year
- Continued with Rebuilding Station #5 (F004) - \$602,541 with \$70,585 in progress at the end of the fiscal year.
- Continued with Animal Adoption Center (M016) - \$2,335,471 with \$2,796,171 in progress at the end of the fiscal year.
- Continued with Convention Center Facility (M025) - \$365,026 with 435,891 in progress at the end of the fiscal year.
- Continued with Convention Center Hotel Project (M027) - \$18,331 with \$30,350 in progress at the end of the fiscal year.
- Continued with Convention Center Rodeo Arena (M028) - \$1,951,855 with \$1,974,264 in progress at the end of the fiscal year.
- Continued with Municipal Court Buildout (M031) - \$112,109 with \$114,179 in progress at the end of the fiscal year.
- Began Strawberry Concession (R036) - \$193,982 in progress at the end of the fiscal year.
- Continued Bearle St; 225-Thomas (S032) - \$465,256 with \$619,349 in progress at the end of the fiscal year.
- Continued with Fairway Plaza Extension (S054) - \$96,541 with \$114,051 in progress at the end of the fiscal year.
- Began Gateway Sign (S074) - \$29,808 in progress at the end of the fiscal year.
- Continued with Fairmont; Red Bluff-Luella (S084) - \$242,822 in progress at the end of the fiscal year.
- Continued with Randolph; Pine-Spencer (S087) - \$2,759,778 in progress at the end of the fiscal year.
- Began 2017 Annual Paving (S093) - \$922,404 in progress at the end of the fiscal year.
- Began 2017 Annual Sidewalk (S098) - \$423,724 in progress at the end of the fiscal year.
- Began Jasmine St (S099) - \$941,942 in progress at the end of the fiscal year.
- Began West Lane Reconstruction (S100) - \$216,754 in progress at the end of the fiscal year.
- Began 2017 Annual Traffic Mobility Proj (T012) - \$470,309 in progress at the end of the fiscal year.
- Began Spencer Hwy Signal Improv Ph II (T015) - \$286,086 in progress at the end of the fiscal year.
- Continued SEWPP Metering Station Improvement (W011) - \$55,990 with \$1,739,562 in progress at the end of the fiscal year.
- Continued Crenshaw Water Plant (South) (W028) - \$29,174 with \$6,471,751 in progress at the end of the fiscal year.
- Continued Hwy 225 Waterline; Burke – BW8 (W029) - \$1,205,480 with \$2,660,858 in progress at the end of the fiscal year.
- Continued Fairmont Pkwy 12” Watermain (W030) - \$515,420 with \$718,420 in progress at the end of the fiscal year.
- Continued Water Distribution System Improv (W031) - \$474,053 with \$551,603 in progress at the end of the fiscal year.
- Continued Scarborough Waterline (W034) - \$386,645 with \$555,709 in progress at the end of the fiscal year.
- Continued 225 Waterline Ph II (W035) - \$6,131 with \$178,308 in progress at the end of the fiscal year.
- Continued Water Storage Tank Rehab (W038) - \$17,359 with \$80,076 in progress at the end of the fiscal year.
- Began Fairmont Parkway 12” Waterline (W039) - \$692,467 in progress at the end of the fiscal year.
- Continued with Wafer Ground Storage Facility (W041) - \$17,702 with \$2,033,616 in progress at the end of the fiscal year.
- Continued Shaw Waterline Imp (W047) - \$81,692 with \$133,224 in progress at the end of the fiscal year.

- Began McMasters Waterline (W048) - \$179,904 in progress at the end of the fiscal year.
- Began Fairmont Pkwy 12" Watermain Ph III (W050) - \$255,000 in progress at the end of the fiscal year.
- Began Crenshaw Water Plant Exp PH II (W051) - \$188,493 in progress at the end of the fiscal year.
- Continued Llano/Red Bluff/Ellaine/Wyatt Lift Station (WW022) - \$159,134 with \$501,683 in progress at the end of the fiscal year.
- Continued Citywide SS Rehab (WW027) - \$683,093 with \$1,369,663 in progress at the end of the fiscal year.
- Continued WWTP Consolidation Project PH I (WW031) - \$526,383 with \$589,508 in progress at the end of the fiscal year.
- Began Citywide SS Rehab Ph II (WW045) - \$373,124 in progress at the end of the fiscal year.

CAPITAL ASSETS
(net of depreciation)
September 30, 2017

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 143,395,646	\$ 143,395,646	\$ 1,624,352	\$ 1,624,352	\$ 145,019,998	\$ 145,019,998
Buildings and building improvements	60,448,716	56,477,749	1,844,263	1,932,846	62,292,979	58,410,595
Facilities and other improvements	18,741,356	6,579,116	10,186,726	10,406,607	28,928,082	16,985,723
Machinery and equipment	13,460,701	12,869,082	2,062,500	2,210,071	15,523,201	15,079,153
Infrastructure	321,758,290	315,457,424	248,858,908	251,073,122	570,617,198	566,530,546
Automotive equipment	11,782,607	11,687,756	18,522	25,568	11,801,129	11,713,324
Construction in progress	25,765,691	35,078,467	19,735,596	16,526,962	45,501,287	51,605,429
Totals	<u>\$ 595,353,007</u>	<u>\$ 581,545,240</u>	<u>\$ 284,330,867</u>	<u>\$ 283,799,528</u>	<u>\$ 879,683,874</u>	<u>\$ 865,344,768</u>

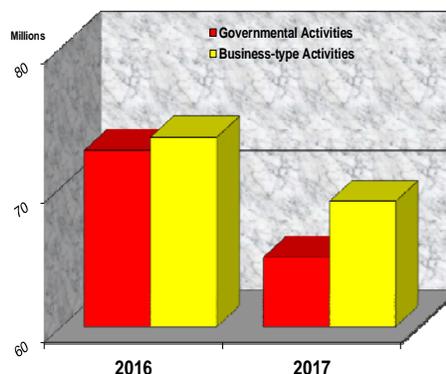
Additional information on the City of Pasadena's capital assets can be found in Note IV, D, pages 66-67 in the notes to the financial statements.

Long-term Debt

At the end of the current fiscal year, the City had total long-term debt outstanding of \$133,945,479. Of this amount, \$64,962,351 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. The \$68,983,128 represents debt either secured by the net revenues of the City's water and sewer operations (\$4,726,332) or by the full faith and credit of the City, but will be paid from the City's water and sewer operations (\$64,256,796).

The overall debt decreased by \$12,268,631 (8.4%), attributable to debt principal payments during the current fiscal year and two refunding activities. Please refer to note IV, G on pages 71-74 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.

Outstanding Debt ~ 2016 vs. 2017



CITY OF PASADENA'S LONG TERM DEBT
September 30, 2017

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General, certificate, and other obligations including refunding	\$ 64,962,351	\$ 72,633,271	\$ 64,256,796	\$ 66,108,783	\$ 129,219,147	\$ 138,742,054
Revenue bonds including refunding	-	-	4,726,332	7,472,056	4,726,332	7,472,056
Total	\$ 64,962,351	\$ 72,633,271	\$ 68,983,128	\$ 73,580,839	\$ 133,945,479	\$ 146,214,110

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 \$730,201,391, 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 2017) was 6.0%, down from 7.1% for the previous December per the Bureau of Labor Statistics.
- Assessed value for property tax used for the fiscal year 2018 budget preparation is up approximately 6.63% from fiscal year 2017 and is expected to bring in an increase by \$2,894,186 in revenues with \$1,606,324 due to the new property added to the tax rolls. The tax rate remained at \$0.5754.
- The general fund revenue per the fiscal year 2018 adopted budget is expected to decrease by approximately \$1,213,979, including transfers in and sale of capital assets, over fiscal year 2017 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 2018 adopted budget anticipates a slight decrease in industrial revenue of .3%. This small decrease can be traced to the industrial district assessed values.
- The 2018 budget under the modified accrual basis includes a decrease in water and sewer operating revenues compared to the budget amount in fiscal year 2017 in the amount of \$1,350,915. This will still 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 2018. Revenues in the general fund are budgeted in the amount of \$107,469,779, including transfers and sales of capital assets, which is an increase of \$3,621,693 over the final fiscal year 2017 budget of \$103,848,086 (including transfers in and sale of capital assets). The revenue increases were mainly due to the uplift in the economy and the proposed adoption of the roll-back property tax rate.

Expenditures are budgeted to decrease by 9.4%, or \$11,254,348, in comparison to the final budgeted expenditures of fiscal year 2017. This decrease is due to using fund balance for fiscal year 2017 for capital projects and, in fiscal year 2018, capital projects are to be funded through the issuing of certificates of obligation bonds.

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, 2017**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Pasadena Crime Control and Prevention District</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,296,819	\$ 913,588	\$ 3,210,407	\$ -
Investments	72,102,267	26,807,523	98,909,790	6,480,440
Receivables (net of allowances for uncollectible)	9,060,493	6,742,543	15,803,036	1,750,181
Due from component unit	8,438	-	8,438	-
Internal balances	5,171,250	(5,171,250)	-	-
Inventories	483,617	41,520	525,137	-
Prepaid items	408,979	7,871	416,850	-
Deposits	244,000	-	244,000	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	365,514	-	365,514	-
Investments	67,551,674	5,830,826	73,382,500	-
Intergovernmental receivables	1,552,062	-	1,552,062	-
Capital assets not being depreciated:				
Land	143,395,646	1,624,352	145,019,998	-
Construction in progress	25,765,691	19,735,596	45,501,287	-
Capital assets net of accumulated depreciation:				
Buildings and building improvements	60,448,716	1,844,263	62,292,979	-
Facilities and other improvements	18,741,356	10,186,726	28,928,082	-
Machinery and equipment	13,460,701	2,062,500	15,523,201	-
Infrastructure	321,758,290	248,858,908	570,617,198	-
Automotive	11,782,607	18,522	11,801,129	-
TOTAL ASSETS	<u>754,598,120</u>	<u>319,503,488</u>	<u>1,074,101,608</u>	<u>8,230,621</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charges on refunding bonds	2,745,164	3,120,722	5,865,886	-
Deferred outflows on subsequent contributions	6,409,098	513,512	6,922,610	-
Deferred outflows on investment	15,827,961	1,400,682	17,228,643	-
Deferred outflows on assumption change	2,720,025	241,017	2,961,042	-
Deferred outflows on difference between expected and actual	643,732	53,081	696,813	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>28,345,980</u>	<u>5,329,014</u>	<u>33,674,994</u>	<u>-</u>
<u>LIABILITIES</u>				
Accounts payable and other current liabilities	9,203,345	3,109,431	12,312,776	547,840
Accrued payroll payable	1,399,271	146,305	1,545,576	160,629
Accrued interest payable	307,208	-	307,208	-
Due to primary government	-	-	-	8,438
Liabilities payable from restricted assets	3,815,480	1,736,857	5,552,337	-
Customer deposits	-	4,248,076	4,248,076	-
Unearned revenue	195,605	-	195,605	-
Noncurrent liabilities:				
Due within one year	11,492,894	4,313,205	15,806,099	-
Due in more than one year	148,878,492	73,477,578	222,356,070	-
TOTAL LIABILITIES	<u>175,292,295</u>	<u>87,031,452</u>	<u>262,323,747</u>	<u>716,907</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows on pension	1,865,410	171,963	2,037,373	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,865,410</u>	<u>171,963</u>	<u>2,037,373</u>	<u>-</u>
<u>NET POSITION</u>				
Net investment in capital assets	538,867,914	220,294,968	759,162,882	-
Restricted for:				
Debt service	2,078,219	2,267,462	4,345,681	-
Capital projects	50,912,903	-	50,912,903	-
Public safety	2,197,472	-	2,197,472	7,513,714
Housing and community development	2,241,468	-	2,241,468	-
Cultural and recreation	3,887,462	-	3,887,462	-
Other purpose	1,610,410	-	1,610,410	-
Unrestricted	3,990,547	15,066,657	19,057,204	-
TOTAL NET POSITION	<u>\$ 605,786,395</u>	<u>\$ 237,629,087</u>	<u>\$ 843,415,482</u>	<u>\$ 7,513,714</u>

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, 2017**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government			Primary Government			Pasadena Crime Control and Prevention District
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Prevention District
Expenses							
\$ 22,756,730	\$ 10,185,899	\$ -	\$ -	\$ (12,570,831)	\$ -	\$ (12,570,831)	\$ -
55,497,066	7,893,379	1,237,514	2,744,630	(43,621,543)	-	(43,621,543)	-
25,898,493	2,578,645	-	448,486	(22,871,362)	-	(22,871,362)	-
4,901,819	607,189	-	-	(4,294,630)	-	(4,294,630)	-
19,232,324	2,074,195	9,699	-	(17,148,430)	-	(17,148,430)	-
8,804,281	56,107	8,605,535	2,089,410	1,946,771	-	1,946,771	-
2,097,954	-	-	-	(2,097,954)	-	(2,097,954)	-
139,188,667	23,395,414	9,852,748	5,282,526	(100,657,979)	-	(100,657,979)	-
32,993,854	41,915,812	-	-	8,921,958	-	8,921,958	-
\$ 172,182,521	\$ 65,311,226	\$ 9,852,748	\$ 5,282,526	(100,657,979)	8,921,958	(91,736,021)	-
\$ 11,149,774	\$ -	\$ 23,649	\$ -	45,677,186	-	45,677,186	11,126,125

General revenues:							
General property taxes				45,677,186	-	45,677,186	-
Business taxes							
Industrial district fees				16,936,513	-	16,936,513	-
Sales taxes				31,811,860	-	31,811,860	10,222,750
Franchise taxes				9,322,212	-	9,322,212	-
Other taxes				1,641,838	-	1,641,838	-
Total business taxes				59,712,423	-	59,712,423	10,222,750
Investment earnings							
Unrestricted				737,464	164,287	901,751	-
Restricted				497,892	34,578	532,470	50,253
Gain on sale of capital assets				149,093	17,950	167,043	-
Transfers				1,912,789	(1,912,789)	-	-
Total general revenues and transfers				108,686,847	(1,695,974)	106,990,873	10,273,003
CHANGE IN NET POSITION							
NET POSITION - BEGINNING				8,028,868	7,225,984	15,254,852	(853,122)
NET POSITION - ENDING				597,757,527	230,403,103	828,160,630	8,366,836
	\$ 605,786,395	\$ 237,629,087	\$ 843,415,482	\$	\$	\$	\$

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects
ASSETS				
Cash and cash equivalents	\$ 2,296,819	\$ -	\$ -	\$ -
Investments	48,192,421	-	-	-
Receivables (net of allowance for uncollectible)	5,952,462	338,336	1,818,047	-
Due from other funds	1,368,356	1,519,291	-	7,238,662
Due from component unit	8,438	-	-	-
Restricted assets				
Cash and cash equivalents	-	-	24,114	-
Investments	-	527,800	53,214,615	4,497,047
Receivables (net of allowance for uncollectible)	49,476	-	-	-
TOTAL ASSETS	\$ 57,867,972	\$ 2,385,427	\$ 55,056,776	\$ 11,735,709
LIABILITIES				
Accounts payable	\$ 7,671,757	\$ -	\$ -	\$ -
Accrued payroll payable	1,277,925	-	-	-
Due to other funds	10,093,040	-	-	-
Compensated absences payable	-	-	-	-
Unearned revenue - other	-	-	-	-
Liabilities payable from restricted assets	-	-	386,338	2,917,408
TOTAL LIABILITIES	19,042,722	-	386,338	2,917,408
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	886,734	324,643	-	-
Unavailable revenue - industrial district fees	97,889	-	-	-
Unavailable revenue - electrical franchise fees	399,889	-	-	-
Unavailable revenue - notes grant management	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,384,512	324,643	-	-
FUND BALANCES				
Restricted	-	2,060,784	54,670,438	2,894,559
Committed	15,000	-	-	5,592,139
Assigned	466,821	-	-	331,603
Unassigned	36,958,917	-	-	-
TOTAL FUND BALANCES	37,440,738	2,060,784	54,670,438	8,818,301
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 57,867,972	\$ 2,385,427	\$ 55,056,776	\$ 11,735,709

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 include \$2,527,621 of unearned revenue and are less \$1,837,346 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

<u>Grant Management</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 2,296,819
-	-	48,192,421
-	-	8,108,845
-	603,699	10,730,008
-	-	8,438
288,333	53,067	365,514
3,186,071	6,126,141	67,551,674
1,849,796	471,256	2,370,528
\$ 5,324,200	\$ 7,254,163	\$ 139,624,247

\$ -	\$ -	\$ 7,671,757
-	-	1,277,925
575,525	4,954	10,673,519
166,605	-	166,605
135,556	60,049	195,605
350,094	161,640	3,815,480
1,227,780	226,643	23,800,891

-	-	1,211,377
-	-	97,889
-	-	399,889
818,466	-	818,466
818,466	-	2,527,621

3,277,954	7,027,520	69,931,255
-	-	5,607,139
-	-	798,424
-	-	36,958,917
3,277,954	7,027,520	113,295,735

\$ 5,324,200 **\$ 7,254,163**

577,680,508

690,275

41,651,998

(127,532,121)

\$ 605,786,395

CITY OF PASADENA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Pasadena Second Century Corporation</u>	<u>Capital Projects</u>
REVENUES				
General property taxes	\$ 35,268,745	\$ 10,039,002	\$ -	\$ -
Business taxes and fees				
Industrial district fees	17,283,049	-	-	-
Sales taxes	21,207,907	-	10,603,953	-
Franchise taxes	9,039,680	-	-	-
Other taxes	299,988	-	-	-
Total business taxes and fees	<u>47,830,624</u>	<u>-</u>	<u>10,603,953</u>	<u>-</u>
Licenses and permits	2,552,548	-	-	-
Municipal court fines	5,187,787	-	-	-
Charges for services	9,849,361	-	-	-
Intergovernmental	234,794	-	-	-
Program income	-	-	-	-
Contribution from outside sources	-	-	-	14,100
Miscellaneous	927,125	-	21,764	-
Investment income	570,230	10,396	375,331	47,324
TOTAL REVENUES	<u>102,421,214</u>	<u>10,049,398</u>	<u>11,001,048</u>	<u>61,424</u>
EXPENDITURES				
Current:				
General government	20,557,032	-	-	-
Public safety	45,626,173	-	-	-
Public works	15,854,732	-	477,351	-
Health	4,561,561	-	-	-
Culture and recreation	16,249,918	-	-	-
Housing and community development	-	-	-	-
Debt Service:				
Principal	-	6,927,613	895,000	-
Interest	-	2,554,708	16,781	-
Capital Outlay:				
General government	-	-	-	6,728,969
Public safety	-	-	-	551,617
Public works	-	-	1,975,952	7,267,871
Health	-	-	-	2,335,471
Culture and recreation	-	-	2,405,762	736,691
TOTAL EXPENDITURES	<u>102,849,416</u>	<u>9,482,321</u>	<u>5,770,846</u>	<u>17,620,619</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(428,202)</u>	<u>567,077</u>	<u>5,230,202</u>	<u>(17,559,195)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,700,000	166	-	11,919,717
Transfers out	(13,185,872)	-	(430,000)	(700,166)
Bonds issued	-	-	1,000,000	-
Sale of capital assets	134,586	-	-	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(9,351,286)</u>	<u>166</u>	<u>570,000</u>	<u>11,219,551</u>
NET CHANGE IN FUND BALANCES	<u>(9,779,488)</u>	<u>567,243</u>	<u>5,800,202</u>	<u>(6,339,644)</u>
FUND BALANCES, BEGINNING	<u>47,220,226</u>	<u>1,493,541</u>	<u>48,870,236</u>	<u>15,157,945</u>
FUND BALANCES, ENDING	<u>\$ 37,440,738</u>	<u>\$ 2,060,784</u>	<u>\$ 54,670,438</u>	<u>\$ 8,818,301</u>

The accompanying notes are an integral part of the financial statements

Grant Management	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ -	\$ 45,307,747
-	-	17,283,049
-	-	31,811,860
-	287,258	9,326,938
-	1,341,850	1,641,838
-	1,629,108	60,063,685
-	2,880	2,555,428
-	371,018	5,558,805
-	-	9,849,361
12,006,671	588,623	12,830,088
64,977	-	64,977
-	-	14,100
-	361,979	1,310,868
25,078	39,763	1,068,122
12,096,726	2,993,371	138,623,181
-	828,826	21,385,858
910,398	739,152	47,275,723
425,105	-	16,757,188
-	-	4,561,561
9,699	363,092	16,622,709
10,745,960	-	10,745,960
-	-	7,822,613
-	-	2,571,489
-	-	6,728,969
-	-	551,617
-	-	9,243,823
-	-	2,335,471
-	-	3,142,453
12,091,162	1,931,070	149,745,434
5,564	1,062,301	(11,122,253)
-	-	15,619,883
-	-	(14,316,038)
-	-	1,000,000
-	-	134,586
-	-	2,438,431
5,564	1,062,301	(8,683,822)
3,272,390	5,965,219	121,979,557
\$ 3,277,954	\$ 7,027,520	\$ 113,295,735

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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, 2017**

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)	\$ (8,683,822)
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.	12,082,022
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, and donations) is an increase to net position.	(216,747)
Revenues in the statement of activities that do not provide current financial resources are deferred as revenues in the funds.	18,177
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.	6,822,613
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.	(6,448,623)
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.	4,455,248
Change in net position of governmental activities (page 33)	<u>\$ 8,028,868</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 32,762,000	\$ 32,780,819	\$ 35,268,745	\$ 2,487,926
Business taxes				
Industrial district fees	17,473,700	17,473,700	17,283,049	(190,651)
Sales taxes	21,000,000	21,000,000	21,207,907	207,907
Franchise taxes	8,778,250	8,809,450	9,039,680	230,230
Other taxes	290,000	290,000	299,988	9,988
Total business taxes	<u>47,541,950</u>	<u>47,573,150</u>	<u>47,830,624</u>	<u>257,474</u>
Licenses and permits	2,550,100	2,573,200	2,552,548	(20,652)
Municipal court fines	5,770,000	5,770,000	5,187,787	(582,213)
Charges for services	9,837,350	9,857,550	9,849,361	(8,189)
Intergovernmental	245,495	245,495	234,794	(10,701)
Miscellaneous	537,460	806,572	927,125	120,553
Investment income	201,800	408,900	570,230	161,330
TOTAL REVENUES	<u>99,446,155</u>	<u>100,015,686</u>	<u>102,421,214</u>	<u>2,405,528</u>
EXPENDITURES				
Current				
General Government				
City council	218,592	218,192	185,806	32,386
Mayor	356,992	734,192	733,952	240
Budget and financial planning	646,284	854,434	841,660	12,774
Municipal court	2,298,116	2,360,599	2,339,207	21,392
City controller	2,005,024	2,266,824	2,262,260	4,564
Tax	482,520	482,520	480,848	1,672
Purchasing	402,210	466,210	462,564	3,646
Legal	1,157,284	2,596,606	2,584,582	12,024
City secretary	410,752	395,702	392,795	2,907
Elections	104,050	63,650	63,559	91
Human resources	885,516	897,741	886,384	11,357
Civil service	64,400	31,400	21,283	10,117
City marshal	891,573	1,232,573	1,227,341	5,232
Community relations	1,174,407	1,145,407	1,100,516	44,891
Pasadena action line	436,579	440,479	437,400	3,079
Planning	943,226	1,525,926	1,376,176	149,750
Economic development liaison	298,496	302,121	293,346	8,775
Neighborhood network	323,150	370,550	252,184	118,366
Inspections	1,702,503	1,639,723	1,608,280	31,443
Property management	1,993,936	1,301,659	1,163,403	138,256
New city hall	208,183	1,382,943	1,257,303	125,640
New courts	53,072	72	-	72
Impound/storage	374,696	401,882	394,307	7,575
Other charges	2,923,968	287,342	191,876	95,466
Total General Government	<u>20,355,529</u>	<u>21,398,747</u>	<u>20,557,032</u>	<u>841,715</u>
Public Safety				
Emergency preparedness	778,476	1,078,107	1,040,631	37,476
Fire fighting	3,564,755	3,420,955	3,265,588	155,367
Fire prevention	1,435,204	1,670,904	1,668,471	2,433
Police	37,153,434	39,144,524	38,989,558	154,966
Code enforcement	608,074	695,801	661,925	33,876
Total Public Safety	<u>43,539,943</u>	<u>46,010,291</u>	<u>45,626,173</u>	<u>384,118</u>
Public Works				
Engineering	2,316,103	2,394,658	2,364,317	30,341
Street lighting and signals	1,358,800	1,306,100	1,306,092	8
Sanitation	6,955,094	7,677,009	7,587,564	89,445
Street and bridge	3,026,440	3,063,440	2,991,959	71,481
Traffic and transportation	1,634,217	1,687,217	1,604,800	82,417
Total Public Works	<u>\$ 15,290,654</u>	<u>\$ 16,128,424</u>	<u>\$ 15,854,732</u>	<u>\$ 273,692</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Health				
Health	\$ 1,613,946	\$ 1,801,070	\$ 1,739,343	\$ 61,727
Animal rescue and assistance	2,638,372	2,925,643	2,822,218	103,425
Total Health	4,252,318	4,726,713	4,561,561	165,152
Culture and Recreation				
Parks	4,873,262	4,771,569	3,829,727	941,842
Recreation	3,869,065	4,181,886	3,921,520	260,366
Clean streets	1,754,029	1,798,029	1,686,570	111,459
Golf course	741,490	958,157	902,610	55,547
Multi-purpose center	627,895	619,795	539,133	80,662
Civic center	756,953	752,853	739,191	13,662
Senior center - Madison Jobe	643,816	581,275	568,991	12,284
Museum	51,966	31,866	28,766	3,100
Library	4,079,907	4,122,326	4,033,410	88,916
Total Culture and Recreation	17,398,383	17,817,756	16,249,918	1,567,838
TOTAL EXPENDITURES	100,836,827	106,081,931	102,849,416	3,232,515
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,390,672)	(6,066,245)	(428,202)	5,638,043
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000,000	3,700,000	3,700,000	-
Transfers out	(1,876,500)	(13,185,872)	(13,185,872)	-
Sale of capital assets	40,000	132,400	134,586	2,186
TOTAL OTHER FINANCING SOURCES (USES)	1,163,500	(9,353,472)	(9,351,286)	2,186
NET CHANGE IN FUND BALANCES	(227,172)	(15,419,717)	(9,779,488)	5,640,229
FUND BALANCES - BEGINNING	45,390,176	47,220,226	47,220,226	-
FUND BALANCES - ENDING	\$ 45,163,004	\$ 31,800,509	\$ 37,440,738	\$ 5,640,229

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 158,358	\$ 158,358
Program income	230	230	4,468	4,238
TOTAL REVENUES	230	230	162,826	162,596
EXPENDITURES				
Current				
Public Safety				
Contractual services	88,000	88,000	78,169	9,831
Materials and supplies	74,000	74,000	20,189	53,811
Capital outlay	-	44,000	-	44,000
TOTAL EXPENDITURES	162,000	206,000	98,358	107,642
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(161,770)	(205,770)	64,468	270,238
FUND (PROGRAM) BALANCE - BEGINNING	607,032	604,945	604,945	-
FUND (PROGRAM) BALANCE - ENDING	\$ 445,262	\$ 399,175	\$ 669,413	\$ 270,238

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 32,515	\$ 32,515
Program income	200	200	3,215	3,015
TOTAL REVENUES	200	200	35,730	35,530
EXPENDITURES				
Current				
Public Safety				
Contractual services	52,000	52,000	43,574	8,426
Materials and supplies	81,073	81,073	56,215	24,858
TOTAL EXPENDITURES	133,073	133,073	99,789	33,284
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(132,873)	(132,873)	(64,059)	68,814
FUND (PROGRAM) BALANCE - BEGINNING	462,161	482,911	482,911	-
FUND (PROGRAM) BALANCE - ENDING	\$ 329,288	\$ 350,038	\$ 418,852	\$ 68,814

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017**

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
ASSETS	Water and Sewer System	Service Funds
Current Assets		
Cash and cash equivalents	\$ 913,588	\$ -
Investments		
TexPool	26,762,156	23,909,846
CLASS	45,367	-
Receivables (net of allowances for uncollectible)	6,742,543	133,181
Due from other funds	-	1,028,433
Inventory, at cost	41,520	483,617
Prepaid items	-	408,979
Restricted assets		
Investments		
Texpool	2,575,671	-
CLASS	3,255,155	-
Total Current Assets	40,336,000	25,964,056
Noncurrent Assets		
Deposits	-	244,000
Prepaid items	7,871	-
Capital assets		
Land	1,624,352	602
Buildings and building improvements	4,902,086	2,233,791
Accumulated depreciation - buildings and building improvements	(3,057,823)	(1,768,335)
Facilities and other improvements	13,389,618	175,754
Accumulated depreciation - facilities and other improvements	(3,202,892)	(73,942)
Machinery and equipment	11,487,267	9,047,466
Accumulated depreciation - machinery and equipment	(9,424,767)	(5,255,411)
Infrastructure	360,071,572	41,746
Accumulated depreciation - Infrastructure	(111,212,664)	(23,015)
Automotive	196,081	39,434,802
Accumulated depreciation - automotive	(177,559)	(27,652,195)
Construction in progress	19,735,596	1,511,236
Net capital assets	284,330,867	17,672,499
Total Noncurrent Assets	284,338,738	17,916,499
TOTAL ASSETS	\$ 324,674,738	\$ 43,880,555
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding bonds	\$ 3,120,722	\$ -
Deferred outflows on pension	513,512	417,897
Deferred outflows on investment	1,400,682	1,163,052
Deferred outflows on assumption change	241,017	202,820
Deferred outflow on difference expected and actual experienced	53,081	43,198
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 5,329,014	\$ 1,826,967

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	\$ 3,109,431	\$ 1,531,587
Accrued payroll payable	146,305	121,346
Bonds payable - current	2,270,000	-
Due to other funds	234,176	850,746
Claims payable	-	907,992
Compensated absences payable	234,119	150,260
Customer deposits	4,248,076	-
Liabilities payable from restricted assets		
Accounts payable	1,000,646	-
Retainage payable	428,002	-
Accrued interest payable	308,209	-
Bonds payable	1,809,086	-
Total Current Liabilities	13,788,050	3,561,931
Noncurrent Liabilities		
Bonds payable (including unamortized premiums)	64,904,042	-
Claims payable	-	605,328
Compensated absences payable	2,107,069	1,352,336
Other post-employment benefits	3,188,085	654,176
Net pension liability	3,278,382	2,683,010
Total Noncurrent Liabilities	73,477,578	5,294,850
TOTAL LIABILITIES	87,265,628	8,856,781
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows on pension	171,963	135,817
TOTAL DEFERRED INFLOWS OF RESOURCES	171,963	135,817
<u>NET POSITION</u>		
Net investment in capital assets	220,294,968	17,672,499
Restricted for debt service	2,267,462	-
Unrestricted	20,003,731	19,042,425
TOTAL NET POSITION	242,566,161	\$ 36,714,924
Adjustments to reflect the consolidation of internal service fund activities related to enterprise fund	(4,937,074)	
Net position of business-type activities (page 31)	\$ 237,629,087	

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, 2017

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
OPERATING REVENUES		
Charges for sales and services	\$ 41,915,812	\$ 33,636,096
OPERATING EXPENSES		
Personnel services	8,381,808	6,970,584
Contractual services	6,048,902	1,789,494
Material and supplies	2,873,919	3,859,622
Maintenance charges	1,387,641	1,592,680
Sewer and water payments - Clear Lake Water Authority and City of Seabrook	110,964	-
Operating, maintenance and water charges - Southeast Water Purification Plant	5,450,396	-
Insurance/reinsurance premiums	-	4,802,958
Claims and legal expenses	-	11,966,481
Administration fees	-	728,526
Miscellaneous	32,111	902,842
Depreciation	6,324,536	3,100,290
TOTAL OPERATING EXPENSES	30,610,277	35,713,477
OPERATING INCOME (LOSS)	11,305,535	(2,077,381)
NONOPERATING REVENUES (EXPENSES)		
Gain on sale and retirement of capital assets	4,633	162,580
Investment income	198,865	167,234
Interest expense on bonds	(2,665,483)	-
Amortization	377,343	-
Issuance costs	(750)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,085,392)	329,814
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	9,220,143	(1,747,567)
CAPITAL CONTRIBUTIONS	2,733,828	2,778,673
TRANSFERS IN	20,700	3,530,500
TRANSFERS (OUT)	(4,654,000)	(201,045)
CHANGES IN NET POSITION	7,320,671	4,360,561
TOTAL NET POSITION - BEGINNING	235,245,490	32,354,363
TOTAL NET POSITION - ENDING	\$ 242,566,161	\$ 36,714,924
CHANGES IN NET POSITION	\$ 7,320,671	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	(94,687)	
Change in net position of business-type activities (page 33)	\$ 7,225,984	

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, 2017**

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from interfund services	\$ -	\$ 28,486,032
Cash received from customers and users	41,240,001	4,134,770
Cash payments to suppliers for goods and services	(13,064,107)	(6,359,380)
Cash payments to employees for services	(7,591,209)	(6,067,900)
Cash payments for insurance premiums, liability claims, and administration	-	(18,825,960)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>20,584,685</u>	<u>1,367,562</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers (to)/from other funds		
General fund	(3,000,000)	-
General fund	-	1,876,500
Capital projects fund	-	(180,345)
Water and sewer system fund	-	1,654,000
Water and sewer system fund	-	(20,700)
Maintenance fund	(654,000)	-
Maintenance fund	20,700	-
General liability insurance fund	(1,000,000)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(4,633,300)</u>	<u>3,329,455</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from sale of capital assets	28,300	354,095
Acquisition and construction of capital assets	(4,145,714)	(2,416,849)
Principal paid on capital debt	(3,997,387)	-
Interest paid on capital debt	(2,671,761)	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(10,786,562)</u>	<u>(2,062,754)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(26,834,655)	(25,237,524)
Proceeds from sale and maturities of investments	21,156,303	22,436,027
Investment income received	198,865	167,234
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(5,479,487)</u>	<u>(2,634,263)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(314,664)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,228,252</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 913,588</u>	<u>\$ -</u>

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 11,305,535	\$ (2,077,381)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	6,324,536	3,100,290
Changes in assets and liabilities		
(Increase) in accounts receivables	(769,619)	(46,544)
Decrease (increase) in due from other funds	1,044,984	(955,304)
Decrease in prepaid item	-	74,124
Decrease decrease in inventory	13,616	40,612
(Increase) in deposits	-	(206,000)
Decrease in pension related deferred outflows	423,215	353,579
Increase in accounts and claims payable	1,547,050	444,594
Increase in accrued payroll liabilities	6,060	15,439
Increase in compensated absences payable	92,984	199,857
Increase in net pension payable	117,113	95,307
Increase in due to other funds	234,176	90,487
Increase in other post employment benefits	224,758	298,342
Increase in customer deposits	93,808	-
(Decrease) in pension related deferred inflows	(73,531)	(59,840)
Total Adjustments	9,279,150	3,444,943
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 20,584,685	\$ 1,367,562
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contribution of capital assets from the government	\$ 2,733,828	\$ 2,778,673

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, 2017**

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 basic 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. The exception to this general rule is internal services provided by the internal service funds. Elimination of these charges would distort the direct costs reported in the various function concerned.

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 through 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 acquisition 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 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.

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 one item that qualifies for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized for the 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, 2017 is as follows:

	Governmental Fund Balances					Non-major Special Revenue Funds				Total
	General	Debt Service	Pasadena Second Century	Capital Projects	Grant Management	Public Safety	Culture and Recreation	Other	Total Non major Special Revenue	
Fund balances:										
Restricted for:										
Court and other purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,034,256	\$ 1,034,256	\$ 1,034,256
Law enforcement	-	-	-	-	1,088,265	2,032,513	-	-	2,032,513	3,120,778
Economic development and other purposes	-	-	-	-	-	-	3,960,751	-	3,960,751	3,960,751
Housing services	-	-	-	-	2,189,689	-	-	-	-	2,189,689
Capital construction	-	-	54,670,438	2,894,559	-	-	-	-	-	57,564,997
Debt service	-	2,060,784	-	-	-	-	-	-	-	2,060,784
Total restricted	-	2,060,784	54,670,438	2,894,559	3,277,954	2,032,513	3,960,751	1,034,256	7,027,520	69,931,255
Committed to:										
Election, recall and charter revision	15,000	-	-	-	-	-	-	-	-	15,000
Capital construction	-	-	-	5,592,139	-	-	-	-	-	5,592,139
Total committed	15,000	-	-	5,592,139	-	-	-	-	-	5,607,139
Assigned to:										
Capital construction	-	-	-	331,603	-	-	-	-	-	331,603
Purchases on order for:										
General facilities	300,150	-	-	-	-	-	-	-	-	300,150
Emergency	46,543	-	-	-	-	-	-	-	-	46,543
Law enforcement	46,183	-	-	-	-	-	-	-	-	46,183
Public recreation	49,075	-	-	-	-	-	-	-	-	49,075
Other purposes	24,870	-	-	-	-	-	-	-	-	24,870
Total assigned	466,821	-	-	331,603	-	-	-	-	-	798,424
Unassigned	36,958,917	-	-	-	-	-	-	-	-	36,958,917
Total	\$ 37,440,738	\$ 2,060,784	\$ 54,670,438	\$ 8,818,301	\$ 3,277,954	\$ 2,032,513	\$ 3,960,751	\$ 1,034,256	\$ 7,027,520	\$ 113,295,735

The amount restricted by enabling legislation was \$7,027,520.

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 \$127,532,121 difference are as follows:

Bonds and other payables	\$ 58,814,138
Other long-term debt	
Add: bond premiums	6,148,213
Less: deferred charges on refunded bonds	(2,745,164)
Accrued interest payable	307,208
Compensated absences	26,720,675
Net pension liability	35,742,182
Less: Deferred outflow on pension	(23,881,602)
Other post employment benefits	26,426,471
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities.	<u>\$ 127,532,121</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 \$41,651,998 difference are as follows:

Net position of the internal service funds	\$ 36,714,924
Add: Internal receivable representing charges less the cost to business-type activities - prior year	4,842,387
Add: Internal receivable representing charges less the cost to business-type activities - current year	<u>94,687</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities.	<u>\$ 41,651,998</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 \$12,082,022 difference is as follows:

Capital outlay	\$ 23,124,819
Depreciation expense	<u>(11,042,797)</u>
Net adjustment to an increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 12,082,022</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 \$216,747 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.	\$ (216,747)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (216,747)</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 \$6,822,613 difference is as follows:

Sales tax revenue bonds	\$ 1,000,000
Principal repayments:	
General obligation debt	(6,927,613)
Sales tax revenue bonds	<u>(895,000)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (6,822,613)</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 \$6,448,623 difference is as follows:

Compensated absences	\$ 34,165
Other post employment benefits	(2,122,304)
Pensions	(1,354,026)
Deferred inflows from pension	985,520
Deferred outflows from pension	(4,465,513)
Accrued interest	33,043
Amortization of bond issuance costs	(44,976)
Amortization of bond premiums	848,307
Amortization of deferred amounts on refunding	(362,839)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (6,448,623)</u>

Another element of that reconciliation states that “internal service funds are used by management to charge the costs of technical services, warehouse, fleet, facilities operations, mail room, and risk management in regards to workers’ compensation claims, general liabilities, and health care benefits to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.” The detail of this \$4,455,248 difference is as follows:

Change in net position of the internal service funds	\$ 4,360,561
Add: Loss from charges from business-type activities	<u>94,687</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 4,455,248</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 fund, debt service fund, 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 fund, 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 \$16,554,476. Transfers out under the other financing sources was increased from \$1,876,500 to \$13,185,872. The amount of \$1,309,372 was budgeted and transferred to the capital project fund for capital projects not budgeted under the original budget. There was an increase in public safety in the amount of \$2,470,348 or 6.0% with an increase in the police department in the amount of \$1,991,090, with the largest increase in personnel services in the amount of \$1,932,947 due to a 6.0% increase for public safety personnel. Public works' original budget increased by \$837,770 or 6.0%. Sanitation personnel services increased by \$126,000 due to salary increases. Contractual services budget increased \$670,855 due to increases in professional services and contract labor. The general government original budget increased by \$1,043,218 or 6.0% with an increase in construction of the new City hall in the amount of \$1,174,760.

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 2017 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	\$ 162,826	\$ 98,358
Treasury Department	35,730	99,789
Nonbudgeted grant programs:		
Various grants	1,147,055	1,147,055
HUD Section 8 housing choice vouchers	7,879,134	7,881,019
FEMA DHAP program	2,361	-
FEMA DHAP IKE	4,679	-
HUD CDBG entitlement program	2,431,639	2,431,639
HUD HOME investment partnerships program	289,826	289,826
HUD emergency shelter program	143,476	143,476
Total grant management fund - actual	<u>\$12,096,726</u>	<u>\$ 12,091,162</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended September 30, 2017, 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, 2017, the carrying amount of the City's deposits with financial institutions, including blended component units, is \$3,444,610, excluding \$131,311 for petty cash and tax holding. The City's bank balance is the sum of all accounts, which totals \$3,766,503, and the market values of pledged securities, excluding FDIC, were \$4,577,304. The pledged securities are held by a third party custodian in the City's name.

Investments

As of September 30, 2017, 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	\$ 86,485,426	\$ 48,313,641	\$ 6,480,440	0.13
LOGIC Local Government Investment Pools	1,220,287	-	-	0.19
CLASS Local Government Investment Pools	31,371,962	4,900,974	-	0.19
Total Fair Value	<u>\$ 119,077,675</u>	<u>\$ 53,214,615</u>	<u>\$ 6,480,440</u>	
Portfolio Weighted Average Maturity				0.17

The City divides its 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 2016 in the amount of \$7,921,029,575. The City Council adopted the following tax rate per \$100 of 2016 taxable value for the current fiscal year ended September 30, 2017.

Purpose	Tax Rate
General government	\$ 0.4484
Debt service	0.1270
	<u>\$ 0.5754</u>

2. Receivables

Receivables as of September 30, 2017 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	Grant Management	Nonmajor Governmental Funds	Water and Sewer System	Maintenance	General Liability Insurance	Health Insurance	Total
Receivables										
Property taxes	\$ 1,678,137	\$ 748,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,426,473
Sales taxes	3,636,309	-	1,818,047	-	-	-	-	-	-	5,454,356
Accounts	2,235,445	-	-	-	-	7,199,868	254	5,088	127,839	9,568,494
Less: allowance for for uncollectible	(1,597,429)	(410,000)	-	-	-	(457,325)	-	-	-	(2,464,754)
	<u>5,952,462</u>	<u>338,336</u>	<u>1,818,047</u>	<u>-</u>	<u>-</u>	<u>6,742,543</u>	<u>254</u>	<u>5,088</u>	<u>127,839</u>	<u>14,984,569</u>
Intergovernmental - restricted	49,476	-	-	1,027,100	83,469	-	-	-	-	1,160,045
Accounts restricted	-	-	-	822,696	387,787	-	-	-	-	1,210,483
Net total receivables	<u>\$ 6,001,938</u>	<u>\$ 338,336</u>	<u>\$ 1,818,047</u>	<u>\$ 1,849,796</u>	<u>\$ 471,256</u>	<u>\$ 6,742,543</u>	<u>\$ 254</u>	<u>\$ 5,088</u>	<u>\$ 127,839</u>	<u>\$ 17,355,097</u>

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)	\$ 135,556
Unearned revenue (Nonmajor governmental)	60,049
Total unearned revenue for governmental funds	<u>\$ 195,605</u>

C. Restricted Assets

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

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects	Grant Management	Nonmajor Governmental Funds	Water and Sewer Enterprise
Cash and cash equivalents	\$ -	\$ -	\$ 24,114	\$ -	\$ 288,333	\$ 53,067	\$ -
Investments	-	527,800	53,214,615	4,497,047	3,186,071	6,126,141	5,830,826
Intergovernmental receivables	49,476	-	-	-	1,027,100	83,469	-
Accounts receivables	-	-	-	-	822,696	387,787	-
	<u>\$ 49,476</u>	<u>\$ 527,800</u>	<u>\$ 53,238,729</u>	<u>\$ 4,497,047</u>	<u>\$ 5,324,200</u>	<u>\$ 6,650,464</u>	<u>\$ 5,830,826</u>
	(2)	(1)	(3)	(3)	(2)	(2)	(1) and (3)

D. Capital Assets

Capital asset activity of the City (the primary government) for the fiscal year ended September 30, 2017 was as follows:

1. Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$143,395,646	\$ -	\$ -	\$143,395,646
Construction in progress	35,078,467	25,345,669	(34,658,445)	25,765,691
Total capital assets, not being depreciated	178,474,113	25,345,669	(34,658,445)	169,161,337
Capital assets, being depreciated:				
Buildings and building improvements	81,825,409	5,465,526	-	87,290,935
Facilities and other improvements	9,702,426	12,990,124	(546,936)	22,145,614
Machinery and equipment	38,291,266	3,007,095	(941,608)	40,356,753
Infrastructure	502,738,013	14,197,731	-	516,935,744
Automotive equipment	38,864,021	2,778,451	(2,207,670)	39,434,802
Total capital assets being depreciated	671,421,135	38,438,927	(3,696,214)	706,163,848
Less accumulated depreciation for:				
Building and building improvements	(25,347,660)	(1,494,559)	-	(26,842,219)
Facilities and other improvements	(3,123,310)	(354,633)	73,685	(3,404,258)
Machinery and equipment	(25,422,184)	(1,859,651)	385,783	(26,896,052)
Infrastructure	(187,280,589)	(7,896,865)	-	(195,177,454)
Automotive equipment	(27,176,265)	(2,537,379)	2,061,449	(27,652,195)
Total accumulated depreciation	(268,350,008)	(14,143,087)	2,520,917	(279,972,178)
Total capital assets, being depreciated, net	403,071,127	24,295,840	(1,175,297)	426,191,670
Governmental activities capital assets, net	<u>\$581,545,240</u>	<u>\$ 49,641,509</u>	<u>\$ (35,833,742)</u>	<u>\$595,353,007</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	16,526,962	6,616,568	(3,407,934)	19,735,596
Total capital assets, not being depreciated	<u>18,151,314</u>	<u>6,616,568</u>	<u>(3,407,934)</u>	<u>21,359,948</u>
Capital assets, being depreciated:				
Buildings and building improvements	4,902,086	13,317	(13,317)	4,902,086
Facilities and other improvements	13,371,917	412,621	(394,920)	13,389,618
Machinery and equipment	11,446,771	283,513	(243,017)	11,487,267
Infrastructure	356,693,431	3,378,141	-	360,071,572
Automotive equipment	196,081	-	-	196,081
Total capital assets being depreciated	<u>386,610,286</u>	<u>4,087,592</u>	<u>(651,254)</u>	<u>390,046,624</u>
Less accumulated depreciation for:				
Building and building improvements	(2,969,240)	(88,583)	-	(3,057,823)
Facilities and other improvements	(2,965,310)	(237,582)	-	(3,202,892)
Machinery and equipment	(9,236,700)	(398,970)	210,903	(9,424,767)
Infrastructure	(105,620,309)	(5,592,355)	-	(111,212,664)
Automotive equipment	(170,513)	(7,046)	-	(177,559)
Total accumulated depreciation	<u>(120,962,072)</u>	<u>(6,324,536)</u>	<u>210,903</u>	<u>(127,075,705)</u>
Total capital assets, being depreciated, net	<u>265,648,214</u>	<u>(2,236,944)</u>	<u>(440,351)</u>	<u>262,970,919</u>
Business-type activities capital assets, net	<u>\$283,799,528</u>	<u>\$ 4,379,624</u>	<u>\$ (3,848,285)</u>	<u>\$284,330,867</u>

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

Governmental activities:

General Government	\$ 317,393
Public Safety	1,698,759
Public Works	7,540,137
Health	43,069
Culture and Recreation	1,443,439
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>3,100,290</u>
	<u>\$ 14,143,087</u>

Business-type activities

Water and Sewer System	<u>\$ 6,324,536</u>
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E. Construction Commitments

The City's commitments with contractors as of September 30, 2017 are as follows:

Projects	Project Appropriation	Spent-to-Date	
<u>Drainage</u>			
D018	Thornwood Drainage; Preston-Glenmore	\$ 1,328,991	\$ 1,122,980
D023	Vista Drainage; Btwy 8 - Space Center	2,202,853	1,962,970
D037	Channel Imp & Detention Facility	1,269,856	226,428
D038	2017 Annual Drainage	553,313	416,693
D039	Partnership Park Drainage	175,000	28,915
D042	Browning Subdivision Drainage	50,000	-
D051	Cotton Patch-Thomas St Outfall	2,247,934	2,221,602
D052	Martha Ditch Concrete Lining	1,350,974	1,271,804
	<u>9,178,921</u>	<u>7,251,392</u>	
<u>Fire Services</u>			
F004	Rebuild Station #5	<u>4,247,515</u>	<u>4,228,990</u>
<u>Municipal Facilities</u>			
M008	North Pasadena Recevelopment	1,006,724	6,724
M016	Animal Adoption Center	2,970,000	2,796,171
M018	Utility Development Projects	6,846,464	-
M025	Convention Center Improvements	7,000,000	435,891
M026	Convention Center Infrastructure	2,400,000	-
M027	Convention Center Hotel	3,125,000	30,350
M028	Rodeo Arena Expansion	6,100,000	1,974,264
M030	New City Hall-Ventech Renov	7,134,403	7,080,772
M031	Old City Hall-Court Build Out	371,058	114,079
	<u>36,953,649</u>	<u>12,438,251</u>	
<u>Parks</u>			
R036	Strawberry Concession	<u>480,000</u>	<u>193,982</u>
<u>Streets</u>			
S032	Bearle St; SH225 to Thomas	2,667,661	619,349
S054	Fairway Plaza Acquisition/Extension	4,180,000	114,051
S074	Gateway Sign	300,000	29,808
S077	Pasadena Blvd; Harris - 225	7,750,000	-
S084	Fairmont; Red Bluff - Luella	677,140	242,822
S087	Randolph; Pine - Spencer	3,500,000	2,759,778
S093	2017 Annual Paving	1,025,107	922,404
S098	2017 Annual Sidewalk	519,719	423,724
S099	Jasmine St Reconstruction	1,754,298	941,942
S100	West Lane Reconstruction	596,377	216,754
	<u>\$22,970,302</u>	<u>\$ 6,270,632</u>	

	Projects	Project Appropriation	Spent-to-Date
<u>Traffic</u>			
T012	2017 Annual Traffic Mobility	\$ 484,900	\$ 470,309
T014	Traffic Mobility Improvements	1,000,000	-
T015	Spencer Hwy Signal Improvements PH II	360,094	286,086
		<u>1,844,994</u>	<u>756,395</u>
<u>Water</u>			
W011	SEWPP Meter Station	1,771,908	1,739,562
W027	Bay Area Blvd/Port Rd Inter Improv	188,401	105,342
W028	Crenshaw Water Plant	6,654,164	6,471,751
W029	225 Waterline; Burke - Beltway 8	3,199,859	2,660,858
W030	Fairmont 12" Distribution Water Main	1,168,178	718,420
W031	Water Distribution System Improvements	1,000,485	551,603
W034	Scarborough Waterline	1,273,968	555,709
W035	225 Waterline	246,047	178,308
W038	Water Storage Tank Rehab	150,350	80,076
W039	Fairmont Pkwy 12" Waterline PH II	995,136	692,467
W041	Wafer Ground Storage	2,048,600	2,033,616
W042	Garner Water Well	638,776	585,476
W043	Pansy Water Plant	1,952,183	1,786,966
W044	Deepwater Water Plant	416,783	408,115
W045	Red Bluff Water Plant	397,793	392,960
W046	Choate Rd Waterline Relocation	302,076	-
W047	Shaw Waterline Improvements	188,320	133,224
W048	McMasters Waterline Replacement	502,488	179,904
W049	San Augustine Waterline Replacement	150,000	-
W050	Fairmont Pkwy 12" Waterline PH III	275,000	255,000
W051	Crenshaw Water Plant PH II	361,050	188,493
		<u>23,881,565</u>	<u>19,717,850</u>
<u>Wastewater</u>			
WW022	Llano/Red Bluff/Elaine/Wyatt/LA/Pasa Lift Sta	683,405	501,683
WW027	2016 Citywide Wastewater Improv	1,768,181	1,369,663
WW031	WWTP Consolidation Project	2,912,918	589,508
WW045	Citywide SS Rehab Program PH II	1,624,707	373,124
WW046	WWTP Consolidation Project PH II	111,000	-
WW053	RTS VI: Force Main; W Pitts/Winona LS	1,034,861	1,030,595
WW054	New Vince Bayou WWTP Generator	1,287,726	1,241,131
WW055	Vista Lift Sta Improv	748,547	698,374
WW056	Vista Trunk Sewer PH III	1,779,555	1,555,573
WW059	Bay Area LS/SS Line Ext	358,650	-
		<u>\$ 12,309,550</u>	<u>\$ 7,359,651</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, 2017 is as follows:

1. Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>		<u>Amount</u>
General fund	Water and sewer	\$ 117,230	
	Grant management	575,525	
	** Hotel and motel tax	4,954	
	* Health Insurance	<u>670,647</u>	\$ 1,368,356
Debt service	General		1,519,291
Capital projects	General	7,125,947	
	* General liability insurance	<u>112,715</u>	7,238,662
** Special charge allocation	General		603,699
* Maintenance	General	844,103	
	Water and sewer	116,946	
	* General liability insurance	<u>67,384</u>	<u>1,028,433</u>
	Total		<u>\$ 11,758,441</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>\$ 8,438</u>

3. Interfund Transfers:

Fund Financial Statements

Interfund Transfers:

	<u>Transfer In:</u>						<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Water and Sewer</u>	<u>* Maintenance</u>	<u>* General Liability Insurance</u>	
Transfer out:							
General	\$ -	\$ -	\$ 11,309,372	\$ -	\$ 1,376,500	\$ 500,000	\$ 13,185,872
Pasadena Second Century	-	-	430,000	-	-	-	430,000
Capital Projects	700,000	166	-	-	-	-	700,166
Water and Sewer System	3,000,000	-	-	-	654,000	1,000,000	4,654,000
* Maintenance	-	-	-	20,700	-	-	20,700
* General insurance	-	-	180,345	-	-	-	180,345
Total	<u>\$ 3,700,000</u>	<u>\$ 166</u>	<u>\$ 11,919,717</u>	<u>\$ 20,700</u>	<u>\$ 2,030,500</u>	<u>\$ 1,500,000</u>	<u>\$ 19,171,083</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 \$1,912,789 and can be summarized as follows:

- The amount of \$4,654,000 was transferred out to the governmental activities from the business-type activities.
- Capital assets in the amount of \$2,754,528 were transferred into the business-type activities from the governmental activities, which includes \$20,700 of capital assets transferred from the internal service fund.
- Capital assets in the amount of \$13,317 were transferred into the governmental activities from the business-type activities.

G. Long-Term Debt

1. Governmental Activities

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

The City issues general obligation bonds and certificates of obligation to provide funds for the construction and improvement of the City's infrastructure (i.e., streets, drainage, water and sewer systems, public safety, recreation, and culture facilities). In the past, the City has also refunded certain issues of general obligation bonds to take advantage of lower interest rates and even out debt payments. The original amounts issued in current and prior years were \$21,635,000 and \$69,771,063, 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
\$21,635,000 GOB, 2008	4.00 - 4.75	2/15/2028	Governmental type	\$735,000 to \$1,720,000	\$ 1,035,000
\$20,030,000 GO Refunding, 2012	2.50 - 4.00	2/15/2023	Governmental type	\$435,000 to \$2,385,000	13,135,000
\$16,690,000 GO Refunding, 2012A	2.00 - 5.00	2/15/2025	Governmental type	\$145,000 to \$1,840,000	12,815,000
\$3,121,063 GO Refunding, 2014	3.00 - 4.00	2/15/2022	Governmental type	\$103,639 to \$778,142	2,144,138
\$12,525,000 GO Refunding, 2015	2.00 - 5.00	2/15/2027	Governmental type	\$755,000 to \$1,830,000	11,545,000
\$17,405,000 GO Refunding, 2016A	2.00 - 5.00	2/15/2028	Governmental type	\$265,000 to \$2,065,000	17,140,000
					<u>\$ 57,814,138</u>

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

Fiscal Year Ending September 30,	Principal	Interest	Total
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	6,918,639	1,162,989	8,081,628
2023-2027	20,610,000	2,298,300	22,908,300
2028	1,725,000	34,500	1,759,500
	<u>\$ 57,814,138</u>	<u>\$ 11,066,327</u>	<u>\$ 68,880,465</u>

Other Long-Term Debt

\$1,000,000 Sales Tax Revenue Note, Series 2017 dated February 14, 2017, interest at 1.830%, due in February 15, 2018 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
2018	\$ 1,000,000	\$ 18,351	\$ 1,018,351

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
\$ 15,285,000	Revenue Refunding Bonds, 2010	2.00 - 3.00	4/1/2019	Refunding	\$780,000 to \$2,355,000	\$ 4,625,000
\$ 5,885,000	GO Refunding Bonds, 2012A	2.00 - 5.00	2/15/2022	Refunding	\$275,000 to \$1,840,000	5,035,000
\$ 6,063,937	GO Refunding Bonds, 2014	3.00 - 4.00	2/15/2022	Refunding	\$201,361 to \$1,511,858	4,165,862
\$ 50,210,000	GO Refunding Bonds, 2016	2.00 - 5.00	2/15/2033	Refunding	\$440,000 to \$4,755,000	49,055,000
						<u>\$ 62,880,862</u>

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
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	3,421,361	1,901,118	5,322,479
2023-2027	17,000,000	7,164,969	24,164,969
2028-2032	21,150,000	2,925,968	24,075,968
2033	4,755,000	74,297	4,829,297
	<u>\$ 62,880,862</u>	<u>\$ 21,368,026</u>	<u>\$ 84,248,888</u>

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, 2017, \$4,555,000 of general obligation bonds and \$53,455,000 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 \$18,195,000 and \$4,110,000 remains 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, 2017, the City's legal debt margin was \$730,201,391, which equates to 10% of City's property taxable value, totaling \$792,102,958 less \$61,901,567 (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, 2017, 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, 2017 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
<u>Governmental Activities:</u>					
Bonds payable supported by property taxes:					
General obligation and refunding bonds	\$ 64,431,751	\$ -	\$ (6,617,613)	\$ 57,814,138	\$ 6,745,914
Certificates of obligation bonds	310,000	-	(310,000)	-	-
	64,741,751	-	(6,927,613)	57,814,138	6,745,914
Add: Premiums on debt issuances	6,985,077	-	(836,864)	6,148,213	-
	<u>71,726,828</u>	<u>-</u>	<u>(7,764,477)</u>	<u>63,962,351</u>	<u>6,745,914</u>
Other Long-Term Debt					
Sales taxes revenue bonds payable	895,000	1,000,000	(895,000)	1,000,000	1,000,000
Add: Premiums on debt issuances	11,443	-	(11,443)	-	-
	<u>906,443</u>	<u>1,000,000</u>	<u>(906,443)</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total Bonds Payable	72,633,271	1,000,000	(8,670,920)	64,962,351	7,745,914
Claims	1,898,854	6,883,184	(7,268,718)	1,513,320	907,992
Compensated absences	28,214,694	9,484,311	(9,309,129)	28,389,876	2,838,988
Other post employment benefits	24,660,000	4,301,400	(1,880,753)	27,080,647	-
Net pension liability	36,975,859	17,859,628	(16,410,295)	38,425,192	-
Governmental activities					
Long-term liabilities	\$ 164,382,678	\$ 39,528,523	\$ (43,539,815)	\$ 160,371,386	\$ 11,492,894

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, 2017, \$1,502,596 of internal service funds' compensated absences, \$654,176 of other post employment benefits, \$1,513,320 in claims payable, and \$2,683,010 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, 2017 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
Business-type activities:					
Bonds payable					
Revenue bonds	\$ 465,000	\$ -	\$ (465,000)	\$ -	\$ -
Revenue refunding bonds	6,815,000	-	(2,190,000)	4,625,000	2,270,000
General obligation refunding bonds	59,598,249	-	(1,342,387)	58,255,862	1,809,086
Add: Premiums on debt issuances	6,702,590	-	(600,324)	6,102,266	-
Total bonds payable	73,580,839	-	(4,597,711)	68,983,128	4,079,086
Compensated absences	2,248,203	627,365	(534,380)	2,341,188	234,119
Other post employment benefits	2,963,327	580,695	(355,937)	3,188,085	-
Net pension liability	3,161,269	1,476,027	(1,358,914)	3,278,382	-
Business-type activities					
Long-term liabilities	\$ 81,953,638	\$ 2,684,087	\$ (6,846,942)	\$ 77,790,783	\$ 4,313,205

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 purchased through McGriff Seibels & Williams of Texas Insurance. 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 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 through \$375,000 for each claim until the run-off is completed. After April 1, 2004, the City became a member of the Texas Municipal League Intergovernmental Risk Pool. The City pays a premium based on the City's total payroll and past loss experience. As a member of the pool, stop loss insurance is no longer needed. The City includes the Pasadena Volunteer Fire Department in its workers' compensation program.

Unemployment Insurance

The City reimburses the Texas Workforce Commission for unemployment claims on a quarterly basis. By using this method, the City gives up certain appeal options. 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 was the third party administrator as of January 1, 2012 through December 31, 2016 with a run-off until June 2017. As of January 1, 2017, United Healthcare Services, Inc. became the third party administrator. The City has six health insurance plans and two dental insurance plans. The health insurance plans are Plan B with three choices and Plan C with three choices. The difference between Plan B and Plan C is the deductible. The Plans' deductibles are as follows:

	Deductibles	
	Plan B	Plan C
Individual	\$1,500	\$3,000
Family	\$3,000	\$6,000
Out of Pocket Max (Individual/Family)	\$5,000/\$9,000	\$6,000/\$12,500

Plan B or C offer a wide range of medical care, services, and supplies depending on the needs of the employees. The two dental insurance plans are, a PPO and HHMO, fully insured plan provided through MetLife as of January 1, 2017.

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. Spouse and dependent coverage is available if qualified at the employee's option. If elected, the City pays a portion of the plan cost and the employee pays the remainder. A cafeteria style plan (e.g., health spending and dependent care) is available at the employee's election.

Unpaid Claims Liability

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

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

	Workers' Compensation	Health/Dental Insurance
<u>Current Fiscal Year</u>		
Unpaid claims and claim adjustment expenses at the beginning of the current fiscal year	\$ 123,578	\$ 1,775,276
Incurred claims and claim adjustment expenses:		
Provisions for insured events of the current fiscal year	-	9,605,616
Increase (Decrease) in provision for insured events-prior years	43,298	(2,765,730)
Total incurred claims and claim adjustment expenses	43,298	6,839,886
Payments:		
Claims and claim adjustment expenses attributable to insured events-		
Current fiscal year	-	8,229,849
Prior fiscal years	29,323	(990,454)
Total payments	29,323	7,239,395
Total unpaid claims and claim adjustment expenses at end of current fiscal year	\$ 137,553	\$ 1,375,767
<u>Prior Fiscal Year</u>		
Unpaid claims and claim adjustment expenses at the beginning of the prior fiscal year	\$ 145,311	\$ 1,672,278
Incurred claims and claim adjustment expenses:		
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)
Total incurred claims and claim adjustment expenses	19,506	7,462,736
Payments:		
Claims and claim adjustment expenses attributable to insured events-		
Current fiscal year	-	8,751,808
Prior fiscal years	41,239	(1,392,070)
Total payments	41,239	7,359,738
Total unpaid claims and claim adjustment expenses at end of prior fiscal year	\$ 123,578	\$ 1,775,276

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 administers a single-employer defined benefit OPEB plan. The City plan 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. A separately, audited GAAP basis post employment benefit plan report is not available for this program. For the fiscal year ended September 30, 2017, eight-one retirees, excluding spouses, participated and received OPEB.

In fiscal year 2017, retirees made contributions totaling \$630,035, while the City paid \$2,028,453 in claims and \$440,782 in stop-loss premiums and administrative fees on behalf of retirees, their spouses, and dependents. The City recovered \$237,967 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 at September 30, 2017. For these retirees, the City paid up to \$300 per person, per month, at a cost of \$635,457 for fiscal year 2017.

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, 2017 is as follows:

	<u>OPEB</u>
Annual required contribution	\$ 4,853,552
Interest on OPEB obligation	1,104,933
Adjustment to ARC	<u>(1,076,390)</u>
Annual OPEB cost (expense) end of year	4,882,095
Net estimated employer contributions	<u>(2,236,690)</u>
Increase in net OPEB obligation	2,645,405
Net OPEB obligation - beginning	<u>27,623,327</u>
Net OPEB obligation - end of year	<u>\$ 30,268,732</u>

The City's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2017 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
2015	\$ 5,176,203	\$ 2,294,714	44.3%	\$ 25,167,502
2016	\$ 4,738,192	\$ 2,282,367	48.2%	\$ 27,623,327
2017	\$ 4,882,095	\$ 2,236,690	45.8%	\$ 30,268,732

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%	\$ 45,683,739	130%
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 payroll
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/month. 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.

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

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of the benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36, 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, 2016 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, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	721
Inactive employees entitled to but not yet receiving benefits	267
Active employees	<u>980</u>
	<u>1,968</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 12.93% and 13.88%, including 0.23% and 0.22% of supplemental death benefits, respectively, in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017 was \$8,512,614, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 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, 2016 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. They were adopted in 2015 and first used in December 31, 2015 actuarial valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal (EAN) actuarial cost method and an one-time change to the amortization policy. Assumptions are reviewed annually. 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 short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major 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).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 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%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
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.

Schedule of Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2015	\$ 402,874,911	\$ 363,880,489	\$ 38,994,422
Changes for the year:			
Service cost	9,425,461	-	9,425,461
Interest	26,908,444	-	26,908,444
Difference between expected and actual experience	879,833	-	879,833
Contributions - employer	-	7,339,257	(7,339,257)
Contributions - employee	-	4,045,262	(4,045,262)
Net investment income	-	24,588,550	(24,588,550)
Benefit payments, including refunds of employee contributions	(17,888,068)	(17,888,068)	-
Administrative expense	-	(277,733)	277,733
Other changes	-	(14,963)	14,963
Net changes	19,325,670	17,792,305	1,533,365
Balance at 12/31/2016	\$ 422,200,581	\$ 381,672,794	\$ 40,527,787

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/(asset)	\$ 95,547,772	\$ 40,527,787	\$ (5,074,223)

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.tmrs.com.

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

For the year ended September 30, 2017, the City recognized pension expense of \$14,322,960.

At September 30, 2017, 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	\$ 694,994	\$ 2,037,373
Changes in actuarial assumptions	2,936,003	-
Difference between projected and actual investment earnings	17,006,035	-
Contributions subsequent to the measurement date	6,723,422	-
Total	<u>\$ 27,360,454</u>	<u>\$ 2,037,373</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$6,723,422 will be recognized as a reduction to the net position liability for the year ended September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal year ended September 30:</u>	<u>Pension Expense</u>
2018	\$ 6,303,552
2019	6,434,158
2020	5,726,795
2021	135,154
2022	-
Thereafter	-
Total	<u>\$ 18,599,659</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 2017, 2016, and 2015 are \$39,394, \$38,234, and \$29,209, respectively, which equaled the required contributions each year. The City's contribution rates for the past three years are as follows:

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actual Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
2015	0.05%	0.05%	100.00%
2016	0.07%	0.07%	100.00%
2017	0.06%	0.06%	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, 2016, there were 199 member fire or emergency services departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

At August 31, 2016, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,167
Terminated members entitled to benefits but not yet receiving them	2,200
Current active members (vested and nonvested)	<u>3,634</u>
	<u>9,001</u>

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

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

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). The City contributes \$132 per active participant per month. 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, 2016, the Part Two contribution rate was established by the board to be 2%, of the Part One contributions beginning September 1, 2017.

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, 2016, total contributions (dues, prior service, and interest on prior service financing) of \$184,932 were paid by the City. The State contributed \$1,583,825 for the fiscal year ending August 31, 2016.

Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2016
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	3.00%
Cost of Living Adjustments	None

Mortality rates were based on the RP2000 Combined Healthy Mortality Tables for males and for females projected to 2024 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 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption were selected by "rounding down" and thereby reflects a reduction of 0.22% 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%	5.7%
Small cap domestic	10%	6.0%
Developed international	21%	6.2%
Emerging markets	6%	7.2%
Master limited partnership	5%	7.6%
Fixed income		
Domestic	21%	1.6%
International	5%	1.8%
Cash	<u>0.0%</u>	<u>0.0%</u>
Weighted average total	100.0%	4.97%

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, 2016 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. 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	\$ 1,990,626	\$ 1,175,787	\$ 656,612

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

At August 31, 2016, the City reported a liability of \$1,175,787 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	\$ 1,175,787
State's proportionate share that is associated with the City*	<u>406,481</u>
Total	<u>\$ 1,582,268</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, 2016.

At August 31, 2016, the employer's proportion of the collective net pension liability was 4.037%, which was a decrease of 0.244% from its proportion measured as of August 31, 2015.

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, 2016, the City recognized pension expense of \$250,506. The City recognized on-behalf revenues of \$63,939 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At September 30, 2017, 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	\$ 1,819	\$ -
Changes in actuarial assumptions	25,039	-
Net difference between projected and actual investment earnings	222,608	-
Contributions subsequent to the measurement date	199,188	-
Total	<u>\$ 448,654</u>	<u>\$ -</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$199,188 will be recognized as a reduction to the net position liability for the year ended September 30, 2018. 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>		
2018		\$ (62,701)
2019		(62,701)
2020		(108,403)
2021		(15,661)
2022		-
Thereafter		-
Total		<u>\$ (249,466)</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, 2017, the program reserve in the amount of \$121,412 is held by HUD on behalf of City of Pasadena Housing Authority.

G. Hurricane Harvey

On August 25, 2017, the FEMA granted Governor Greg Abbott's request for a Presidential Disaster Declaration which allowed the City to apply for the Federal Public Assistance Grant. The City incurred substantial expenditures, planning and preparing for Hurricane Harvey which hit landfall August 26, 2017. The City provided refuge and assistance to citizens of the area, managed emergency operations, and cleaned-up debris. Many of these expenditures incurred by the City are expected to be reimbursed by the Federal Emergency Management Agency (FEMA). The City has estimated the amount it anticipates to recover from FEMA for the portion of the expenditures incurred. However, FEMA’s policies have and will likely change; therefore, the actual reimbursement could differ from the amount estimated based on the City’s current understanding and interpretation of FEMA’s policies.

H. Subsequent Event

On October 11, 2017, the City of Pasadena, Texas issue a Combination Tax and Revenue Certificate of Obligation, Series 2017 in the amount of \$35,480,000. The purpose of the issuance is to pay for (i) costs to acquire, construct, equip, repair and improve various City-owned facilities, including waterworks and sanitary sewer systems, the Police and Fire Departments, public libraries, civic and community centers, public parks and recreational facilities, and animal shelters, and to construct street, sidewalk and drainage improvements at various locations in the City, and (ii) paying costs related to issuance of the Certificates.

On February 15, 2018, the Pasadena Second Century Corporation, Texas, a Blended Component Unit of the City of Pasadena, Texas, enter into an Amended and Restated loan agreement and issue a promissory note in exchange for the return of the prior note (Sales Tax Revenue Promissory Note, Series 2017" in the same 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.

On February 15, 2018, the City of Pasadena was reimbursed \$1,068,417 by the Federal Emergency Management Agency (FEMA) for Hurricane Harvey Category B Emergency Protective Measures expenditures incurred due to the disaster. This is just a partial reimbursement from an estimated amount the City anticipates to recover from FEMA in the following months.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PASADENA, TEXAS
OTHER POST EMPLOYMENT BENEFITS (OPEB)
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, 2015	\$ 5,102,481	\$ 2,294,714	\$ 1,002,871	\$ 929,149	23.9854	\$ 5,176,203	\$ 2,881,489	\$ 22,851,090
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
September 30, 2017	\$ 4,853,552	\$ 2,236,690	\$ 1,104,933	\$ 1,076,390	28.1206	\$ 4,882,095	\$ 2,645,405	\$ 30,268,732

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
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Years (1)

	Measurement Year		
	2014	2015	2016
Total pension liability			
Service cost	\$ 7,815,620	\$ 8,664,210	\$ 9,425,461
Interest (on the total pension liability)	25,468,655	26,426,824	26,908,444
Change of benefits terms	-	-	-
Difference between expected and actual experience	(2,817,613)	(1,734,873)	879,833
Change of assumptions	-	5,151,855	-
Benefit payments, including refund of employee contributions	(16,751,526)	(17,654,124)	(17,888,068)
Net change in total pension liability	13,715,136	20,853,892	19,325,670
Total pension liability - beginning	368,305,883	382,021,019	402,874,911
Total pension liability - ending (a)	\$ 382,021,019	\$ 402,874,911	\$ 422,200,581
Plan Fiduciary Net Position			
Contributions - employer	\$ 7,624,193	\$ 7,531,271	\$ 7,339,257
Contributions - employee	3,761,701	3,892,097	4,045,262
Net investment income	20,317,406	545,817	24,588,550
Benefit payments, including refund of employee contributions	(16,751,526)	(17,654,124)	(17,888,068)
Administrative expense	(212,141)	(332,466)	(277,733)
Other	(17,442)	(16,421)	(14,963)
Net change in plan fiduciary net pension	14,722,191	(6,033,826)	17,792,305
Plan fiduciary net position - beginning	355,192,124	369,914,315	363,880,489
Plan fiduciary net position - ending (b)	\$ 369,914,315	\$ 363,880,489	\$ 381,672,794
Net pension liability - ending (a) - (b)	\$ 12,106,704	\$ 38,994,422	\$ 40,527,787
Plan fiduciary net position as a percentage of total pension liability	96.83%	90.32%	90.40%
Covered employee payroll	\$ 53,729,371	\$ 55,504,230	\$ 57,789,461
Net pension liability as a percentage of covered employee payroll	22.53%	70.25%	70.13%

(1) GASB 68 requires ten fiscal years of data to be provided in this schedule; only three years are available at this time.

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

	September 30,		
	2015	2016	2017
Actuarially determined contribution	\$ 7,605,747	\$ 7,622,892	\$ 8,512,614
Contributions in relation to the actuarially determined contribution	<u>\$ 7,605,747</u>	<u>\$ 7,622,892</u>	<u>\$ 8,512,614</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 55,384,915	\$ 58,987,632	\$ 63,307,908
Contributions as a percentage of covered employee payroll	13.73%	12.92%	13.45%

(1) GASB 68 requires ten fiscal years of data to be provided in this schedule, only three years are available at this time.

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

Actuarial Cost Method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 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	2017
City's proportion of the net pension liability	4.706%	4.281%	4.037%
City's proportionate share of the net pension liability	\$ 855,158	\$ 1,142,706	\$ 1,175,787
State's proportionate share of the net pension liability	287,462	396,097	406,481
Total	\$ 1,142,620	\$ 1,538,803	\$ 1,582,268
Number of active members**	106	114	134
City's Net Pension Liability per Active Member	\$ 8,068	\$ 10,024	\$ 8,775
Plan fiduciary net position as a percentage of the total pension liability	83.5%	76.9%	76.3%

* Only three years of information is 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 as of August 2017 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.

Changes in assumptions measure of the total pension liability during the measure period.

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

	Fiscal Year*			
	2014	2015	2016	2017
Contractually required contribution	\$ 214,235	\$ 202,225	\$ 184,932	\$ 199,188
Contributions in relation to the contractually required contribution	214,235	202,225	184,932	199,188
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members**	106	106	114	134
Contributions per active member	\$ 2,021	\$ 1,907	\$ 1,622	\$ 1,486

* Only four years of information are currently available. The City will build this schedule over the next six-year period.

** There is no compensation for active members. Number of active members is used as of August 2017 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, 2017**

ASSETS

Cash and cash equivalents	\$	2,296,819
Investments		
TexPool		24,476,707
LOGIC CLASS A		555,991
CLASS		23,159,723
		48,192,421
Receivables (net, where applicable, of allowances for uncollectible)		
General property taxes		898,137
Accounts receivable		5,054,325
		5,952,462
Due from other funds		1,368,356
Due from component unit		8,438
Restricted assets		
Receivables (net, where applicable, of allowances for uncollectible)		49,476
		49,476
TOTAL ASSETS	\$	57,867,972

LIABILITIES

Accounts payable	\$	7,671,757
Accrued payroll payable		1,277,925
Due to other funds		10,093,040
		19,042,722
TOTAL LIABILITIES		19,042,722

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes		886,734
Unavailable revenue - industrial district fees		97,889
Unavailable revenue - electrical franchise fees		399,889
		1,384,512
TOTAL DEFERRED INFLOWS OF RESOURCES		1,384,512

FUND BALANCES

Committed		15,000
Assigned		466,821
Unassigned		36,958,917
		37,440,738
TOTAL FUND BALANCES		37,440,738
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$	57,867,972

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**CITY OF PASADENA, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR YEAR ENDED SEPTEMBER 30, 2017**

REVENUES	
General property taxes	\$ 35,268,745
Business taxes and fees	
Industrial district fees	17,283,049
Sales taxes	21,207,907
Franchise taxes	9,039,680
Other taxes	299,988
Total business taxes and fees	<u>47,830,624</u>
Licenses and permits	2,552,548
Municipal court fines	5,187,787
Charges for services	9,849,361
Intergovernmental	234,794
Miscellaneous	927,125
Investment income	<u>570,230</u>
TOTAL REVENUES	<u>102,421,214</u>
EXPENDITURES	
Current	
General government	20,557,032
Public safety	45,626,173
Public works	15,854,732
Health	4,561,561
Culture and recreation	<u>16,249,918</u>
TOTAL EXPENDITURES	<u>102,849,416</u>
(DEFICIENCY) OF EXPENDITURES (UNDER) REVENUES	<u>(428,202)</u>
OTHER FINANCING SOURCES/(USES)	
Operating transfers in (out)	
Maintenance fund	(1,376,500)
Capital projects fund	700,000
Water and sewer system	3,000,000
General liability insurance fund	(500,000)
Capital projects fund	(11,309,372)
Sale of capital assets	<u>134,586</u>
TOTAL OTHER FINANCING (USES)	<u>(9,351,286)</u>
NET CHANGE IN FUND BALANCE	(9,779,488)
FUND BALANCE - BEGINNING	<u>47,220,226</u>
FUND BALANCE - ENDING	<u>\$ 37,440,738</u>

**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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
General Property Taxes				
Ad valorem taxes	\$ 32,250,000	\$ 32,250,000	\$ 34,683,399	\$ 2,433,399
Penalty and interest	512,000	530,819	585,346	54,527
Total General Property Taxes	32,762,000	32,780,819	35,268,745	2,487,926
Business Taxes				
Industrial district fees	17,473,700	17,473,700	17,283,049	(190,651)
Sales tax	21,000,000	21,000,000	21,207,907	207,907
Franchise taxes	8,778,250	8,809,450	9,039,680	230,230
Other taxes				
Mixed drink tax	290,000	290,000	299,955	9,955
Bingo tax	-	-	33	33
Total Business Taxes	47,541,950	47,573,150	47,830,624	257,474
Licenses and Permits				
Business types	2,378,200	2,392,000	2,370,123	(21,877)
Occupational types	95,700	105,000	109,437	4,437
Non-business types	76,200	76,200	72,988	(3,212)
Total Licenses and Permits	2,550,100	2,573,200	2,552,548	(20,652)
Municipal Court Fines and Fees				
	5,770,000	5,770,000	5,187,787	(582,213)
Charges for Services				
Ellington municipal golf course	486,500	486,500	476,633	(9,867)
Recreational activities	218,400	218,400	187,609	(30,791)
Swimming pool	280,000	282,500	285,347	2,847
Tennis court	9,500	9,500	11,163	1,663
Civic center	339,000	346,500	329,435	(17,065)
Other centers	89,200	89,200	57,028	(32,172)
Miscellaneous	745,500	745,500	812,799	67,299
Solid waste collection	6,927,200	6,927,200	6,914,394	(12,806)
Health services	392,050	402,250	386,668	(15,582)
Library services	50,000	50,000	43,953	(6,047)
Property management	300,000	300,000	344,332	44,332
Total Charges for Services	9,837,350	9,857,550	9,849,361	(8,189)
Intergovernmental				
Fire protection	90,000	90,000	79,479	(10,521)
Reimbursement from other agencies	65,000	65,000	67,983	2,983
TxDOT - traffic signal maintenance	30,495	30,495	36,495	6,000
Emergency management performance grant	55,000	55,000	49,476	(5,524)
Restitution - Harris County	5,000	5,000	1,361	(3,639)
Total Intergovernmental	245,495	245,495	234,794	(10,701)
Miscellaneous				
	537,460	806,572	927,125	120,553
Investment Income				
	201,800	408,900	570,230	161,330
TOTAL REVENUES	\$ 99,446,155	\$ 100,015,686	\$ 102,421,214	\$ 2,405,528

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Current				
<u>General Government</u>				
City Council				
Personnel services	\$ 96,114	\$ 99,714	\$ 99,641	\$ 73
Contractual services	53,200	53,200	27,522	25,678
Materials and supplies	11,100	21,100	15,104	5,996
Maintenance charges	58,178	44,178	43,539	639
	218,592	218,192	185,806	32,386
Mayor				
Personnel services	294,281	642,281	642,162	119
Contractual services	19,100	32,500	32,475	25
Materials and supplies	8,450	9,050	8,993	57
Maintenance charges	35,161	50,361	50,322	39
	356,992	734,192	733,952	240
Budget and Financial Planning				
Personnel services	581,334	786,334	786,277	57
Contractual services	39,400	40,550	32,835	7,715
Materials and supplies	8,450	8,450	3,487	4,963
Maintenance charges	17,100	19,100	19,061	39
	646,284	854,434	841,660	12,774
Municipal Court				
Personnel services	1,800,111	1,944,111	1,943,488	623
Contractual services	152,493	89,893	88,657	1,236
Materials and supplies	77,841	58,924	46,674	12,250
Maintenance charges	267,671	267,671	260,388	7,283
	2,298,116	2,360,599	2,339,207	21,392
City Controller				
Personnel services	1,792,911	2,042,911	2,041,958	953
Contractual services	110,300	114,500	114,459	41
Materials and supplies	24,782	32,282	31,612	670
Maintenance charges	77,031	77,131	74,231	2,900
	\$ 2,005,024	\$ 2,266,824	\$ 2,262,260	\$ 4,564

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, 2017**

EXPENDITURES General Government, Continued	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Tax				
Contractual services	\$ 482,500	\$ 482,500	\$ 480,848	\$ 1,652
Materials and supplies	20	20	-	20
	482,520	482,520	480,848	1,672
Purchasing				
Personnel services	349,043	397,043	396,494	549
Contractual services	11,810	27,810	26,545	1,265
Materials and supplies	4,205	4,205	3,832	373
Maintenance charges	37,152	37,152	35,693	1,459
	402,210	466,210	462,564	3,646
Legal				
Personnel services	888,652	936,652	936,266	386
Contractual services	172,275	1,469,616	1,464,131	5,485
Materials and supplies	37,453	37,453	31,393	6,060
Maintenance charges	58,904	64,104	64,011	93
Other charges	-	88,781	88,781	-
	1,157,284	2,596,606	2,584,582	12,024
City Secretary				
Personnel services	286,836	312,836	312,245	591
Contractual services	58,525	27,475	27,446	29
Materials and supplies	10,475	10,475	8,219	2,256
Maintenance charges	54,916	44,916	44,885	31
	410,752	395,702	392,795	2,907
Elections				
Contractual services	95,000	62,700	62,642	58
Materials and supplies	9,050	950	917	33
	104,050	63,650	63,559	91
Human Resources				
Personnel services	670,857	595,357	595,355	2
Contractual services	80,750	162,875	162,813	62
Materials and supplies	49,450	49,450	38,206	11,244
Maintenance charges	84,459	90,059	90,010	49
	885,516	897,741	886,384	11,357
Civil Service				
Contractual services	54,400	21,400	21,085	315
Materials and supplies	10,000	10,000	198	9,802
	\$ 64,400	\$ 31,400	\$ 21,283	\$ 10,117

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
City Marshall				
Personnel services	\$ 726,217	\$ 1,067,217	\$ 1,066,251	\$ 966
Contractual services	10,300	12,100	12,057	43
Materials and supplies	12,726	10,926	7,529	3,397
Maintenance charges	142,330	142,330	141,504	826
	891,573	1,232,573	1,227,341	5,232
Community Relations				
Personnel services	883,455	897,455	896,920	535
Contractual services	129,600	94,600	65,890	28,710
Materials and supplies	44,550	44,550	28,926	15,624
Maintenance charges	116,802	108,802	108,780	22
	1,174,407	1,145,407	1,100,516	44,891
Pasadena Action Line				
Personnel services	374,018	376,618	376,610	8
Contractual services	2,050	2,050	518	1,532
Materials and supplies	6,700	6,700	5,207	1,493
Maintenance charges	53,811	55,111	55,065	46
	436,579	440,479	437,400	3,079
Planning				
Personnel services	514,808	481,008	480,939	69
Contractual services	335,550	948,550	806,857	141,693
Materials and supplies	18,000	34,000	26,141	7,859
Maintenance charges	74,868	62,368	62,239	129
	943,226	1,525,926	1,376,176	149,750
Economic Development Liaison				
Personnel services	238,973	242,573	242,518	55
Contractual services	32,865	32,865	26,153	6,712
Materials and supplies	6,150	6,150	4,143	2,007
Maintenance charges	20,508	20,533	20,532	1
	\$ 298,496	\$ 302,121	\$ 293,346	\$ 8,775

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, 2017**

EXPENDITURES General Government, Continued	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Neighborhood Network				
Personnel services	\$ 139,198	\$ 141,298	\$ 141,225	\$ 73
Contractual services	140,066	185,066	74,116	110,950
Materials and supplies	17,700	17,700	10,358	7,342
Maintenance charges	26,186	26,486	26,485	1
	323,150	370,550	252,184	118,366
Inspections				
Personnel services	1,401,701	1,338,901	1,338,894	7
Contractual services	71,450	67,950	55,907	12,043
Materials and supplies	20,282	23,782	15,665	8,117
Maintenance charges	197,870	197,890	197,814	76
Capital outlay	11,200	11,200	-	11,200
	1,702,503	1,639,723	1,608,280	31,443
Property Management				
Personnel services	179,172	127,172	127,145	27
Contractual services	963,277	629,252	575,304	53,948
Materials and supplies	241,108	102,108	75,987	26,121
Maintenance charges	530,379	288,879	286,204	2,675
Capital outlay	80,000	154,248	98,763	55,485
	1,993,936	1,301,659	1,163,403	138,256
New City Hall				
Personnel services	-	-	-	-
Contractual services	177,868	748,668	708,328	40,340
Materials and supplies	30,315	413,275	328,401	84,874
Maintenance charges	-	221,000	220,574	426
	208,183	1,382,943	1,257,303	125,640
New Courts				
Contractual services	43,072	72	-	72
Materials and supplies	10,000	-	-	-
	53,072	72	-	72
Impound/Storage				
Personnel services	353,941	381,041	380,966	75
Contractual services	6,600	6,600	3,851	2,749
Materials and supplies	6,000	6,000	1,250	4,750
Other charges	8,155	8,241	8,240	1
	374,696	401,882	394,307	7,575
Other Charges				
Personnel services	2,534,968	-	-	-
Contractual services	224,000	98,300	88,294	10,006
Materials and supplies	-	24,043	24,043	-
Other charges	72,500	72,500	22,078	50,422
Other uses	92,500	92,499	57,461	35,038
	2,923,968	287,342	191,876	95,466
Total General Government	\$ 20,355,529	\$ 21,398,747	\$ 20,557,032	\$ 841,715

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Personnel services	\$ 455,146	\$ 586,146	\$ 585,426	\$ 720
Contractual services	89,347	226,992	191,574	35,418
Materials and supplies	12,250	34,636	33,332	1,304
Maintenance charges	221,733	230,333	230,299	34
	778,476	1,078,107	1,040,631	37,476

Fire Fighting

Personnel services	616,355	659,355	659,256	99
Contractual services	1,136,810	1,016,610	1,005,308	11,302
Materials and supplies	732,207	657,107	612,322	44,785
Maintenance charges	897,148	905,648	905,580	68
Capital outlay	182,235	182,235	83,122	99,113
	3,564,755	3,420,955	3,265,588	155,367

Fire Prevention

Personnel services	994,833	1,211,833	1,211,408	425
Contractual services	96,000	98,000	96,426	1,574
Materials and supplies	46,333	53,433	53,089	344
Maintenance charges	298,038	307,638	307,548	90
	1,435,204	1,670,904	1,668,471	2,433

Police

Personnel services	32,613,942	34,546,889	34,537,423	9,466
Contractual services	543,890	549,990	499,997	49,993
Materials and supplies	361,650	423,302	379,167	44,135
Maintenance charges	3,633,952	3,624,343	3,572,971	51,372
	37,153,434	39,144,524	38,989,558	154,966

Code Enforcement

Personnel services	347,641	400,641	399,866	775
Contractual services	128,750	128,750	112,561	16,189
Materials and supplies	30,800	60,927	44,176	16,751
Maintenance charges	100,883	105,483	105,322	161
	608,074	695,801	661,925	33,876

Total Public Safety

	\$ 43,539,943	\$ 46,010,291	\$ 45,626,173	\$ 384,118
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**CITY OF PASADENA, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Works				
Engineering				
Personnel services	\$ 1,620,676	\$ 1,672,676	\$ 1,672,585	\$ 91
Contractual services	438,110	458,195	436,195	22,000
Materials and supplies	41,000	46,200	37,958	8,242
Maintenance charges	216,317	217,117	217,109	8
Other charges	-	470	470	-
	2,316,103	2,394,658	2,364,317	30,341
Street Lighting and Signals				
Contractual services	1,358,800	1,306,100	1,306,092	8
	1,358,800	1,306,100	1,306,092	8
Sanitation				
Personnel services	2,486,040	2,612,040	2,611,652	388
Contractual services	3,835,812	4,506,667	4,421,256	85,411
Materials and supplies	332,117	257,117	256,095	1,022
Maintenance charges	301,125	301,185	298,561	2,624
	6,955,094	7,677,009	7,587,564	89,445
Street and Bridge				
Personnel services	2,189,312	2,291,312	2,291,076	236
Contractual services	48,650	48,650	23,691	24,959
Materials and supplies	398,594	332,094	295,011	37,083
Maintenance charges	374,884	374,884	366,501	8,383
Capital outlay	15,000	16,500	15,680	820
	3,026,440	3,063,440	2,991,959	71,481
Traffic and Transportation				
Personnel services	855,270	908,270	907,313	957
Contractual services	315,500	275,385	225,134	50,251
Materials and supplies	322,200	362,315	338,051	24,264
Maintenance charges	141,247	141,247	134,302	6,945
	1,634,217	1,687,217	1,604,800	82,417
Total Public Works	\$ 15,290,654	\$ 16,128,424	\$ 15,854,732	\$ 273,692

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Health				
Health				
Personnel services	\$ 846,233	\$ 852,733	\$ 852,654	\$ 79
Contractual services	637,080	733,628	677,332	56,296
Materials and supplies	18,650	100,926	95,655	5,271
Maintenance charges	111,983	113,783	113,702	81
	1,613,946	1,801,070	1,739,343	61,727
Animal Rescue and Assistance				
Personnel services	1,812,813	1,790,913	1,790,814	99
Contractual services	277,400	309,900	308,350	1,550
Materials and supplies	259,000	294,000	239,418	54,582
Maintenance charges	289,159	284,052	273,171	10,881
Capital outlay	-	246,778	210,465	36,313
	2,638,372	2,925,643	2,822,218	103,425
Total Health	4,252,318	4,726,713	4,561,561	165,152
Culture and Recreation				
Parks				
Personnel services	2,154,333	2,039,333	2,039,081	252
Contractual services	878,632	817,866	531,537	286,329
Materials and supplies	231,031	300,738	273,577	27,161
Maintenance charges	783,580	787,946	787,946	-
Capital outlay	825,686	825,686	197,586	628,100
	4,873,262	4,771,569	3,829,727	941,842
Recreation				
Personnel services	2,163,100	2,430,500	2,429,342	1,158
Contractual services	735,775	688,367	645,885	42,482
Materials and supplies	416,315	411,715	319,867	91,848
Maintenance charges	395,875	419,888	384,432	35,456
Other charges	90,500	90,500	68,578	21,922
Capital outlay	67,500	140,916	73,416	67,500
	\$ 3,869,065	\$ 4,181,886	\$ 3,921,520	\$ 260,366

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, 2017**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Culture and Recreation, Continued				
Clean Streets				
Personnel services	\$ 1,230,743	\$ 1,274,743	\$ 1,273,850	\$ 893
Contractual services	47,200	47,200	20,000	27,200
Materials and supplies	80,155	80,155	50,013	30,142
Maintenance charges	329,931	329,931	325,759	4,172
Capital outlay	66,000	66,000	16,948	49,052
	1,754,029	1,798,029	1,686,570	111,459
Golf Course				
Personnel services	387,362	569,362	568,933	429
Contractual services	155,800	135,800	132,971	2,829
Materials and supplies	99,050	153,717	103,061	50,656
Maintenance charges	99,278	99,278	97,645	1,633
	741,490	958,157	902,610	55,547
Multi-Purpose Center				
Personnel services	399,461	391,361	391,279	82
Contractual services	39,800	39,800	32,385	7,415
Materials and supplies	47,400	47,400	37,412	9,988
Maintenance charges	61,984	61,984	51,590	10,394
Other charges	15,000	15,000	9,320	5,680
Capital outlay	64,250	64,250	17,147	47,103
	627,895	619,795	539,133	80,662
Civic Center				
Personnel services	383,551	379,451	379,358	93
Contractual services	132,000	132,000	120,390	11,610
Materials and supplies	11,575	11,575	11,006	569
Maintenance charges	229,827	229,827	228,437	1,390
	756,953	752,853	739,191	13,662
Senior Center - Madison Jobe				
Personnel services	418,010	375,210	375,166	44
Contractual services	43,150	35,150	24,650	10,500
Materials and supplies	46,339	54,339	53,068	1,271
Maintenance charges	108,817	89,063	88,594	469
Other charges	27,500	27,513	27,513	-
	\$ 643,816	\$ 581,275	\$ 568,991	\$ 12,284
Museum				
Personnel services	32,348	12,248	12,228	20
Contractual services	5,600	5,600	3,830	1,770
Materials and supplies	6,100	6,100	4,884	1,216
Maintenance charges	7,118	7,118	7,032	86
Other charges	800	800	792	8
	\$ 51,966	\$ 31,866	\$ 28,766	\$ 3,100

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Library				
Personnel services	\$ 2,735,888	\$ 2,700,388	\$ 2,700,314	\$ 74
Contractual services	303,309	316,009	314,282	1,727
Materials and supplies	209,980	166,956	148,145	18,811
Maintenance charges	565,648	573,348	548,773	24,575
Capital outlay	265,082	365,625	321,896	43,729
	4,079,907	4,122,326	4,033,410	88,916
Total Culture and Recreation	17,398,383	17,817,756	16,249,918	1,567,838
TOTAL EXPENDITURES	100,836,827	106,081,931	102,849,416	3,232,515
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,390,672)	(6,066,245)	(428,202)	5,638,043
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
Maintenance fund	(1,376,500)	(1,376,500)	(1,376,500)	-
Water and sewer system fund	3,000,000	3,000,000	3,000,000	-
Insurance fund	(500,000)	(500,000)	(500,000)	-
Capital projects fund	-	(11,309,372)	(11,309,372)	-
Capital projects fund	-	700,000	700,000	-
Sale of capital assets	40,000	132,400	134,586	2,186
	1,163,500	(9,353,472)	(9,351,286)	2,186
TOTAL OTHER FINANCING SOURCES (USES)	1,163,500	(9,353,472)	(9,351,286)	2,186
NET CHANGE IN FUND BALANCES	(227,172)	(15,419,717)	(9,779,488)	5,640,229
FUND BALANCE - BEGINNING	45,390,176	47,220,226	47,220,226	-
FUND BALANCE - ENDING	\$ 45,163,004	\$ 31,800,509	\$ 37,440,738	\$ 5,640,229

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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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes				
Ad valorem taxes	\$ 9,649,000	\$ 9,649,000	\$ 10,039,002	\$ 390,002
Investment income	1,000	1,000	10,396	9,396
TOTAL REVENUES	9,650,000	9,650,000	10,049,398	399,398
EXPENDITURES				
Debt service				
Principal	6,927,613	6,927,613	6,927,613	-
Interest	2,554,708	2,554,708	2,554,708	-
Fiscal charges	5,000	5,000	-	5,000
Other charges	12,000	12,000	-	12,000
TOTAL EXPENDITURES	9,499,321	9,499,321	9,482,321	17,000
EXCESS REVENUES OVER EXPENDITURES	150,679	150,679	567,077	416,398
OTHER FINANCING SOURCES				
Transfers in - capital projects fund	-	-	166	166
TOTAL OTHER FINANCING SOURCES	-	-	166	166
NET CHANGE IN FUND BALANCE	150,679	150,679	567,243	416,564
FUND BALANCES - BEGINNING	1,254,557	1,493,541	1,493,541	-
FUND BALANCES - ENDING	\$ 1,405,236	\$ 1,644,220	\$ 2,060,784	\$ 416,564

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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 and 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, 2017**

	<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>
<u>ASSETS</u>					
Due from other funds	\$ 603,699	\$ -	\$ -	\$ -	\$ 603,699
Restricted assets					
Cash and cash equivalents	-	53,067	-	-	53,067
Investments	1,695,537	656,049	3,516,315	258,240	6,126,141
Receivables (net of allowances of uncollectibles)					
Intergovernmental	83,469	-	-	-	83,469
Accounts	-	-	387,787	-	387,787
TOTAL ASSETS	<u>\$ 2,382,705</u>	<u>\$ 709,116</u>	<u>\$ 3,904,102</u>	<u>\$ 258,240</u>	<u>\$ 7,254,163</u>
<u>LIABILITIES</u>					
Due to other funds	\$ -	\$ -	\$ 4,954	\$ -	\$ 4,954
Liabilities payable from restricted assets					
Accounts payable	40,781	66,089	15,308	35,324	157,502
Accrued payroll payable	3,806	-	332	-	4,138
Unearned revenue	60,049	-	-	-	60,049
	<u>104,636</u>	<u>66,089</u>	<u>15,640</u>	<u>35,324</u>	<u>221,689</u>
TOTAL LIABILITIES	<u>104,636</u>	<u>66,089</u>	<u>20,594</u>	<u>35,324</u>	<u>226,643</u>
<u>FUND BALANCES</u>					
Restricted	<u>2,278,069</u>	<u>643,027</u>	<u>3,883,508</u>	<u>222,916</u>	<u>7,027,520</u>
TOTAL FUND BALANCES	<u>2,278,069</u>	<u>643,027</u>	<u>3,883,508</u>	<u>222,916</u>	<u>7,027,520</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,382,705</u>	<u>\$ 709,116</u>	<u>\$ 3,904,102</u>	<u>\$ 258,240</u>	<u>\$ 7,254,163</u>

**CITY OF PASADENA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<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>	
REVENUES					
Business taxes					
Franchise taxes	\$ 287,258	\$ -	\$ -	\$ -	\$ 287,258
Other taxes	-	-	1,341,850	-	1,341,850
Licenses and permits	2,880	-	-	-	2,880
Municipal court fines	371,018	-	-	-	371,018
Intergovernmental	286,336	302,287	-	-	588,623
Miscellaneous	5,586	-	-	356,393	361,979
Investment income	10,598	3,907	23,956	1,302	39,763
TOTAL REVENUES	963,676	306,194	1,365,806	357,695	2,993,371
EXPENDITURES					
Current					
General government					
Personnel services	109,217	-	-	-	109,217
Contractual services	181,363	-	-	-	181,363
Materials and supplies	24,074	-	-	-	24,074
Capital outlay	514,172	-	-	-	514,172
Public safety					
Personnel services	77,678	-	-	-	77,678
Contractual services	87,528	93,535	-	200,165	381,228
Materials and supplies	34,341	90,458	-	36,275	161,074
Other charges	-	63,700	-	35,588	99,288
Capital outlay	19,884	-	-	-	19,884
Culture and recreation					
Personnel services	-	-	169,859	-	169,859
Contractual services	-	-	116,331	-	116,331
Materials and supplies	-	-	75,298	-	75,298
Other charges	-	-	1,604	-	1,604
TOTAL EXPENDITURES	1,048,257	247,693	363,092	272,028	1,931,070
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(84,581)	58,501	1,002,714	85,667	1,062,301
FUND BALANCES - BEGINNING	2,362,650	584,526	2,880,794	137,249	5,965,219
FUND BALANCES - ENDING	\$ 2,278,069	\$ 643,027	\$ 3,883,508	\$ 222,916	\$ 7,027,520

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Franchise taxes	\$ 280,000	\$ 280,000	\$ 287,258	\$ 7,258
Licenses and permits	3,000	3,000	2,880	(120)
Municipal court fines	420,000	420,000	371,018	(48,982)
Intergovernmental	282,000	282,000	286,336	4,336
Miscellaneous	5,500	5,500	5,586	86
Investment income	530	530	10,598	10,068
TOTAL REVENUES	991,030	991,030	963,676	(27,354)
EXPENDITURES				
Current				
General government				
Personnel services	97,693	112,593	109,217	3,376
Contractual services	250,778	259,778	181,363	78,415
Materials and supplies	143,950	118,050	24,074	93,976
Capital outlay	100,000	583,876	514,172	69,704
Public safety				
Personnel services	118,265	118,265	77,678	40,587
Contractual services	166,120	166,120	87,528	78,592
Materials and supplies	69,600	69,600	34,341	35,259
Capital outlay	40,000	40,000	19,884	20,116
TOTAL EXPENDITURES	986,406	1,468,282	1,048,257	420,025
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,624	(477,252)	(84,581)	392,671
FUND BALANCES - BEGINNING	2,182,686	2,362,650	2,362,650	-
FUND BALANCES - ENDING	\$ 2,187,310	\$ 1,885,398	\$ 2,278,069	\$ 392,671

**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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 302,287	\$ 302,287
Investment income	430	430	3,907	3,477
TOTAL REVENUES	430	430	306,194	305,764
EXPENDITURES				
Current				
Public safety				
Contractual services	97,000	111,000	93,535	17,465
Materials and supplies	131,280	131,280	90,458	40,822
Other charges	60,000	100,000	63,700	36,300
Capital outlay	10,000	10,000	-	10,000
TOTAL EXPENDITURES	298,280	352,280	247,693	104,587
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(297,850)	(351,850)	58,501	410,351
FUND BALANCES - BEGINNING	595,168	584,526	584,526	-
FUND BALANCES - ENDING	\$ 297,318	\$ 232,676	\$ 643,027	\$ 410,351

**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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other taxes	\$ 650,000	\$ 650,000	\$ 1,341,850	\$ 691,850
Miscellaneous	6,000	6,000	-	(6,000)
Investment income	1,500	1,500	23,956	22,456
TOTAL REVENUES	<u>657,500</u>	<u>657,500</u>	<u>1,365,806</u>	<u>708,306</u>
EXPENDITURES				
Current				
Culture and recreation				
Personnel services	140,555	170,055	169,859	196
Contractual services	139,770	122,070	116,331	5,739
Materials and supplies	125,103	113,303	75,298	38,005
Other charges	45,000	45,000	1,604	43,396
Capital outlay	90,000	90,000	-	90,000
TOTAL EXPENDITURES	<u>540,428</u>	<u>540,428</u>	<u>363,092</u>	<u>177,336</u>
EXCESS REVENUES OVER EXPENDITURES	117,072	117,072	1,002,714	885,642
FUND BALANCES - BEGINNING	<u>2,450,690</u>	<u>2,880,794</u>	<u>2,880,794</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>\$ 2,567,762</u></u>	<u><u>\$ 2,997,866</u></u>	<u><u>\$ 3,883,508</u></u>	<u><u>\$ 885,642</u></u>

**CITY OF PASADENA, TEXAS
 ABANDONED MOTOR VEHICLE AND PROPERTY SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 250,000	\$ 257,200	\$ 356,393	\$ 99,193
Investment income	40	40	1,302	1,262
TOTAL REVENUES	<u>250,040</u>	<u>257,240</u>	<u>357,695</u>	<u>100,455</u>
EXPENDITURES				
Current				
Public safety				
Contractual services	270,200	265,400	200,165	65,235
Materials and supplies	39,500	39,500	36,275	3,225
Other charges	25,000	37,000	35,588	1,412
TOTAL EXPENDITURES	<u>334,700</u>	<u>341,900</u>	<u>272,028</u>	<u>69,872</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(84,660)	(84,660)	85,667	170,327
FUND BALANCES - BEGINNING	<u>164,730</u>	<u>137,249</u>	<u>137,249</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 80,070</u>	<u>\$ 52,589</u>	<u>\$ 222,916</u>	<u>\$ 170,327</u>

INTERNAL SERVICE FUNDS

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

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

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

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

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

**CITY OF PASADENA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
ASSETS					
Current Assets					
Investments - TexPool	\$ 10,940,468	\$ 2,500,212	\$ 5,605,974	\$ 4,863,192	\$ 23,909,846
Accounts receivable	254	-	5,088	127,839	133,181
Due from other funds					
General	844,103	-	-	-	844,103
General liability insurance	67,384	-	-	-	67,384
Water and sewer system	116,946	-	-	-	116,946
Inventory, at cost	483,617	-	-	-	483,617
Prepaid items	-	-	408,979	-	408,979
Total Current Assets	12,452,772	2,500,212	6,020,041	4,991,031	25,964,056
Noncurrent Assets					
Deposits	-	8,000	-	236,000	244,000
Capital Assets					
Land	602	-	-	-	602
Buildings and building improvements	2,233,791	-	-	-	2,233,791
Accumulated depreciation - buildings and building improvements	(1,768,335)	-	-	-	(1,768,335)
Facilities and other improvements	175,754	-	-	-	175,754
Accumulated depreciation - facilities and other improvements	(73,942)	-	-	-	(73,942)
Machinery and equipment	9,047,466	-	-	-	9,047,466
Accumulated depreciation - machinery and equipment	(5,255,411)	-	-	-	(5,255,411)
Infrastructure	41,746	-	-	-	41,746
Accumulated depreciation - infrastructure	(23,015)	-	-	-	(23,015)
Automotive equipment	39,434,802	-	-	-	39,434,802
Accumulated depreciation - automotive equipment	(27,652,195)	-	-	-	(27,652,195)
Work in progress	1,511,236	-	-	-	1,511,236
Net Capital Assets	17,672,499	-	-	-	17,672,499
Total Noncurrent Assets	17,672,499	8,000	-	236,000	17,916,499
TOTAL ASSETS	30,125,271	2,508,212	6,020,041	5,227,031	43,880,555
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on pension	417,897	-	-	-	417,897
Deferred charge on investment	1,163,052	-	-	-	1,163,052
Deferred outflows on assumption change	202,820	-	-	-	202,820
Deferred outflows on difference expected and actual experienced	43,198	-	-	-	43,198
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,826,967	-	-	-	1,826,967
LIABILITIES					
Current Liabilities					
Accounts payable	1,161,171	1,279	32,071	337,066	1,531,587
Accrued payroll payable	114,946	2,423	-	3,977	121,346
Due to other funds					
General	-	-	-	670,647	670,647
Maintenance	-	-	67,384	-	67,384
Capital project	-	-	112,715	-	112,715
Claims payable	-	82,532	-	825,460	907,992
Compensated absences payable	150,260	-	-	-	150,260
Total Current Liabilities	1,426,377	86,234	212,170	1,837,150	3,561,931
Noncurrent Liabilities					
Claims payable	-	55,021	-	550,307	605,328
Compensated absences payable	1,352,336	-	-	-	1,352,336
Other post employment benefits	654,176	-	-	-	654,176
Net pension liability	2,683,010	-	-	-	2,683,010
Total Noncurrent Liabilities	4,689,522	55,021	-	550,307	5,294,850
TOTAL LIABILITIES	6,115,899	141,255	212,170	2,387,457	8,856,781
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on pension	135,817	-	-	-	135,817
TOTAL DEFERRED INFLOWS OF RESOURCES	135,817	-	-	-	135,817
NET POSITION					
Net investment in capital assets	17,672,499	-	-	-	17,672,499
Unrestricted	8,028,023	2,366,957	5,807,871	2,839,574	19,042,425
TOTAL NET POSITION	\$ 25,700,522	\$ 2,366,957	\$ 5,807,871	\$ 2,839,574	\$ 36,714,924

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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, 2017**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
OPERATING REVENUES					
Charges for sales and services	\$ 15,048,016	\$ 1,035,365	\$ 287,372	\$ 17,265,343	\$ 33,636,096
OPERATING EXPENSES					
Personnel services	6,843,487	127,097	-	-	6,970,584
Contractual services	1,640,737	22,757	-	126,000	1,789,494
Materials and supplies	3,833,526	26,096	-	-	3,859,622
Maintenance charges	1,592,680	-	-	-	1,592,680
Insurance/reinsurance premiums	-	518,834	1,372,381	2,911,743	4,802,958
Claim and legal expenses	-	43,300	462,623	11,460,558	11,966,481
Administration fees	-	-	-	728,526	728,526
Miscellaneous	-	-	-	902,842	902,842
Depreciation	3,100,290	-	-	-	3,100,290
TOTAL OPERATING EXPENSES	17,010,720	738,084	1,835,004	16,129,669	35,713,477
OPERATING INCOME (LOSS)	(1,962,704)	297,281	(1,547,632)	1,135,674	(2,077,381)
NONOPERATING REVENUES					
Gain on sale of capital assets	162,580	-	-	-	162,580
Investment income	78,906	13,906	41,238	33,184	167,234
TOTAL NONOPERATING REVENUES	241,486	13,906	41,238	33,184	329,814
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,721,218)	311,187	(1,506,394)	1,168,858	(1,747,567)
Capital contributions	2,778,673	-	-	-	2,778,673
Transfers in	2,030,500	-	1,500,000	-	3,530,500
Transfers out	(20,700)	-	(180,345)	-	(201,045)
CHANGES IN NET POSITION	3,067,255	311,187	(186,739)	1,168,858	4,360,561
TOTAL NET POSITION - BEGINNING	22,633,267	2,055,770	5,994,610	1,670,716	32,354,363
TOTAL NET POSITION - ENDING	\$ 25,700,522	\$ 2,366,957	\$ 5,807,871	\$ 2,839,574	\$ 36,714,924

**CITY OF PASADENA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from interfund services	\$ 14,083,207	\$ 1,035,365	\$ 287,372	\$ 13,080,088	\$ 28,486,032
Cash received from customers and users	9,251	-	-	4,125,519	4,134,770
Cash payments to suppliers for goods and services	(6,359,380)	-	-	-	(6,359,380)
Cash payments to employees for services	(5,944,237)	(127,019)	-	3,356	(6,067,900)
Cash payments for insurance premiums, liability claims, and administration	-	(592,602)	(1,767,671)	(16,465,687)	(18,825,960)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,788,841</u>	<u>315,744</u>	<u>(1,480,299)</u>	<u>743,276</u>	<u>1,367,562</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>					
Transfers from/(to) other funds					
General	1,376,500	-	500,000	-	1,876,500
Water and sewer system	654,000	-	1,000,000	-	1,654,000
Water and sewer system	(20,700)	-	-	-	(20,700)
Capital projects	-	-	(180,345)	-	(180,345)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>2,009,800</u>	<u>-</u>	<u>1,319,655</u>	<u>-</u>	<u>3,329,455</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Proceeds from sale of capital assets	354,095	-	-	-	354,095
Acquisition and construction of capital assets	(2,416,849)	-	-	-	(2,416,849)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,062,754)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,062,754)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of investments	(6,879,201)	(1,036,473)	(1,638,414)	(15,683,436)	(25,237,524)
Proceeds from sale and maturities of investments	5,064,408	706,823	1,757,820	14,906,976	22,436,027
Investment income received	78,906	13,906	41,238	33,184	167,234
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(1,735,887)</u>	<u>(315,744)</u>	<u>160,644</u>	<u>(743,276)</u>	<u>(2,634,263)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>Maintenance</u>	<u>Workers' Compensation Insurance</u>	<u>General Liability Insurance</u>	<u>Health Insurance</u>	<u>Total Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (1,962,704)	\$ 297,281	\$ (1,547,632)	\$ 1,135,674	\$ (2,077,381)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	3,100,290	-	-	-	3,100,290
Changes in assets and liabilities					
(Increase) decrease in accounts receivable	(254)	-	13,446	(59,736)	(46,544)
Decrease in prepaids	-	-	74,124	-	74,124
(Increase) in due from other funds	(955,304)	-	-	-	(955,304)
Decrease in pension related deferred outflows	353,579	-	-	-	353,579
Decrease in inventory	40,612	-	-	-	40,612
Decrease (increase) in deposits	-	5,000	-	(211,000)	(206,000)
Increase (decrease) in accounts and claims payable	666,951	13,385	(115,272)	(120,470)	444,594
Increase in accrued payroll payable	12,005	78	-	3,356	15,439
Increase in compensated absences payable	199,857	-	-	-	199,857
Increase in net pension payable	95,307	-	-	-	95,307
Increase in other post employment benefits	298,342	-	-	-	298,342
Increase (decrease) in due to other funds	-	-	95,035	(4,548)	90,487
(Decrease) in pension related deferred inflows	(59,840)	-	-	-	(59,840)
Total Adjustments	3,751,545	18,463	67,333	(392,398)	3,444,943
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,788,841	\$ 315,744	\$ (1,480,299)	\$ 743,276	\$ 1,367,562
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Contribution of capital assets from the government	\$ 2,778,673	\$ -	\$ -	\$ -	\$ 2,778,673

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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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II. Revenue Capacity

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

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

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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			
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 431,100,171	\$ 451,397,477	\$ 463,105,305	\$ 472,614,231
Restricted	48,856,439	40,253,459	36,063,307	35,271,243
Unrestricted	19,220,043	15,209,325	16,138,845	14,744,816
Total governmental activities net position	<u>\$ 499,176,653</u>	<u>\$ 506,860,261</u>	<u>\$ 515,307,457</u>	<u>\$ 522,630,290</u>
Business-type activities				
Net investment in capital assets	\$ 155,671,798	\$ 154,942,535	\$ 157,245,239	\$ 159,525,608
Restricted	988,591	2,255,328	1,929,345	2,020,890
Unrestricted (deficit)	6,559,351	11,385,007	13,307,492	17,664,879
Total business-type activities net position	<u>\$ 163,219,740</u>	<u>\$ 168,582,870</u>	<u>\$ 172,482,076</u>	<u>\$ 179,211,377</u>
Primary government				
Net investment in capital assets	\$ 586,771,969	\$ 606,340,012	\$ 620,350,544	\$ 632,139,839
Restricted	49,845,030	42,508,787	37,992,652	37,292,133
Unrestricted	25,779,394	26,594,332	29,446,337	32,409,695
Total primary government net position	<u>\$ 662,396,393</u>	<u>\$ 675,443,131</u>	<u>\$ 687,789,533</u>	<u>\$ 701,841,667</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 2008 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 2008 to 2014.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 478,211,050	\$ 483,252,803	\$ 481,756,248	\$ 499,187,584	\$ 520,604,774	\$ 538,867,914
40,271,155	46,905,633	55,218,439	55,408,353	55,591,891	62,927,934
22,491,388	23,545,604	25,026,501	24,391,603	21,560,862	3,990,547
<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>	<u>\$ 605,786,395</u>
\$ 160,991,697	\$ 163,652,579	\$ 176,526,854	\$ 207,484,738	\$ 215,490,421	\$ 220,294,968
2,241,698	2,339,483	2,298,834	2,108,767	2,053,361	2,267,462
28,726,466	30,178,589	28,113,976	11,952,768	12,859,321	15,066,657
<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>	<u>\$ 237,629,087</u>
\$ 639,202,747	\$ 646,905,382	\$ 658,283,102	\$ 706,672,322	\$ 736,095,195	\$ 759,162,882
42,512,853	49,245,116	57,517,273	57,517,120	57,645,252	65,195,396
51,217,854	53,724,193	53,140,477	36,344,371	34,420,183	19,057,204
<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>	<u>\$ 843,415,482</u>

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

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities				
General government	\$ 12,819,859	\$ 16,735,291	\$ 16,369,013	\$ 17,498,400
Public safety	40,486,310	44,930,012	46,743,243	45,242,538
Public works	24,938,059	28,489,685	22,194,436	21,049,209
Health	2,711,459	3,170,468	3,543,536	3,419,292
Culture and recreation	13,647,614	16,082,335	15,533,525	14,629,653
Housing and community development	8,821,136	9,615,124	10,102,166	10,672,024
Interest and fiscal agent fees on long-term debt	4,711,542	4,990,590	5,002,086	4,832,227
Total governmental activities expenses	<u>108,135,979</u>	<u>124,013,505</u>	<u>119,488,005</u>	<u>117,343,343</u>
Business-type activities				
Water and sewer	28,593,719	28,622,955	29,274,247	29,982,837
Total business-type activities expenses	<u>28,593,719</u>	<u>28,622,955</u>	<u>29,274,247</u>	<u>29,982,837</u>
Total primary government expenses	<u>\$ 136,729,698</u>	<u>\$ 152,636,460</u>	<u>\$ 148,762,252</u>	<u>\$ 147,326,180</u>
Program Revenues				
Governmental activities:				
Charges for service				
General government	\$ 13,444,472	\$ 9,881,296	\$ 11,802,432	\$ 9,431,596
Public safety	7,769,911	8,236,156	7,685,606	7,757,395
Other activities	4,422,153	5,116,673	4,220,825	4,134,589
Operating grants and contributions	15,960,153	16,102,417	13,576,536	12,087,315
Capital grants and contributions	5,215,499	5,578,582	4,999,237	8,610,718
Total governmental activities program revenues	<u>46,812,188</u>	<u>44,915,124</u>	<u>42,284,636</u>	<u>42,021,613</u>
Business-type activities:				
Charges for services:				
Water and sewer	30,489,659	35,096,384	33,419,961	36,894,886
Capital grants and contributions	-	35,000	-	-
Total business-type activities program revenues	<u>30,489,659</u>	<u>35,131,384</u>	<u>33,419,961</u>	<u>36,894,886</u>
Total primary government program revenues	<u>\$ 77,301,847</u>	<u>\$ 80,046,508</u>	<u>\$ 75,704,597</u>	<u>\$ 78,916,499</u>
Net (Expense)/Revenue				
Governmental activities	\$ (61,323,791)	\$ (79,098,381)	\$ (77,203,369)	\$ (75,321,730)
Business-type activities	1,895,940	6,508,429	4,145,714	6,912,049
Total primary government net expense	<u>\$ (59,427,851)</u>	<u>\$ (72,589,952)</u>	<u>\$ (73,057,655)</u>	<u>\$ (68,409,681)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
General property taxes	\$ 31,071,723	\$ 33,728,265	\$ 32,609,811	\$ 33,224,390
Industrial district fees	15,551,252	16,100,049	15,777,475	15,980,044
Sales taxes	23,835,369	26,084,712	23,213,061	23,954,810
Utility taxes	7,644,267	7,817,369	7,948,433	8,550,770
Other taxes/fees	691,263	698,023	5,523,330	544,183
Investment earnings				
Unrestricted	1,590,544	363,528	125,652	84,799
Restricted	2,748,233	685,824	154,475	89,411
Gain on sale of capital assets	73,265	-	-	-
Transfers	1,867,781	1,304,219	298,328	216,156
Total governmental activities	<u>85,073,697</u>	<u>86,781,989</u>	<u>85,650,565</u>	<u>82,644,563</u>
Business-type activities:				
Investment earnings				
Unrestricted	363,757	95,551	26,823	22,636
Restricted	319,911	63,369	24,997	10,772
Gain on sale of capital assets	-	-	-	-
Transfers	(1,867,781)	(1,304,219)	(298,328)	(216,156)
Total business-type activities	<u>(1,184,113)</u>	<u>(1,145,299)</u>	<u>(246,508)</u>	<u>(182,748)</u>
Total primary government	<u>\$ 83,889,584</u>	<u>\$ 85,636,690</u>	<u>\$ 85,404,057</u>	<u>\$ 82,461,815</u>
Change in Net Position				
Governmental activities	\$ 23,749,906	\$ 7,683,608	\$ 8,447,196	\$ 7,322,833
Business-type activities	711,827	5,363,130	3,899,206	6,729,301
Total primary government	<u>\$ 24,461,733</u>	<u>\$ 13,046,738</u>	<u>\$ 12,346,402</u>	<u>\$ 14,052,134</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 2008 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 2008 to 2014.

Fiscal Year						
	2012	2013	2014	2015	2016	2017
\$	15,344,585	\$ 17,825,589	\$ 20,070,338	\$ 17,122,766	\$ 20,888,643	\$ 22,756,730
	44,094,055	48,354,722	47,153,867	48,403,071	51,631,147	55,497,066
	19,734,083	21,579,683	23,789,663	23,367,837	23,608,280	25,898,493
	3,385,069	3,493,148	3,873,409	4,013,432	4,209,705	4,901,819
	13,999,948	15,492,340	15,853,285	16,579,672	17,650,996	19,232,324
	9,976,482	9,324,100	7,922,281	7,512,375	7,985,634	8,804,281
	4,123,021	3,877,613	3,564,479	3,439,836	2,627,998	2,097,954
	<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>	<u>139,188,667</u>
	29,019,663	30,765,422	31,443,569	30,561,782	30,062,074	32,993,854
	29,019,663	30,765,422	31,443,569	30,561,782	30,062,074	32,993,854
\$	<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>	<u>172,182,521</u>
\$	9,411,401	\$ 9,022,279	\$ 11,987,529	\$ 10,021,968	\$ 10,003,780	\$ 10,185,899
	7,891,097	7,880,922	8,355,481	8,236,938	8,368,016	7,893,379
	4,139,681	5,058,845	4,858,171	5,653,162	5,781,731	5,316,136
	12,370,427	11,579,631	10,491,952	8,214,522	9,158,177	9,852,748
	12,799,735	7,769,209	13,955,703	11,569,987	9,563,828	5,282,526
	<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>	<u>38,530,688</u>
	36,790,596	37,235,536	36,618,566	39,079,938	39,681,159	41,915,812
	212,675	147,596	-	-	-	-
	<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>41,915,812</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>	<u>80,446,500</u>
\$	(64,044,902)	\$ (78,636,309)	\$ (72,578,486)	\$ (76,742,412)	\$ (85,726,871)	\$ (100,657,979)
	7,983,608	6,617,710	5,174,997	8,518,156	9,619,085	8,921,958
\$	<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>	<u>(91,736,021)</u>
\$	34,997,328	\$ 35,501,359	\$ 36,899,872	\$ 38,799,792	\$ 42,155,738	\$ 45,677,186
	16,773,145	17,548,408	17,177,327	17,284,062	17,774,342	16,936,513
	25,789,345	27,938,085	30,472,024	31,439,633	32,350,927	31,811,860
	8,704,878	8,932,383	9,270,311	9,260,543	9,609,456	9,322,212
	671,036	716,284	1,000,102	1,059,717	1,227,928	1,641,838
	96,098	89,748	46,788	73,803	344,184	737,464
	86,079	65,620	30,622	44,421	192,234	497,892
	-	63,864	-	1,826,646	-	149,093
	<u>(4,729,704)</u>	<u>1,668,346</u>	<u>(6,011,207)</u>	<u>(6,059,853)</u>	<u>842,049</u>	<u>1,912,789</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>	<u>108,686,847</u>
	25,510	23,752	9,763	12,802	62,105	164,287
	9,662	3,947	1,486	3,657	17,689	34,578
	-	-	200,325	12,141	-	17,950
	<u>4,729,704</u>	<u>(1,668,346)</u>	<u>6,011,207</u>	<u>6,059,853</u>	<u>(842,049)</u>	<u>(1,912,789)</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>(1,695,974)</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>	<u>106,990,873</u>
\$	18,343,303	\$ 13,887,788	\$ 16,307,353	\$ 16,986,352	\$ 18,769,987	\$ 8,028,868
	12,748,484	4,977,063	11,397,778	14,606,609	8,856,830	7,225,984
\$	<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>	<u>15,254,852</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General property taxes	\$ 31,071,723	\$ 33,728,265	\$ 32,609,811	\$ 33,224,390
Industrial district fees	15,551,252	16,100,049	15,777,475	15,980,044
Sales taxes	23,835,369	26,084,712	23,213,061	23,954,810
Franchise taxes	7,644,267	7,817,369	7,948,433	8,550,770 (2)
Other taxes/fees	691,263	698,023	5,523,330 (1)	544,183
	<u>\$ 78,793,874</u>	<u>\$ 84,428,418</u>	<u>\$ 85,072,110</u>	<u>\$ 82,254,197</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						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	34,997,328	\$ 35,501,359	\$ 36,899,872	\$ 38,799,792	\$ 42,155,738	\$ 45,677,186
	16,773,145	17,548,408	17,177,327	17,284,062	17,774,342	16,936,513
	25,789,345	27,938,085	30,472,024	31,439,633	32,350,927	31,811,860
	8,704,878	8,932,383	9,270,311	9,260,543	9,609,456	9,322,212
	671,036	716,284	1,000,102	1,059,717	1,227,928	1,641,838
\$	<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>	<u>\$ 105,389,609</u>

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

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Unreserved, designated for:				
Encumbrances	\$ 2,549,842	\$ 404,551	\$ 1,567,841	\$ -
Capital and technology improvements	1,800,295	2,578,002	1,591,361	-
Recall, election, and charter revisions	15,000	15,000	15,000	-
Unreserved	16,923,559	22,557,426	21,511,101	-
Committed	-	-	-	257,462
Assigned	-	-	-	1,430,771
Unassigned	-	-	-	30,129,675
Total general fund	<u>\$ 21,288,696</u>	<u>\$ 25,554,979</u>	<u>\$ 24,685,303</u>	<u>\$ 31,817,908</u>
All Other Governmental Funds				
Reserved	\$ 2,607,222	\$ 1,631,459	\$ 2,284,607	\$ -
Unreserved, designated for:				
Encumbrances	1,219,237	66,671	1,414,244	-
Encumbrances for special revenue funds	379,634	368,961	18,712	-
Unreserved, reported in:				
Pasadena Second Century Corp fund	22,399,524	27,151,207	13,421,401	-
Capital project fund	37,863,806	36,959,612	32,358,730	-
Grant management fund	3,631,100	3,478,625	5,330,596	-
Special revenue funds	4,289,626	3,846,713	2,939,272	-
Restricted	-	-	-	52,165,350
Committed	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 72,390,149</u>	<u>\$ 73,503,248</u>	<u>\$ 57,767,562</u>	<u>\$ 52,165,350</u>

(1) GASB Statement No. 54 requirement for statistical data is ten years with retroactive implementation encouraged; only seven fiscal years are available at this time. The City chose not to restate 2008 to 2010.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
388,622	1,733,497	15,000	15,000	15,000	15,000
13,954,260	605,417	23,915,771	199,868	516,191	466,821
28,392,323	47,741,413	27,382,553	44,276,264	46,689,035	36,958,917
<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>	<u>\$ 37,440,738</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
55,763,123	58,940,029	65,238,024	60,624,443	63,469,227	69,931,255
-	-	10,034,023	15,328,098	7,254,969	5,592,139
-	-	-	-	4,035,135	331,603
<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>	<u>\$ 75,854,997</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes	\$ 78,823,699	\$ 84,285,891	\$ 85,021,762	\$ 82,200,858
Licenses and permits	2,377,189	2,384,655	2,048,459	2,144,525
Municipal court fines	6,318,981	6,072,604	6,083,691	6,459,457
Charges for services	9,516,526	9,547,090	9,241,590	9,680,697
Intergovernmental	19,748,247	20,601,837	15,940,787	20,202,246
Investment earnings	3,594,698	895,156	249,214	149,265
Contribution from outside sources	-	-	-	-
Program income	-	-	-	165,174
Miscellaneous	1,514,999	1,057,115	2,973,015	808,983
Total revenues	<u>121,894,339</u>	<u>124,844,348</u>	<u>121,558,518</u>	<u>121,811,205</u>
Expenditures				
General government	12,461,993	14,144,783	13,876,473	14,325,552
Public safety	36,975,770	40,633,853	40,670,046	38,619,020
Public works	19,038,620	21,178,029	17,217,317	18,912,137
Health	2,612,142	2,880,092	3,343,040	3,446,535
Culture and recreation	13,441,738	14,690,854	14,336,405	12,611,085
Housing and community development	10,943,860	11,477,417	10,544,584	11,208,701
Capital outlay	34,743,955	25,765,715	23,824,715	16,876,471
Debt service				
Principal	7,484,660	7,394,661	7,653,050	7,480,000
Interest	4,666,601	5,035,933	5,114,584	4,774,501
Payment to refunding bond escrow agent	-	-	-	-
Other charges	171,897	397,929	5,016	143,075
Total expenditures	<u>142,541,236</u>	<u>143,599,266</u>	<u>136,585,230</u>	<u>128,397,077</u>
Excess (deficiency) of revenues over (under) expenditures	(20,646,897)	(18,754,918)	(15,026,712)	(6,585,872)
Other Financing Sources (Uses)				
Refunding bonds issued	-	6,725,000	-	-
Payment to refunding bond escrow agent	-	(8,709,369)	-	-
Bonds issued	13,665,000	21,635,000	-	4,960,000
Premiums on bonds issued	-	180,403	-	183,075
Transfers in	1,800,190	3,741,587	16,564,533	3,870,996
Transfers out	(800,190)	(1,254,610)	(19,636,533)	(1,350,256)
Sale of capital assets	-	6,868	390,749	43,495
Insurance recovery	506,106	1,809,421	1,102,601	408,955
Total other financing sources (uses)	<u>15,171,106</u>	<u>24,134,300</u>	<u>(1,578,650)</u>	<u>8,116,265</u>
Net change in fund balances	<u>\$ (5,475,791)</u>	<u>\$ 5,379,382</u>	<u>\$ (16,605,362)</u>	<u>\$ 1,530,393</u>
Debt service as a percentage of noncapital expenditures	11.76%	11.11%	11.54%	11.49%

Fiscal Year						
	2012	2013	2014	2015	2016	2017
\$	86,974,148	\$ 90,787,936	\$ 95,059,433	\$ 97,786,566	\$ 102,187,545	\$ 105,371,432
	2,075,020	2,317,936	2,428,726	2,498,776	3,008,170	2,555,428
	6,312,595	5,992,141	6,505,416	6,148,378	6,030,277	5,558,805
	9,595,662	9,507,936	9,586,071	9,755,077	9,734,403	9,849,361
	23,875,081	16,291,635	22,518,118	19,032,196	12,643,378	12,830,088
	162,330	137,918	71,505	109,206	480,439	1,068,122
	18,621	1,362,099	871,137	218,727	717,303	14,100
	176,537	145,534	327,540	176,096	153,963	64,977
	910,662	1,375,816	902,691	1,145,954	1,050,477	1,310,868
	<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>	<u>138,623,181</u>
	13,364,086	15,001,760	15,386,204	15,414,838	16,769,769	21,385,858
	40,228,303	42,780,930	41,719,857	43,153,975	43,695,603	47,275,723
	21,354,811	15,081,752	25,086,686	23,878,916	17,148,365	16,757,188
	3,168,772	3,109,669	3,520,728	3,734,963	3,753,196	4,561,561
	12,096,056	12,632,871	13,467,999	14,171,327	14,753,557	16,622,709
	10,496,692	9,699,937	11,247,201	8,567,002	8,948,301	10,745,960
	5,917,040	7,265,134	4,712,504	21,173,978	19,932,875	22,002,333
	8,020,000	7,565,000	7,650,000	7,880,000	8,864,312	7,822,613
	4,135,448	3,952,598	3,785,622	3,345,373	2,722,813	2,571,489
	-	-	-	4,829,110	1,822,973	-
	299,426	242,921	-	301,303	269,693	-
	<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>	<u>149,745,434</u>
	11,020,022	10,586,379	11,693,836	(9,579,809)	(2,675,502)	(11,122,253)
	20,030,000	16,690,000	-	15,646,063	17,405,000	1,000,000
	(21,356,307)	(18,931,383)	-	(13,627,529)	(18,378,549)	-
	-	-	-	-	-	(14,316,038)
	1,631,546	2,493,667	-	1,614,726	3,070,454	-
	4,971,697	2,942,518	2,259,026	18,501,785	10,036,352	-
	(2,446,697)	(4,622,319)	(4,415,553)	(21,316,745)	(8,717,352)	15,619,883
	239,875	139,788	5,845,152	2,619,811	795,481	134,586
	424,934	1,223,378	2,182,554	-	-	-
	<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>2,438,431</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>	<u>(8,683,822)</u>
	11.12%	10.78%	9.86%	9.17%	9.84%	8.21%

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General property taxes	\$ 31,101,548	\$ 33,585,738	\$ 32,559,463	\$ 33,171,051
Industrial district fees	15,551,252	16,100,049	15,777,475	15,980,044
Sales taxes	23,835,369	26,084,712	23,213,061	23,954,810
Franchise taxes	7,644,267	7,817,369	7,948,433	8,550,770 (2)
Other taxes	691,263	698,023	5,523,330 (1)	544,183
	<u>\$ 78,823,699</u>	<u>\$ 84,285,891</u>	<u>\$ 85,021,762</u>	<u>\$ 82,200,858</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					
2012	2013	2014	2015	2016	2017
\$ 35,195,121	\$ 35,262,542	\$ 37,144,601	\$ 38,755,245	\$ 42,039,511	\$ 45,307,747
16,549,164	17,755,534	17,172,395	17,271,428	17,364,338	17,283,049
25,789,345	27,938,085	30,472,024	31,439,633	32,350,927	31,811,860
8,751,762	9,030,691	9,270,311	9,260,543	9,204,841	9,326,938
688,756	801,084	1,000,102	1,059,717	1,227,928	1,641,838
<u>\$ 86,974,148</u>	<u>\$ 90,787,936</u>	<u>\$ 95,059,433</u>	<u>\$ 97,786,566</u>	<u>\$ 102,187,545</u>	<u>\$ 105,371,432</u>

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

2017						
Consumers	Consumption (per month)	Annualized Consumption	Billed Amount	Rank	% of Water/Sewer Revenues	% of All System Fund Revenues
City of Seabrook (1)	54,151.2	649,814.4	\$ 577,963	1	1.37%	1.37%
Nestle Waters North America	11,740.3	140,883.4	432,344	2	1.03%	1.03%
Pasadena Independent School District	8,697.9	104,374.7	699,579	3	1.66%	1.66%
Lyondell	5,920.8	71,049.4	401,616	4	0.95%	0.95%
Victoria Village Apartments	5,502.6	66,030.6	459,447	5	1.09%	1.09%
Alta Villas Apartments	5,451.6	65,418.8	492,067	6	1.17%	1.17%
Brighton Hill Apartments	4,054.4	48,653.2	354,548	7	0.84%	0.84%
Columbia Bayshore Hospital	4,052.8	48,633.0	431,306	8	1.02%	1.02%
San Jacinto College	3,925.8	47,109.3	369,988	9	0.88%	0.88%
Sandstone Apartments	3,318.3	39,820.0	305,876	10	0.73%	0.73%
Minh Food Company	-	-	-	-	-	-
Brandywood Housing Corporation	-	-	-	-	-	-
Air Products	-	-	-	-	-	-
Phillips Chemical	-	-	-	-	-	-
Total	<u>106,815.7</u>	<u>1,281,786.8</u>	<u>\$ 4,524,734</u>		<u>10.74%</u>	<u>10.74%</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.

2008

Consumption (per month)	Annualized Consumption	Billed Amount	Rank	% of Water/Sewer Revenues	% of All System Fund Revenues
12,124.7	145,496.5	\$ 269,487	6	0.87%	0.85%
-	-	-	-	-	-
7,752.2	93,026.2	718,649	2	2.33%	2.28%
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,945.7	59,348.4	410,341	4	1.33%	1.30%
3,165.6	37,987.1	341,209	5	1.11%	1.08%
1,839.6	22,075.6	209,350	8	0.68%	0.66%
2,727.3	32,727.5	221,797	7	0.72%	0.70%
5,395.0	64,739.9	1,200,541	1	3.89%	3.80%
5,739.3	68,871.4	461,277	3	1.50%	1.46%
646.1	7,753.6	99,813	9	0.32%	0.32%
920.0	11,040.4	54,051	10	0.18%	0.17%
<u>45,255.5</u>	<u>543,066.6</u>	<u>\$ 3,986,515</u>		<u>12.93%</u>	<u>12.63%</u>

**CITY OF PASADENA, TEXAS
WATER AND SEWER RATES
Last Ten Fiscal Years**

	Cumulative Blocks (Gallons)	Usage Blocks (per 1,000 gallons)	Fiscal Year Ended September 30,							
			2008		2009		2010		2011	
			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 2.0	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	5.50	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,

2012		2013		2014		2015		2016		2017	
Water Rates	Sewer Rates										
\$10.50	\$8.00	\$10.50	\$8.00	\$10.50	\$8.00	\$10.50	\$8.00	\$10.75	\$10.75	\$10.75	\$10.75
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	3.50	3.50
3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50	4.00	4.00	4.00	4.00
4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50	5.00	4.00	5.00	4.00
4.50	3.50	4.50	3.50	4.50	3.50	4.50	3.50	5.50	4.00	5.50	4.00
6.59	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	2.50	2.50	2.50	2.50
3.25	3.50	3.25	3.00	3.25	3.00	3.25	3.00	3.50	3.50	3.50	3.50
4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50	5.00	4.00	5.00	4.00
4.50	3.50	4.50	3.50	4.50	3.50	4.50	3.50	5.50	4.00	5.50	4.00
8.59	8.00	8.59	8.00	8.59	8.00	8.59	8.00	12.59	12.00	12.59	12.00
2.75	3.00	2.75	3.00	2.75	3.00	2.75	3.00	3.25	3.00	3.25	3.00
3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25	3.75	3.30	3.75	3.30
3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50	4.00	3.55	4.00	3.55
4.50	4.00	4.50	4.00	4.50	4.00	4.50	4.00	4.50	3.80	4.50	3.80
4.50	4.15	4.50	4.15	4.50	4.15	4.50	4.15	4.50	4.05	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
8.50	8.00	8.50	8.00	8.50	8.00	8.50	8.00	9.50	9.50	9.50	9.50
2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	3.25	3.00	3.25	3.00
3.00	3.25	3.00	3.25	3.00	3.25	3.00	3.25	3.50	3.50	3.50	3.50
3.25	3.50	3.25	3.50	3.25	3.50	3.25	3.50	4.25	4.00	4.25	4.00
4.00	3.50	4.00	3.50	4.00	3.50	4.00	3.50	5.00	4.00	5.00	4.00
4.50	3.50	4.50	3.50	4.50	3.50	4.50	3.50	5.50	4.00	5.50	4.00
9.59	-	9.59	-	9.59	-	9.59	-	14.00	-	14.00	-
3.25	-	3.25	-	3.25	-	3.25	-	4.00	-	4.00	-
4.00	-	4.00	-	4.00	-	4.00	-	5.00	-	5.00	-
4.50	-	4.50	-	4.50	-	4.50	-	6.00	-	6.00	-

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

	Fiscal Year Ended September 30,			
	2008	2009	2010	2011
	2007 Tax Year	2008 Tax Year	2009 Tax Year	2010 Tax Year
Assessed Value of Taxable Property				
Real Property				
Real Residential	\$ 3,999,177,768	\$ 4,232,641,041	\$ 4,129,237,231	\$ 4,052,171,721
Real Commercial	1,076,316,825	1,198,814,394	1,249,370,402	1,164,598,370
Real Industrial	134,299,360	147,127,450	154,349,049	158,854,677
Real Agriculture	668,106	229,086	215,563	221,790
Real Vacant	93,398,249	107,109,632	123,659,890	117,984,092
Real Acreage Undeveloped	36,458,789	34,480,311	36,659,482	36,725,841
Real Farm & Ranch Improved	-	-	-	-
Total Real Property	5,340,319,097	5,720,401,914	5,693,491,617	5,530,556,491
Less: Exemptions	(819,227,558)	(841,604,642)	(839,474,827)	(836,075,493)
Net Total Real Property	4,521,091,539	4,878,797,272	4,854,016,790	4,694,480,998
Other Property				
Oil Gas and Mineral Reserves	10,807,745	9,270,819	6,764,074	7,854,851
Real and Tangible Personal - Utility	371,338	331,940	330,068	272,549
Gas Companies	8,145,690	7,961,540	8,286,315	7,692,460
Electric Companies	58,450,652	54,628,038	53,755,344	52,300,077
Telephone Companies	23,762,316	20,113,792	19,731,446	17,917,042
Railroad	318,730	347,390	392,796	428,700
Pipelines	29,088,230	29,628,470	24,795,395	28,491,661
Inventory	28,715,903	30,451,933	26,415,373	28,064,363
Major Cable TV Systems	11,926,584	10,181,107	7,984,017	14,286,631
Tangible Personal Commercial	458,779,115	532,377,581	553,633,704	532,372,461
Tangible Personal Industrial	555,453,193	675,428,776	648,801,280	668,423,788
Tangible Personal Other - Mobile Homes	17,697,725	18,689,409	17,046,042	15,915,686
Governmental Exemption	356,709,579	496,046,506	519,756,039	531,014,416
Charitable Exemption	30,959,147	32,977,016	33,317,985	25,685,661
Religious Exemption	108,956,786	113,848,612	119,839,982	115,848,852
Private School Exempt	17,364,543	16,771,140	16,771,140	17,061,755
Miscellaneous Exempt	408,198	494,967	486,462	826,251
Low-Moderate Income Housing	72,341	184,120	-	209,748
Improving Prop-Housing w/Volunteer Labor	-	-	-	-
Economic Devel Svcs to Local Community	-	-	-	-
Other Exempt	-	-	-	-
Total Other Property	1,717,987,815	2,049,733,156	2,058,107,462	2,064,666,952
Less: Exemptions	(813,195,895)	(918,569,343)	(1,117,092,435)	(1,142,444,955)
Net Total Other Property	904,791,920	1,131,163,813	941,015,027	922,221,997
Total Property	7,058,306,912	7,770,135,070	7,751,599,079	7,595,223,443
Less: Total Exemptions	(1,632,423,453)	(1,760,173,985)	(1,956,567,262)	(1,978,520,448)
Total Assessed Value of Taxable Property	\$ 5,425,883,459	\$ 6,009,961,085	\$ 5,795,031,817	\$ 5,616,702,995
Total Actual Value of Taxable Property	\$ 5,425,883,459	\$ 6,009,961,085	\$ 5,795,031,817	\$ 5,616,702,995
Total Direct Tax Rate Per \$ 100	\$ 0.567	\$ 0.562	\$ 0.562	\$ 0.592

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,

2012		2013		2014		2015		2016		2017	
2011 Tax Year		2012 Tax Year		2013 Tax Year		2014 Tax Year		2015 Tax Year		2016 Tax Year	
\$	3,966,049,464	\$	3,852,056,577	\$	3,872,765,988	\$	4,099,197,425	\$	4,437,264,879	\$	4,801,040,252
	1,237,888,449		1,328,287,594		1,534,186,202		1,724,550,745		1,882,514,422		2,104,704,433
	165,773,388		170,231,894		162,926,484		159,908,910		209,572,611		163,121,239
	241,507		227,549		188,270		184,971		178,264		174,043
	120,572,974		127,123,041		143,130,709		159,066,568		159,267,801		162,772,196
	42,021,873		37,424,971		41,471,437		52,404,929		48,308,431		43,056,354
	-		248,262		252,079		251,507		276,657		304,322
	5,532,547,655		5,515,599,888		5,754,921,169		6,195,565,055		6,737,383,065		7,275,172,839
	(813,327,025)		(792,375,980)		(798,795,765)		(826,800,278)		(865,038,283)		(912,947,500)
	4,719,220,630		4,723,223,908		4,956,125,404		5,368,764,777		5,872,344,782		6,362,225,339
	241,610		1,100		-		-		-		-
	272,549		234,003		234,003		406,911		407,011		406,544
	7,515,900		7,635,305		9,007,545		9,650,985		10,335,973		12,317,323
	52,011,882		54,036,712		61,544,486		58,880,213		57,137,279		61,384,866
	16,078,872		12,681,172		12,137,483		11,620,085		10,927,075		11,279,634
	495,520		1,474,440		1,639,650		1,835,930		2,018,640		2,162,940
	30,614,337		35,354,411		37,023,276		48,033,250		50,440,617		50,120,569
	26,438,731		28,837,389		24,752,105		24,902,586		26,789,396		29,168,367
	13,783,892		12,539,470		13,071,100		13,833,260		14,288,850		15,472,020
	525,877,003		541,207,611		551,411,132		585,993,827		674,994,577		696,606,477
	1,053,499,087		1,182,300,519		1,176,456,318		936,387,584		729,540,148		760,780,633
	16,357,302		15,604,926		15,146,856		14,582,987		14,958,005		14,308,581
	558,111,018		598,471,214		-		-		-		-
	26,110,291		28,122,328		2,033,915		1,911,572		1,914,822		1,907,665
	119,018,125		121,779,281		-		-		-		-
	17,595,212		17,427,256		17,839,420		17,839,420		17,839,420		17,839,420
	844,407		879,116		705,880		712,254		718,082		718,993
	216,978		338,200		-		-		-		-
	-		-		262,987		479,025		180,466		-
	-		-		301,508		385,458		386,379		392,693
	-		-		787,048,320		804,209,783		866,099,527		883,706,307
	2,465,082,716		2,658,924,453		2,710,615,984		2,531,665,130		2,478,976,267		2,558,573,032
	(1,402,974,610)		(1,356,134,366)		(1,401,752,949)		(1,217,268,714)		(1,030,217,604)		(999,768,796)
	1,062,108,106		1,302,790,087		1,308,863,035		1,314,396,416		1,448,758,663		1,558,804,236
	7,997,630,371		8,174,524,341		8,465,537,153		8,727,230,185		9,216,359,332		9,833,745,871
	(2,216,301,635)		(2,148,510,346)		(2,200,548,714)		(2,044,068,992)		(1,895,255,887)		(1,912,716,296)
\$	5,781,328,736	\$	6,026,013,995	\$	6,264,988,439	\$	6,683,161,193	\$	7,321,103,445	\$	7,921,029,575
\$	5,781,328,736	\$	6,026,013,995	\$	6,264,988,439	\$	6,683,161,193	\$	7,321,103,445	\$	7,921,029,575
\$	0.592	\$	0.591593	\$	0.591593	\$	0.576904	\$	0.575388	\$	0.575388

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
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
2017	2016	0.4484	0.1270	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)

La Porte ISD	Pasadena ISD	(2) Harris County	Harris County Department of Education	San Jacinto College District	Total Direct and Overlapping Rates
\$ 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
1.4200	1.3500	0.6300	0.0052	0.1824	7.3897

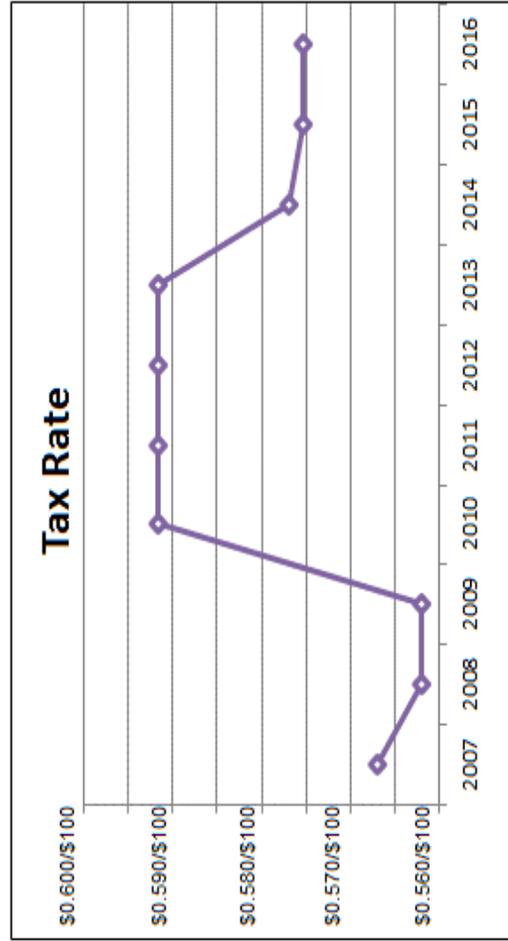
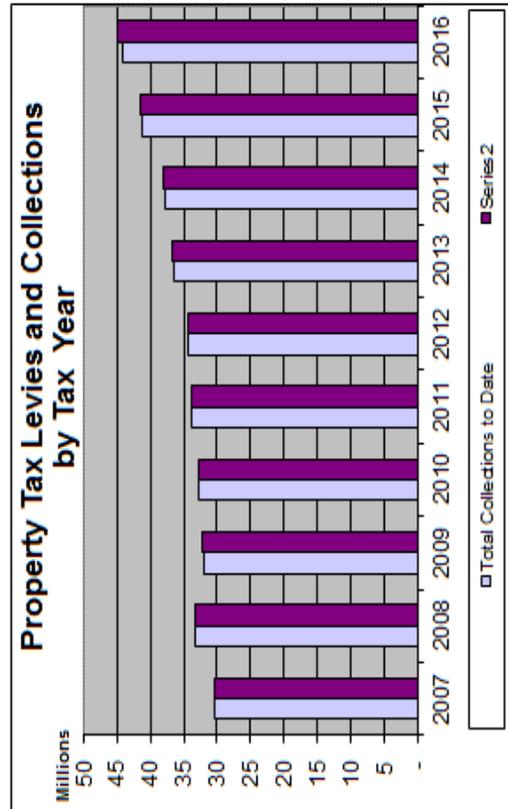
CITY OF PASADENA, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Property Taxpayer	Fiscal Year Ended September 30, 2017			Fiscal Year Ended September 30, 2008		
	2016 Tax Year		% of Taxable Assessed Value	2007 Tax Year		% of Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Calpine Operating	\$ 114,655,460	1	1.45%	\$ -	-	-
Bay Bluff LP	111,250,409	2	1.40%	-	-	-
CenterPoint Energy, Inc.	75,905,773	3	0.96%	66,657,599	2	1.23%
KIR Pasadena LP.	73,271,176	4	0.93%	50,866,584	4	0.94%
LIT Insutrial LP	68,336,658	5	0.86%	-	-	-
Schutz Container Systems	66,956,519	6	0.85%	-	-	-
PRSI Trading	63,929,737	7	0.81%	-	-	-
Phillips 66 Co.	62,903,993	8	0.79%	-	-	-
Kinder Morgan	60,188,088	9	0.76%	-	-	-
Boeing Company	54,330,277	10	0.69%	43,869,697	5	0.81%
Coral Energy Resources	-	-	-	135,294,878	1	2.49%
Shell Oil Co.	-	-	-	53,284,168	3	0.98%
Wal Mart	-	-	-	39,529,853	6	0.73%
Tejas Gas	-	-	-	38,592,454	7	0.71%
GATX Terminals % Kinder	-	-	-	36,187,976	8	0.67%
CHCA Bayshore LP	-	-	-	32,786,677	9	0.60%
CP Pasadena Property LTD	-	-	-	23,372,547	10	0.43%
Subtotal	\$ 751,728,090		9.49%	\$ 520,442,433		9.59%
Other Taxpayers	\$ 7,169,301,485		90.51%	4,905,441,026		90.41%
Total	\$ 7,921,029,575		100.00%	\$ 5,425,883,459		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
2008	2007	0.5670	30,437,185	29,614,437	97.30%	743,507	30,357,944	99.74%
2009	2008	0.5620	33,284,607	32,386,497	97.30%	794,488	33,180,985	99.69%
2010	2009	0.5620	32,134,315	31,296,353	97.39%	720,979	32,017,332	99.64%
2011	2010	0.5916	32,837,232	31,967,660	97.35%	755,336	32,722,996	99.65%
2012	2011	0.5916	33,943,103	33,262,827	98.00%	552,879	33,815,706	99.62%
2013	2012	0.5916	34,488,190	34,147,313	99.01%	202,960	34,350,273	99.60%
2014	2013	0.5916	36,668,916	36,231,129	98.81%	297,715	36,528,844	99.62%
2015	2014	0.5769	38,032,552	37,619,372	98.91%	249,767	37,869,139	99.57%
2016	2015	0.5754	41,518,772	41,198,200	99.23%	57,798	41,255,998	99.37%
2017	2016	0.5754	45,040,772	44,280,747	98.31%	-	44,280,747	98.31%



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

Fiscal Year Ended September 30,	2008	2009	2010	2011
Governmental Activities				
General Obligation Bonds	\$ 57,725,000	\$ 74,535,000	\$ 70,500,000	\$ 66,485,000
General Obligation Refunding Bonds	4,440,000	8,525,000	8,355,000	8,180,000
General Obligation and Refunding Bonds	28,165,000	28,020,000	26,700,000	25,395,000
Certificates of Obligation	5,895,000	5,840,000	5,570,000	5,290,000
Combination Tax and Revenue				
Certificates of Obligation	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	305,140	138,700	-	-
Blended Component Unit - Pasadena Second Century Corporation				
Sales Tax Notes	-	-	-	-
Sales Tax Revenue Bonds	2,315,000	1,575,000	805,000	4,960,000
Overpaid Sales Tax Note	152,571	69,350	-	-
	107,752,711	120,483,050	112,830,000	110,310,000
Business-Type Activities				
Waterworks and Sewer System Revenue Bonds	71,775,000	70,855,000	70,430,000	54,290,000
Waterworks and Sewer System Revenue Refunding Bonds	550,000	-	-	14,505,000
Combination Tax and Revenue				
Certificates of Obligation	1,280,000	-	-	-
General Obligation Refunding Bonds	17,550,000	17,430,000	15,895,000	14,285,000
General Obligation and Refunding Bonds	9,970,000	9,970,000	9,970,000	9,970,000
Deferred Water Charges Debt	283,970	-	-	-
	101,408,970	98,255,000	96,295,000	93,050,000
Total Primary Government	\$ 209,161,681	\$ 218,738,050	\$ 209,125,000	\$ 203,360,000
Percentage of Personal Income	7.45%	7.75%	7.15%	7.19%
Per Capita	\$ 1,428	\$ 1,500	\$ 1,430	\$ 1,364
(1) Population	146,523	145,789	146,265	149,043
(1) Per Capita Personal Income	\$ 19,167	\$ 19,359	\$ 19,992	\$ 18,967
(1) Personal Income (amount expressed in thousands)	\$ 2,808,455	\$ 2,822,330	\$ 2,924,130	\$ 2,826,899

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

The debt amounts presented from 2008 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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	41,960,000	\$ 30,152,196	\$ 27,835,000	\$ 17,475,000	\$ 2,025,000	\$ 1,035,000
	26,680,000	45,303,868	42,009,458	55,201,099	69,391,828	62,927,351
	24,080,000	14,336,973	12,896,876	2,102,603	-	-
	5,010,000	4,720,000	4,430,000	4,130,000	310,000	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	1,000,000
	4,190,000	3,507,979	2,667,467	1,801,955	906,443	-
	-	-	-	-	-	-
	101,920,000	98,021,016	89,838,801	80,710,657	72,633,271	64,962,351
	53,430,000	53,846,804	53,693,635	53,445,465	488,169	-
	13,255,000	12,441,550	11,268,996	9,166,441	6,983,886	4,726,332
	-	-	-	-	-	-
	12,740,000	17,459,587	14,539,259	13,055,250	66,108,784	64,256,796
	9,970,000	4,112,109	4,085,278	-	-	-
	-	-	-	-	-	-
	89,395,000	87,860,050	83,587,168	75,667,156	73,580,839	68,983,128
\$	191,315,000	\$ 185,881,066	\$ 173,425,969	\$ 156,377,813	\$ 146,214,110	\$ 133,945,479
	6.16%	6.01%	5.64%	4.94%	4.57%	4.03%
\$	1,256	\$ 1,221	\$ 1,135	\$ 1,016	\$ 951	\$ 873
	152,281	152,272	152,735	153,887	153,784	153,351
\$	20,383	\$ 20,305	\$ 20,146	\$ 20,590	\$ 20,805	\$ 21,692
\$	3,103,944	\$ 3,091,883	\$ 3,076,999	\$ 3,168,533	\$ 3,199,476	\$ 3,326,490

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

Fiscal Year Ended September 30,	(1)	Less: Amounts		(2)	Percentage	(3)	(3)
	General Bonded Debt	Restricted to Repaying Principal	Total	Assessed Value of Property	of Assessed Value of Property		
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
2017	128,219,146	(2,060,784)	126,158,362	7,921,029,575	1.59%	153,351	823

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 2008 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, 2017

<u>Government Unit</u>	<u>Taxing Body (as of)</u>	<u>Outstanding Principal Debt</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes				
Harris County	7/31/2017	\$2,303,812,874	1.79%	\$ 41,238,250
Harris County Flood Control District	7/31/2017	83,075,000	1.79%	1,487,043
Harris County Hospital District	7/31/2017	61,595,000	1.79%	1,102,551
Port of Houston Authority	7/31/2017	657,994,397	1.79%	11,778,100
Clear Lake City Water Authority	7/31/2017	75,835,000	18.82%	14,272,147
Clear Creek Independent School District	7/31/2017	818,705,000	6.91%	56,572,516
Deer Park Independent School District	7/31/2017	208,790,000	15.82%	33,030,578
La Porte Independent School District	7/31/2017	350,980,000	5.83%	20,462,134
Pasadena Independent School District	7/31/2017	689,705,000	37.63%	259,535,992
San Jacinto College District	7/31/2017	394,444,977	18.51%	73,011,765
Harris County WC & ID #156	7/31/2017	1,370,000	41.24%	564,988
Harris County Dept. of Education	7/31/2017	6,780,000	1.79%	121,362
Subtotal, overlapping debt				513,177,424
Add - City direct debt				64,962,351
Total direct and overlapping debt				\$ 578,139,775

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.

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

<u>Fiscal Year Ended September 30,</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit				
Tax Year	2007	2008	2009	2010
Assessed value based on tax year	\$ 5,425,883,459	\$ 6,009,961,085	\$ 5,795,031,817	\$ 5,616,702,995
10% of assessed value	542,588,346	600,996,109	579,503,182	561,670,300
Less: net debt applicable to limit				
Debt to be repaid from ad valorem tax	104,980,000	118,700,000	112,025,000	105,350,000
Less: amount available in debt service fund	(2,607,222)	(1,631,459)	(2,284,607)	(2,875,586)
	102,372,778	117,068,541	109,740,393	102,474,414
Legal Debt Margin	\$ 440,215,568	\$ 483,927,568	\$ 469,762,789	\$ 459,195,886
Total net debt applicable to the limit as a percentage of debt limit	18.87%	19.48%	18.94%	18.24%

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
2011	2012	2013	2013	2015	2016
\$5,781,328,736	\$6,026,013,995	\$6,264,988,439	\$6,683,161,193	\$7,321,103,445	\$7,921,029,575
578,132,874	602,601,400	626,498,844	668,316,119	732,110,345	792,102,958
97,730,000	91,952,482	87,243,801	78,908,702	71,726,828	63,962,351
(4,097,226)	(5,219,578)	(6,272,408)	(1,783,393)	(1,493,541)	(2,060,784)
93,632,774	86,732,904	80,971,393	77,125,309	70,233,287	61,901,567
\$ 484,500,100	\$ 515,868,496	\$ 545,527,451	\$ 591,190,810	\$ 661,877,058	\$ 730,201,391
16.20%	14.39%	12.92%	11.54%	9.59%	7.81%

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	
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
2017	42,114,676	24,285,741	17,828,935	3,997,387	2,665,483	2.68

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

Gross revenues include operating revenues and investment earnings.

Operating expenses do not include depreciation.

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

Fiscal Year Ended September 30,	Population(1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income(1)	Median Age (1)	School Enrollment(2)	Unemployment Rate (3)
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	5.6%
2015	153,887	3,168,533	20,590	31.0	55,610	5.8%
2016	153,784	3,199,476	20,805	30.1	55,395	7.1%
2017	153,351	3,326,490	21,692	31.2	56,120	6.0%

Data sources:

- (1) Bureau of the Census (2016 estimates)
- (2) Pasadena Chamber of Commerce (PISD 2016-17 Statistics)
- (3) Bureau of Labor Statistics for Houston-Sugar Land-Baytown, Tx area
 (P) - Preliminary

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

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Pasadena ISD	8,330	1	8.90%	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%
Mundy Company	1,921	4	2.05%	1,500	4	1.16%
University of Houston-Clear Lake	1,548	5	1.65%	660	10	0.51%
Shell Chemical	1,500	6	1.60%	1,750	3	1.36%
San Jacinto College	1,367	7	1.46%	1,058	5	0.82%
Bayshore Medical Center	1,210	8	1.29%	947	6	0.73%
Lyondell Chemical Co	1,150	9	1.23%	-	-	-
City of Pasadena	1,056	10	1.13%	807	8	0.63%
Lyondell Houston Refinery	-	-	-	900	7	0.70%
Chevron Phillips - Pasadena Plastics	-	-	-	693	9	0.54%
	<u>22,582</u>		<u>24.57%</u>	<u>16,415</u>		<u>12.72%</u>

Source: San Jacinto College and City of Pasadena, Texas

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

Function	Fiscal Year Ended September 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
City Council	8	8	8	8	8	7	7	7	8	8
Mayor	3	3	3	1	3	2	2	2	2	3
Budget and Financial Planning	2	2	2	2	2	2	4	3	4	5
Municipal Court	35	33	33	34	34	34	32	32	35	36
City Controller	16	16	15	16	15	15	15	15	16	15
Purchasing	4	4	4	4	4	4	3	4	4	4
Legal	8	8	8	8	8	7	7	6	8	7
City Secretary	4	4	4	4	4	4	4	4	4	4
Human Resources	8	7	7	9	11	7	7	7	7	8
City Marshal	7	6	6	6	6	7	7	7	7	8
Community Relations	7	7	7	7	7	8	9	9	8	7
Pasadena Action Line	5	4	4	4	6	6	6	6	5	7
Planning	3	4	5	6	4	5	2	4	4	8
Planning/Development Administration	1	1	1	1	1	1	-	-	-	-
Neighborhood Network	1	1	1	1	1	1	2	1	2	4
Inspections	20	21	19	16	15	15	18	17	15	18
Property Management	-	-	1	8	1	3	2	-	1	1
Impound/Storage	-	-	6	7	5	6	6	6	6	6
Economic Development Liaison	1	1	1	1	1	2	2	2	2	2
Public Safety										
Emergency Preparedness	3	3	3	3	3	3	3	3	5	5
Fire Fighting	3	3	3	3	7	10	6	10	8	8
Fire Prevention	11	11	10	9	10	10	11	12	12	14
Police	340	369	358	344	349	335	349	353	349	362
Code Enforcement	-	-	-	-	-	-	-	8	7	8
Public Works										
Engineering	19	17	14	15	15	17	24	24	21	16
Sanitation	44	43	43	38	37	39	40	37	41	41
Street and Bridge	36	34	31	30	30	32	31	31	36	33
Traffic and Transportation	12	12	12	11	10	9	10	10	12	12
Health										
Health	11	11	11	10	10	11	11	11	12	12
Animal Rescue and Assistance	13	17	19	19	18	22	23	26	29	30
Culture and Recreation										
Leisure Services Administration	-	-	-	6	4	4	3	3	3	2
Parks	33	35	37	33	38	42	39	40	39	41
Recreation	38	55	75	57	60	64	62	94	38	39
Clean Streets	17	21	21	17	14	19	20	18	19	20
Golf Course	10	16	10	9	9	6	6	5	5	3
Multi-Purpose Center	5	13	9	8	9	8	8	8	7	9
Civic Center	8	9	10	6	6	7	9	7	10	6
Senior Center - Madison Jobe	6	5	5	4	4	4	4	5	6	6
Library	47	45	49	41	45	53	54	51	45	48
Water and Sewer System										
Maintenance	119	123	120	112	116	119	114	121	115	115
Health Insurance	76	82	72	69	75	78	82	83	83	66
Grant Management	1	1	3	2	4	1	1	1	-	-
	20	19	21	25	21	16	18	16	16	9
TOTAL CITY POSITIONS	1,005	1,074	1,071	1,014	1,030	1,045	1,063	1,109	1,056	1,056

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,			
	2008	2009	2010	2011
Public Safety				
Police				
Arrests	12,853	12,552	12,119	11,926
Accident reports	3,549	3,635	3,376	3,335
Citations issued	78,789	82,153	82,576	84,551
Calls for service	82,603	82,949	81,633	61,625
Public Works				
Refuse collection				
Refuse collected Type 1 (tons/day)	136	120	170	110
Refuse collected Type 2 (cubic yards/day)	251	492	267	145
Mulching collected (cubic yards/day)	146	104	102	124
Recyclables collected (tons/day)	2.29	1.13	3.75	3.53
Health				
Number of food permits issued	1,081	1,120	1,125	1,215
Number of health inspections	2,180	2,344	2,223	2,511
Culture and Recreation				
Convention Center				
Number of Events	145	138	143	178
Library				
Visitors	324,983	241,891 (2)	424,568	303,074
Water and Sewer System				
Average daily consumption (millions of gallons)	17.60	19.30	17.97	21.17
Total Consumption (billions of gallons)	6,800.00	7,043.30	6,871.37	7,749.38
Average daily Waste Water Plant Flow (millions of gallons)	12.39	11.22	13.90	10.40
Total Waste Water Plant Flow (millions of gallons)	4,500.66	4,095.21	5,084.80	3,796.45

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.

(3) Library began using a wifi analytic software to track all visitors (online and onsite)

(4) Sanitation statistics are slightly elevated due to Hurricane Harvey

Fiscal Year Ended September 30,

2012	2013	2014	2015	2016	2017
10,747	11,185	10,970	9,890	10,496	9,081
3,474	3,520	3,693	4,143	4,200	3,917
69,209	69,888	73,062	64,210	67,603	64,330
75,869	84,146	63,488	65,515	75,847	77,466
103	105	107	110	112	112
166	179	178	185	211	256 (4)
107	83	72	56	48	60 (4)
4.35	7.31	6.23	6.62	7.00	6.00
1,229	1,219	1,373	1,936	1,503	1,730
2,529	2,675	2,719	2,315	2,663	2,954
165	158	172	196	188	183
342,628	(1)	(1)	356,240	280,992	413,292 (3)
20.37	18.90	17.80	18.80	17.62	17.30
7,435.00	7,100.00	6,900.00	6,800.00	6,449.37	6,316.06
12.41	11.57	12.60	14.20	13.50	11.80
4,542.14	4,212.54	4,573.59	5,172.20	4,926.12	4,274.09

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

Function / Program	Fiscal Year Ended September 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	167	199	181	198	198	181	181	171	172	182
Fire stations	10	10	10	10	10	10	10	10	10	10
Public Works										
Streets (miles)	524	526	527	541	542	522	522	523	524	525
Streetlights	7,504	7,493	7,548	7,550	7,541	7,590	7,584	7,565	7,560	7,628
Traffic signals	194	192	184	189	191	195	194	194	196	196
Sanitation										
Collection trucks	28	28	28	28	26	25	27	20	18	18
Culture and Recreation										
Parks	47	47	47	47	47	47	48	48	48	48
Parks acreage	1,084	1,084	1,084	1,104	1,104	1,120	1,180	1,180	1,180	1,180
Swimming pools	5	5	5	4	4	4	4	4	4	4
Tennis courts	15	15	15	15	15	15	15	15	15	15
Community centers	8	9	9	8	8	8	8	8	8	8
Water and Sewer System										
Water										
Water mains (miles)	481	471	473	473	474	476	479	480	481	487
Fire hydrants	2,154	2,203	2,247	2,259	2,283	2,327	2,327	2,314	2,314	2,315
Maximum daily capacity (millions of gallons)	24	25	23	32 (1)	26	26	24	26	25	22
Sewer										
Sanitary sewers (miles)	388	392	396	397	402	404	405	406	407	407
Storm sewers (miles)	217	228	231	233	259	340	406	406	409	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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