

CITY HALL



# City of Pasadena, Texas Comprehensive Annual Financial Report



For Fiscal Year Ended September 30, 2018



**CITY OF PASADENA, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2018**

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



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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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## **INTRODUCTORY SECTION**





**CITY OF PASADENA**  
**OFFICE OF THE CITY CONTROLLER**  
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March 11, 2019

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, (the "City") for the fiscal year ended September 30, 2018, 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, 2018. 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 stated 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, 2018. 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 25-37.

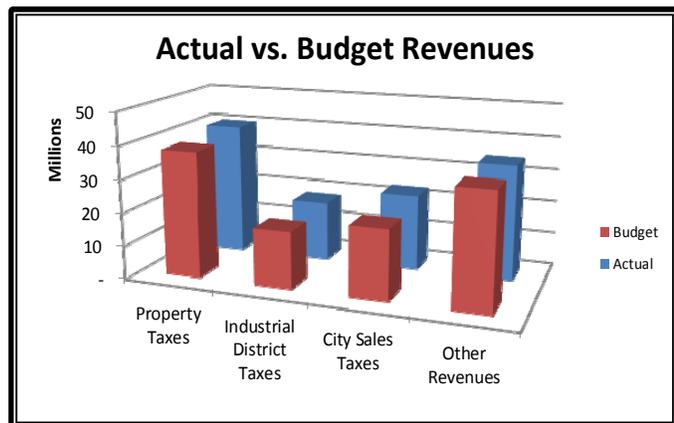
## Profile of the Government

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 2018 population is estimated at 153,520 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, adopting budgets, and determining 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 the State of Texas and the City of Pasadena. On May 4, 2019, the City will be holding an election for City Council members, and the candidates have to reside physically within his/her district (Councilmember's) for twelve months immediately preceding the day of the election at which he/she is elected. The current Council will be in *Lame Duck*, which means the Council shall not create, make, or enter into any contract except in the event of grave public emergency or calamity during May and June 2019 until the elected Council is sworn in. During the first meeting following the swearing-in ceremony, the Council by-election designates one 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 any changes in its electoral system until 2023 and to base its elections on a single-member district system.

The City of Pasadena provides a full range of municipal services to its residents through a variety of programs and available to all demographics such as 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, and golf course); and cultural event facilities, including a convention center, two libraries, a senior citizen center, an athletic/recreational center, and the Verne Cox Multipurpose Center for special needs citizens.

The City Charter requires the adoption of the City budget no later than September 27<sup>th</sup>. The appropriated budget is prepared by fund, function, and department/division. Within the department/division, it is categorized further by object and subject. City department heads may make transfers between two subjects within the same object (e.g., transfer between postage and office supplies within the object of materials and supplies). Any other transfers or changes to the appropriations require the approval of City Council and an amendment to the budget. For additional information on the City's budgetary practices, see Note III. A on page 73 in the notes to financial statements. As the graph to the right shows, the City's actual revenues are again for the fiscal year 2018 exceeding what was budgeted in property and industrial district taxes, City sales taxes and other revenues, which includes but not limited to permit, health, municipal courts, and parks and recreation.

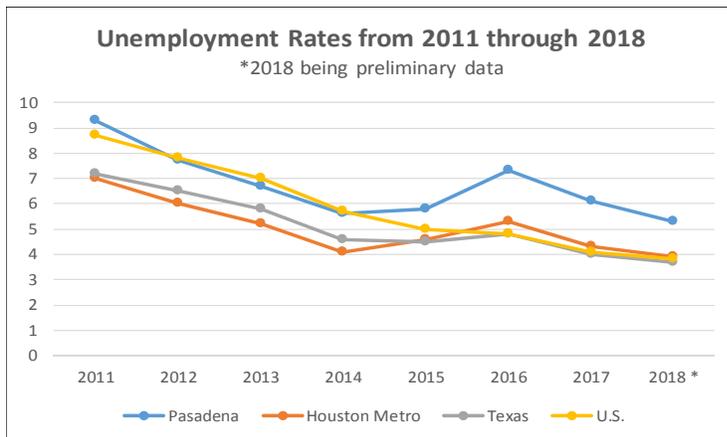


## Local Economy

The annual Strawberry Festival, Pasadena Livestock Show & Rodeo and the legendary Urban Cowboy traditions always shine a bright spotlight on Pasadena. The City is also a rich industrial area, and its leaders have taken a combination of abundant natural resources, an advantageous location, and a determination to succeed and 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 petrochemicals and refining industries and benefits from the proximity to the Houston Ship Channel, a part of Port of Houston, which is a huge employment generator to the City.

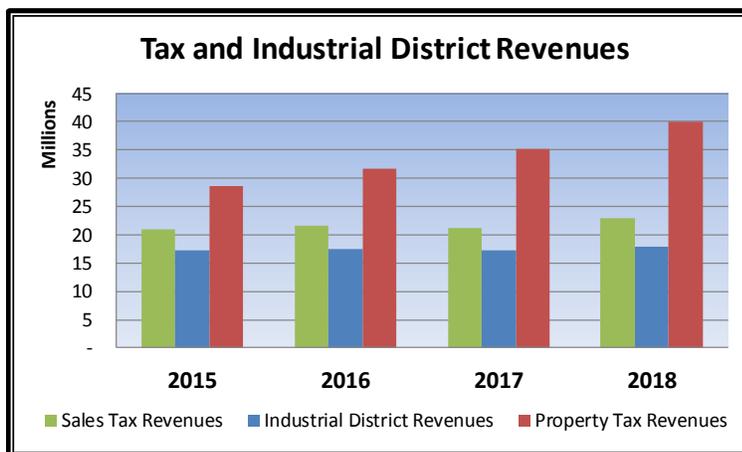
Port of Houston is the Gulf Coast's leading gateway to North America's fastest growing markets between the Mississippi River and the Rocky Mountains. Each year, more than 241 million tons of cargo move through the Port of Houston carried by more than 8,200 vessels and 223,000 barges. The Port is consistently ranked first in the U.S. in 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.



Significant indicators that impact the economic condition are the employment and unemployment statistics. In December 2018, the state's preliminary unemployment rate was at 3.7% ranking Texas as 23<sup>rd</sup> in the nation, a decrease from December 2017 at a rate of 4.0%. While the Houston metropolitan area had a preliminary unemployment rate of 3.9%, Pasadena's rate is slightly higher at 5.5%, which is a decrease from 2017 at 6.0%.

The energy landscape, which is the metropolitan area's growth advantage, is changing radically as the global oil demand growth has crude prices on the high again at \$55 to \$65 per barrel. Predictions are that crude prices will hang around \$61 per barrel into 2019. Traders are responding to the Venezuela and Iran outages, OPEC cuts and the slowing of the U.S. shale market. 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. ExxonMobil gives the green light to move forward on the Wink to Webster pipeline, which will connect the oil from the Permian Basin to the Texas coast. Crude by rail is also surging in the U.S. In October 2018, 718,000 barrels per day were shipped on railways, which is up by 88% from a year earlier. Estimates are that, by 2022, the United States will become a net energy exporter, where it has been an energy importer since 1953.

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The City's 2018 total revenues in the governmental funds, excluding other financing sources, when compared to 2017, increased by 13.0% to \$156,617,512. In the general fund only, sales tax revenues, when compared to 2017, increased 8.0% to \$22,899,751. Some of the increases were due to the impact of reconstruction efforts after Hurricane Harvey. Even though the property tax rate remains the same as the 2017 tax rate of \$0.5754/\$100, the 10.1% increase in assessed property value to \$8,719,401,740 contributed to the increase in property tax revenues, when compared to 2017, by 13.6% to \$40,058,984. 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 2019, specifically in the categories of construction work in progress and first-year completion.

The Houston metropolitan area is estimated to grow to as much as four million people in the next 25 years. All those people will have to live in and around the Houston area, and Pasadena is a commuter's dream. Situated between Highway 225 and Interstate 45 straddling the Sam Houston Tollway allows speedy travel to locations like downtown Houston, the Texas Medical Center, the Port of Houston and Galveston Bay. The City has many residential real estate options. As the job market and population grows, so does the demand for affordable living options. The City has many planned housing projects for future developments, both multi- and single-family living. Developers have started building new apartment complexes, and several subdivisions are in the planning stages. The largest new development plan being the Parkway Trails Master Planned Community, which will include 410 single-family lots. A good sign of building and development is through the City's permit department with increasing submissions of new permit applications. The administration of Pasadena is looking into the future and wants to continue to create affordable housing and recreational amenities to appeal to incoming employers and families.

Pasadena also offers a variety of family recreations. The City offers parks, local museums, and athletic facilities; entertainment at the Pasadena Convention Center, Fairgrounds, Rodeo Arena; and performances at local theaters. The summer can be spent cooling off at the local pools and splash pads or rejuvenating 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 oil and gas companies on the Gulf Coast. Retailers and restaurants are also moving into the Pasadena area to serve the community, which also is a factor that leads to increased sales tax revenues. To name a few -

- LyondellBasell, one of the world's largest plastics, chemicals, and refining companies, broke ground in August 2018 to build the largest propylene oxide (PO) and tertiary butyl alcohol (TBA) plant ever built. It is expected to create \$104M in benefits for Pasadena alone.
- Emerson, a global technology and engineering company, purchased 26 acres for its new office complex, which will enable the company to expand its leadership position in key served markets in chemical, power, refining, mining, oil, and gas.
- PinnacleART plans to add two 10,000 SF buildings to its existing 18,000 SF campus in Pasadena. The company was founded in 2006 and is fast-growing; it now has 700 employees. They are a global leader in designing, implementing, and maintaining asset reliability/integrity programs for process facilities in the oil and gas, chemical, wastewater, and electric power industries.
- Doctors United Surgery Center is under construction on 5.25 acres, and 61,000 SF Joe V's Smart Shop, a discount grocery concept from H-E-B, the twentieth largest retailer in the United States, plans a fall 2018 opening with 175 new jobs.

### ***Long-term Financial Planning***

The City's long-term plans are striving for fiscal stability while re-energizing the City into the twenty-first century. Sound financial practices in compliance with all Federal, State, and Local Laws will continue to direct the City's financial resources while striving to meet its 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) incorporates the City's priorities and vision of a viable and progressive Pasadena. Community objectives have contributed to the success in the implementation of new improvements as citizens, businesses, and neighborhoods 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, is moving into the new millennium by re-branding and obtained a dba as the Pasadena Economic Development Corporation (PEDC) and with the direction of the newly appointed Board in March, 2017, has become a major player in business development, retention, and expansion. Throughout this document Pasadena Second Century Corporation will be referred to as either Pasadena Second Century Corporation or PSCC.

PSCC is dedicated to the promotion of local economic development and has identified and targeted a variety of projects. PSCC engaged TIP Strategies, an Austin-based economic development consulting firm, to create a ten-year strategic plan to help guide Pasadena's growth. The resulting plan unveiled in June 2018 includes a set of six goals - marketing and image, business development, workforce, catalyst projects, tourism/retail, and support structure for economic development. It is a much more aggressive and diverse approach to economic development and to raise Pasadena's profile within Greater Houston and establish itself as one of the nation's leading destinations for new investment, employment, and business creation.

PSCC has committed and emphasized reinvestment in the Pasadena Town Square Mall site (now known as Macroplaza) and a series of adjacent major corridors, including Richey and Shaw Streets, Pasadena Blvd, and Red Bluff Road as a catalytic opportunity to revitalize the North Pasadena area. PSCC is in the process of considering a possible Economic Development Program Agreement upon the Mall owner's commitment to invest \$25M in major improvements to the Mall. The PSCC has also committed \$14M in public infrastructure to re-construct and improve the major corridors that will spur further private investments in North Pasadena.

Pasadena's historic skyline will change with the demolition of the oldest high-rise (the old Pasadena Bank One Building). The building has been neglected by previous owners for years and has come to a state of heart-breaking disrepair, a public danger, and a major deterrent for investors. PSCC purchased the old building in 2018, and is in the process of remediation and to demolish the once landmark icon and breathe new life into the North Pasadena area.

PSCC will continue to function 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 63).

The City has approved and signed an updated Industrial District agreement effective for the fiscal year 2020. Most importantly shortened the length of the agreement to eight years from the original agreement of fifteen years, renegotiated and increased the assessment ratio between the 1<sup>st</sup> to the 5<sup>th</sup> years of completion in constructions. Events change so rapidly in the energy business environment today that an agreement needs to be more adaptable to current and future occurrences. Most of the businesses in this designated area took advantage of the opportunity and renewed their agreements with the City to pay a reduced Industrial District Fees vs. the City property taxes. The new agreement delivers mutual benefits to both the City and the businesses in the Industrial District. The City took this time to annex some properties that wanted to be annexed and de-annexed the unused cruise terminal at Bay Port to the Port of Houston for their expansion.

Health insurance for City employees has become one of the major financial obligations of 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 desire of reducing healthcare costs through preventive care.

The City participates in the nontraditional, joint contributory, hybrid defined benefit plan administered by 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. The Statement 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 92).

The City implemented the Governmental Accounting Standards Board (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 other post-employment benefits (OPEB) to their employees. 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 defined benefit OPEB plans.

The City administers a single-member 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 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. No assets are accumulated in a trust that meet the criteria in paragraph four of GASB Statement No. 75. Retiree healthcare is accounted for in the health insurance fund, an internal service fund. A separately, audited GAAP basis post-employment benefit plan is not available for this program. (See Note V. C page 90).

The City also participates in an additional defined benefit OPEB plan administered by the Texas Municipal Retirement System (TMRS), known as the Supplemental Death Benefits Fund (SDBF). A voluntary program in which the City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City contributes to the SDBF at a contractually required rate determined by an annual actuarial valuation. 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. No assets are accumulated in a trust that meet the criteria in paragraph four of GASB Statement No. 75. (See Note V. D.1b page 97).

### ***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 City pays all interest and repays all debt in compliance with terms of the bond ordinances and covenants. Nearly 81% of the principal on the tax-supported debt is scheduled to retire within ten years.

Since the swearing-in of the new Council in July 2017, the City stopped the practice to use the fund balance to cash-fund capital projects; resulting in the issuance of a Combination Tax and Revenue Certificates of Obligation, Series 2017 of \$35,480,000. This 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 the animal shelter; and to construct streets, sidewalks, 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 metropolitan 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.

The City has applied for and been awarded:

- (1) The FEMA Public Assistance Program Grant to reimburse the City on debris removal; emergency protective measurements; and damages to buildings, equipment and utilities. The City received \$1.18M under the expedited process and anticipating another \$3M reimbursement.
- (2) The FEMA Hazard Mitigation Grant Program (HMGP) to mitigate drainage and flooding issues in the City that were encountered during Hurricane Harvey. The application in the total amount of \$106M was submitted, which consisted of phase I – \$15.6M engineering, design, and environmental review and Phase II – \$90.4M construction, program management, and administration costs. FEMA awarded the City the phase I of \$15.6M in November 2018, and the City has one year, until October 22, 2019, to complete the required performance. The HMGP

requires 25% local match and the City may consider issuance of debt to fund the required 25% cost-share match of Phase II of this project, depending on the amount HUD CDBG-DR allocation available and pass through to the City from Harris County.

There are two major joint projects between the City/PSCC and Harris County - The \$12M Richey Street project (between Highway 225 to Southmore Ave.) is a 4-lane reconstruction with esplanades, drainage, sidewalks, sanitary sewer rehabilitation and adjustments to waterlines and the \$13.95M Pasadena Blvd. (from Highway 225 to Harris Street) is an expansion from 4-lane to 5-lane paving replacement, new traffic signals, bridge widening, and related appurtenances. Both are part of the PSCC strategic plan to revitalize the North Pasadena area.

Using part of the bond proceeds from the Combination Tax and Revenue Certificates of Obligation, Series 2017, the City has started the construction of a new fire station #8, purchased two fire engines and the design phase of two major municipal facilities:

- (1) The \$12M new Municipal Courts Building (Court Building); to relocate the Court from the currently leased space to the new facility with the latest technology that best serves the public. The City has also obtained FEMA's approval to consider the Court Building as an alternative project to rebuild the municipal building located on 901 Curtis, destroyed by Hurricane IKE with a potential Federal award of \$5.8M.
- (2) The \$12M new 40,000 SF Police Academy/Fire Service Administration Building for the Public Safety Departments will include office space for Academy personnel, classrooms, conference room, locker rooms, and break area. It will also include enhanced physical training facilities/gymnasium, and an expanded computer laboratory.

The City, with the Federal grants received from the U.S. Department of Housing and Urban Development (HUD) - Community Development Block Grants (CDBG), Home Investment Partnership Program (HOME), and Emergency Solutions Grants (ESG) has successfully executed the majority of its 2018 initiatives. The Annual Action Plan goal was to improve the quality of life for Pasadena's low- to moderate-income residents. Highlights from the 2017 – 2018 program year are:

- To improve the overall drainage system for neighborhood residents and infrastructure improvements, CDBG funded a public facility project within the City of Pasadena's Low- to Moderate-Income Target Area. Construction has been completed for the Thomas Street Reconstruction Project, totaling \$800,792 of CDBG funds.
- 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 1,459 participants.

Affordable housing, public facilities and improvements, homelessness and public services are identified as high priority activities. 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 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. A public facilities project, assisted with CDBG, was completed within an area that is 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. Two (2) existing housing units were demolished and reconstructed to meet local codes and rehabilitation standards. Additionally, with the 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 opportunities and increasing the quality of life by providing a decent, safe and sanitary environment.

The City's ESG Program has provided 10,137 nights of shelter and supportive services to 177 homeless women and children, which include 70 victims of domestic violence or abuse. To further transition to permanent housing, rent, and utility assistance was provided to eleven (11) new households at risk of homelessness.

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

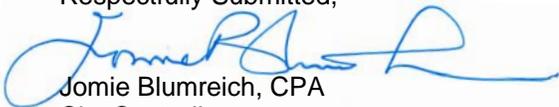
The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017. The City has continued to receive this prestigious award since 1993.

Annually, the City Controller's 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



Government Finance Officers Association

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

Presented to

**City of Pasadena  
Texas**

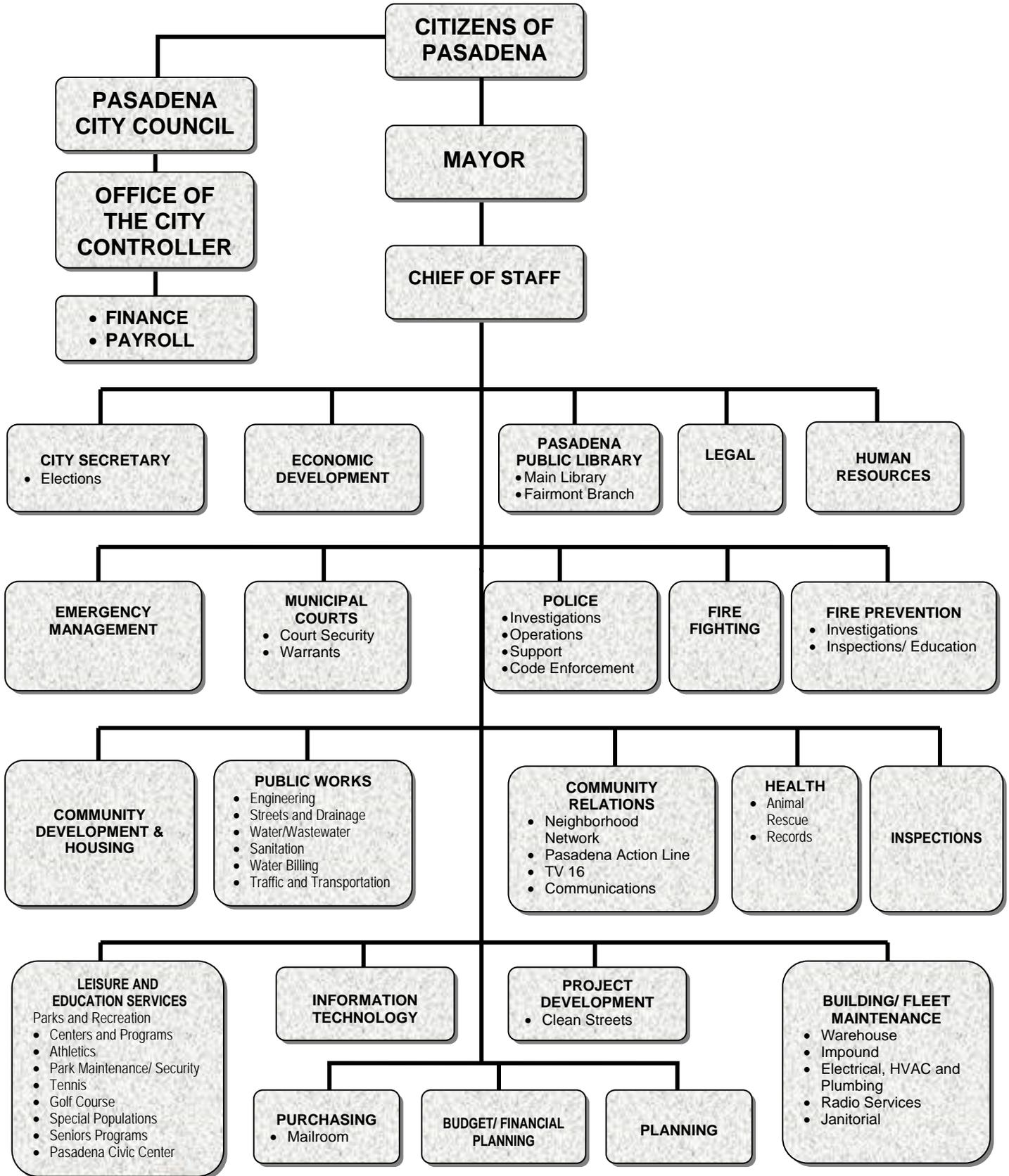
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*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 ADMINISTRATOR**

SHERRY WOMACK

**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**

DANIEL PENNINGTON

**DIRECTOR OF PUBLIC WORKS**

ROBIN GREEN

**CHIEF OF POLICE**

JOSH BRUEGGER

**FIRE CHIEF**

LANNY ARMSTRONG

**FIRE MARSHALL**

DAVID BRANNON

**DIRECTOR OF COMMUNITY RELATIONS**

JOSEPH LINDBERG

**DIRECTOR OF PLANNING**

DEANNA SCHMIDT

**DIRECTOR OF HEALTH**

KATHY PEREZ-ASHTON

**DIRECTOR OF PARKS/RECREATION**

JED APLACA

**DIRECTOR OF ECONOMIC DEVELOPMENT**

CARLOS GUZMAN

**PRESIDING JUDGE, MUNICIPAL COURTS**

LESTER RORICK



**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, 2018, 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.



## **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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the general fund and the equitable sharing of forfeited property grants received from the U.S. Department of Justice and Treasury funds for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

In 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules, schedules of changes in net pension and total other postemployment benefits 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 and individual fund 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 and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
March 11, 2019



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**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Pasadena's (the "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, 2018. This discussion and analysis includes comparative data for fiscal year 2017. 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, 2018 are as follows:

#### Government-Wide Financial Statements

The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$858,876,394 (net position), showing an increase of \$35,145,320 (4.3%) compared to the prior fiscal year of \$823,731,074. Total net position of the City is comprised of the following:

Net investment in capital assets of \$775,543,026 (90.3%) includes land, improvements, construction in progress, and other capital assets, net of accumulated depreciation, and reduced by outstanding debt and net unspent proceeds related to the construction of capital assets.

Net position of \$74,769,634 (8.7%) is restricted by constraints imposed from outside the City such as debt covenants, laws, and regulations.

Net position of \$8,563,734 (1.0%) 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 \$151,202,171. This compares to the prior fiscal year combined fund balances of \$113,295,735, showing an increase of \$37,906,436 (33.4%). Approximately 33.9% of the fund balances, \$51,242,428, is available for spending at the City's discretion (unassigned); 63.3% of the fund balance, \$95,728,413 is restricted for court, law enforcement, economic development, housing services, capital construction, and debt service. The balance of \$3,440,236 (2.3%) is committed for general government capital construction in the amounts of \$3,425,236 and \$15,000. The \$3,425,236 is for various capital projects including drainage improvements and sidewalk replacement projects. Assigned is for purchases on order of \$459,491 and capital construction of \$331,603, totaling \$791,094 (0.5%).

At the end of fiscal year, the general fund had a total fund balance of \$51,716,919. The unassigned portion of the fund balance was \$51,242,428 or 52% of total general fund expenditures of \$98,645,797. The committed portion of the fund balance was \$15,000. The assigned portion of the fund balance was \$459,491. 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, 2018, the unassigned fund balance exceeded this required balance by \$34,801,462.

### 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 40-43 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 44-53 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 54-59 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 63-105.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's OPEB schedule of changes in the City's total healthcare OPEB liability and related ratios, TMRS pension schedule of contributions, TMRS pension schedule of changes in net pension liability and related ratios, TMRS pension methods and assumptions used to determine contribution rates, schedule of changes in the City's total SDBF OPEB liability and related ratios, Texas Emergency Services Retirement System schedule of contributions, and schedule of changes in the net pension liability and related ratios. Required supplementary information can be found on pages 109-116 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 121-153.

### **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 \$858,876,394 at fiscal year ended September 30, 2018.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 192,844,565	\$ 159,245,113	\$ 55,186,154	\$ 35,172,621	\$ 248,030,719	\$ 194,417,734
Capital assets	602,545,470	595,353,007	286,725,632	284,330,867	889,271,102	879,683,874
<b>Total assets</b>	<b>795,390,035</b>	<b>754,598,120</b>	<b>341,911,786</b>	<b>319,503,488</b>	<b>1,137,301,821</b>	<b>1,074,101,608</b>
Deferred outflows of resources	14,612,993	29,618,737	4,139,115	5,519,933	18,752,108	35,138,670
<b>Total deferred outflows</b>	<b>14,612,993</b>	<b>29,618,737</b>	<b>4,139,115</b>	<b>5,519,933</b>	<b>18,752,108</b>	<b>35,138,670</b>
Long-term liabilities, outstanding	158,908,330	166,638,171	87,044,956	76,865,983	245,953,286	243,504,154
Other liabilities	24,093,851	26,413,803	15,386,930	13,553,874	39,480,781	39,967,677
<b>Total liabilities</b>	<b>183,002,181</b>	<b>193,051,974</b>	<b>102,431,886</b>	<b>90,419,857</b>	<b>285,434,067</b>	<b>283,471,831</b>
Deferred inflows of resources	10,963,612	1,865,410	779,856	171,963	11,743,468	2,037,373
<b>Total deferred inflows</b>	<b>10,963,612</b>	<b>1,865,410</b>	<b>779,856</b>	<b>171,963</b>	<b>11,743,468</b>	<b>2,037,373</b>
Net position:						
Net investment in capital assets	549,356,319	538,867,914	226,186,707	220,294,968	775,543,026	759,162,882
Restricted	72,167,450	62,927,934	2,602,184	2,267,462	74,769,634	65,195,396
Unrestricted	(5,486,534)	(12,496,375)	14,050,268	11,869,171	8,563,734	(627,204)
<b>Total net position</b>	<b>\$ 616,037,235</b>	<b>\$ 589,299,473</b>	<b>\$ 242,839,159</b>	<b>\$ 234,431,601</b>	<b>\$ 858,876,394</b>	<b>\$ 823,731,074</b>

By far, the largest portion of the City's net position, \$775,543,026 (90.3%), reflects its net investment in capital assets (e.g., land, building, machinery, equipment, and infrastructure), less any related outstanding debt used to acquire those assets. These assets are used to provide services to citizens; consequently, they are not available to be used for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

This portion of the City's net position increased by \$16,380,144 compared to prior fiscal year of \$759,162,882. Capital assets had a net increase of \$9,587,228, with 75% net increase in the governmental activities and the remaining 25% net increase in the business-type activities. The governmental activities streets project included Pasadena Harris – 225 Richey Road, Sunset Pool renovation, and a deposit on a pumper truck. The major infrastructure projects in the business-type activities were Crenshaw Water Plant, various waterline projects, Burke-BW8, and City-wide wastewater improvements. Additional information can be found in Note IV, D, pages 79-80.

The bond debt resulted in a net increase of \$24,380,725, including a net increase totaling \$12,372,453 for governmental activities, including the sales tax revenue notes, and an overall increase of \$12,008,272 for business-type activities.

The second largest portion of the City's net position, \$74,769,634 (8.7%), represents resources that are subject to external restrictions on how they may be used. This compared to the prior fiscal year of \$65,195,396, showing an increase of \$9,574,238. Overall, the largest increase was in capital projects and economic development in the amount of \$6,762,008 from \$50,912,903 to \$57,674,911 because the Pasadena Second Century Corporation held off on major projects until an overall City project study had been completed and the City issued Certificates of Obligation during the year in both the governmental and business-type activities. Debt service restricted net position increased by \$703,196 from \$4,345,681 to \$5,048,877.

Cultural and recreation restricted net position increased by \$1,309,335 from \$3,887,462 to \$5,196,797 due in part to the increase in hotel and motel tax revenue with three new hotels last year: Fairfield Inn, Holiday Inn Express & Suites, and Residence Inn/Marriott. Other purposed restricted net position had an ending balance of \$1,610,420. These funds were from the non-major governmental activity which includes restricted amounts for the municipal judicial efficiency and technology in the court funds.

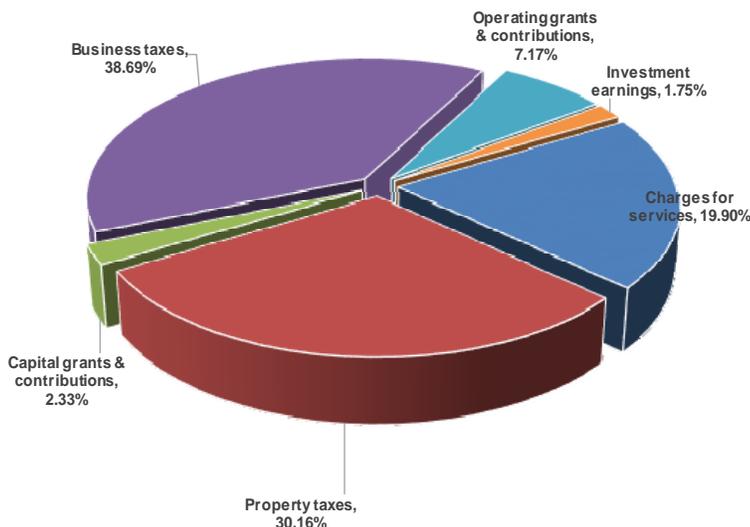
The third and final portion of the City's net position, \$8,563,734 (1.0%), represents unrestricted resources that can be used to meet the City's ongoing obligations to citizens and creditors. This portion of net position

increased by \$9,190,938 compared to the prior fiscal year of (\$627,204). The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities. It should be noted that the City implemented GASB Statement No. 75 *Accounting and Financial Reporting for Post Employment Benefits other than Pensions* (OPEB) and net position was restated as of September 30, 2017. Additional information on the City of Pasadena's restatement can be found on page 105 in the Notes to the Financial Statements.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 32,597,628	\$ 23,395,414	\$ 44,569,349	\$ 41,915,812	\$ 77,166,977	\$ 65,311,226
Operating grants and contributions	11,735,785	9,852,748	-	-	11,735,785	9,852,748
Capital grants and contributions	3,811,672	5,282,526	-	-	3,811,672	5,282,526
General revenues:						
Property taxes	49,398,264	45,677,186	-	-	49,398,264	45,677,186
Business taxes	61,252,261	58,070,585	-	-	61,252,261	58,070,585
Other taxes/fees	2,117,329	1,641,838	-	-	2,117,329	1,641,838
Investment earnings	2,879,923	1,235,356	776,457	198,865	3,656,380	1,434,221
Gain on sale of capital assets	-	149,093	-	17,950	-	167,043
<b>Total Revenues</b>	<b>163,792,862</b>	<b>145,304,746</b>	<b>45,345,806</b>	<b>42,132,627</b>	<b>209,138,668</b>	<b>187,437,373</b>
<b>Expenses:</b>						
General government	22,314,761	22,756,730	-	-	22,314,761	22,756,730
Public safety	54,984,996	55,497,066	-	-	54,984,996	55,497,066
Public works	27,196,488	25,898,493	-	-	27,196,488	25,898,493
Health	4,956,796	4,901,819	-	-	4,956,796	4,901,819
Culture and recreation	19,670,659	19,232,324	-	-	19,670,659	19,232,324
Housing and community development	8,544,976	8,804,281	-	-	8,544,976	8,804,281
Interest on long-term debt	2,689,213	2,097,954	-	-	2,689,213	2,097,954
Water and sewer	-	-	33,635,459	32,993,854	33,635,459	32,993,854
<b>Total Expenses</b>	<b>140,357,889</b>	<b>139,188,667</b>	<b>33,635,459</b>	<b>32,993,854</b>	<b>173,993,348</b>	<b>172,182,521</b>
<b>Increase in net position before transfers</b>	<b>23,434,973</b>	<b>6,116,079</b>	<b>11,710,347</b>	<b>9,138,773</b>	<b>35,145,320</b>	<b>15,254,852</b>
<b>Transfers</b>	<b>3,302,789</b>	<b>1,912,789</b>	<b>(3,302,789)</b>	<b>(1,912,789)</b>	<b>-</b>	<b>-</b>
<b>Increase in net position</b>	<b>26,737,762</b>	<b>8,028,868</b>	<b>8,407,558</b>	<b>7,225,984</b>	<b>35,145,320</b>	<b>15,254,852</b>
<b>Net position - beginning</b>	<b>589,299,473</b>	<b>581,270,605</b>	<b>234,431,601</b>	<b>227,205,617</b>	<b>823,731,074</b>	<b>808,476,222</b>
<b>Net position - ending</b>	<b>\$ 616,037,235</b>	<b>\$ 589,299,473</b>	<b>\$ 242,839,159</b>	<b>\$ 234,431,601</b>	<b>\$ 858,876,394</b>	<b>\$ 823,731,074</b>



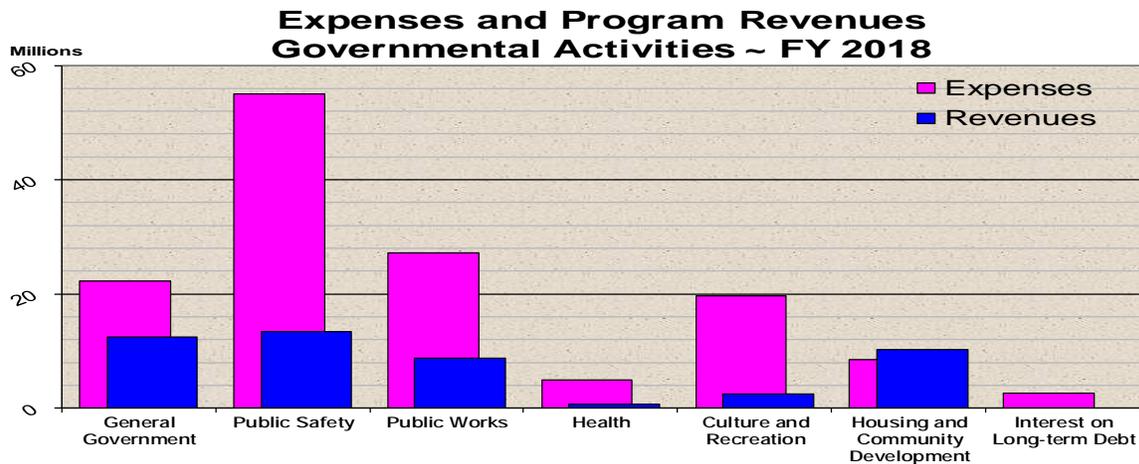
**Governmental Activities.**

Governmental activities increased the City's net position by \$26,737,762 (4.6%). This was impacted by the good current economic conditions. The City saw overall revenues increase by \$19,878,116, including transfers. Program revenue increased by \$9,614,397 (25%) from \$38,530,688 to \$48,145,085. Charges for services increased by \$9,202,214 from \$23,395,414 to \$32,597,628. Operating grants and contributions increased by \$1,883,037 and capital grants and contributions decreased by \$1,470,854. General government charges for services increased by \$2,237,154 partially due to the increase of residential garbage services, which increased by \$706,804 from \$6,834,649 to \$7,541,453 and the City received \$608,768 in insurance recovery from property damage

during Hurricane Harvey. Public works charges for services increased from \$2,578,645 to \$8,791,756 by the amount of \$6,213,111. The City received \$6,000,000 from Harris County as their contribution for the Richey Street project. Public safety operating grants contribution increased by \$2,000,831 from \$1,237,514 to \$3,238,345 due to an increase of \$552,618 in Federal Equitable Sharing of Forfeited Property – Justice Department and an increase of \$265,755 in State Forfeited Property. The City has received a portion of the FEMA Public Assistance for Hurricane Harvey for \$1,187,130. This is for reimbursement of emergency costs during Hurricane Harvey, which made landfall on August 25, 2017.

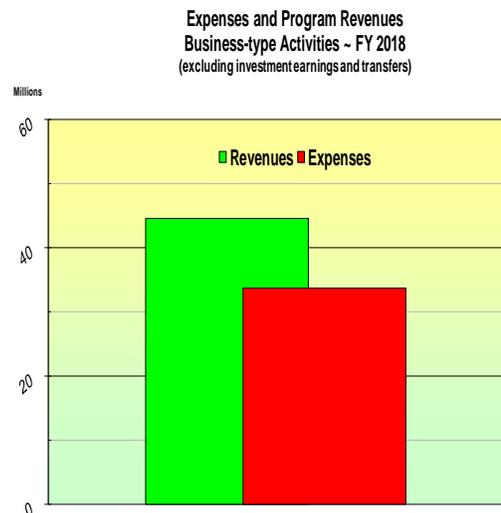
There was an \$8,873,719 (8.3%) increase in general revenues, excluding transfers, but including investment earnings, and last year’s gain on sale of capital assets, in the governmental activities. General property taxes increased by \$3,721,078 due to increased property values and sales taxes increased by \$2,538,633 because of the economy growing in strength. The City also earned \$1,644,567 more in investment income due to the significant increase in interest rates.

Expenses increased by \$1,169,222 (0.8%). Public works expenses increased \$1,297,995 from \$25,898,493 to \$27,196,488 due to the City’s renegotiation of the garbage, heavy trash, and recycling collection rates, which increased by 37% from prior rates. There was an increase in interest on long-term debt of \$591,259 again due to the issuance of Certificates of Obligation Bonds.



**Business-type Activities.** Business-type activities increased the City’s net position by \$8,407,558. The key elements of this increase include:

The business-type activities had seen an increase in expenses of \$641,605 (1.9%). Personnel services decreased by \$251,529 (5.3%). Last year, personnel services were 27% of total operating expenses and currently they are at 26%. The business-type activities capital contribution from the grant management fund and Pasadena Second Century Corporation (PSCC) capital projects fund was \$1,989,666. This is reported on the Statement of Activities as a net of \$3,302,789 including net \$1,950,211 capital contribution less net transfers of \$5,253,000. Capital assets purchased through the governmental activities fund were capitalized in the water and sewer funds. The projects included waterline rehabilitation; water storage tank rehab; waterlines replacements; Crenshaw wastewater treatment plant consolidation; and Burke Road, West Ellaine, North Main lift station rehabilitation. Interest expense on bonds included in water and sewer system expense on the Statement of Activities went from \$2,665,483 to \$3,063,383; a slight increase due to the issuance of Certificates of Obligation Bonds, Series 2017 in the amount of \$16,305,000.



Revenues, including interest earnings and prior year's gain on sale of capital assets, had an increase of \$3,213,179. Charges for services increased by \$2,653,537 due to an increase in water and sewer sales rates because of the increase in the consumer price index, on which the City bases the City's water/sewer rate changes.

## 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 \$151,202,171. Approximately 33.9% of this amount, or \$51,242,428, 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 (\$13,190,805 or 8.7%)
2. restricted to pay debt service (\$2,339,765 or 1.6%)
3. restricted to pay for certain capital construction (\$80,197,843 or 53%)
4. assigned to pay purchases on order (\$459,491 or 0.3%)
5. assigned to pay capital construction (\$331,603 or 0.2%)
6. committed to general government capital construction and recall, election, and charter revision (\$3,440,236 or 2.3%)

The general fund is the principal operating fund of the City of Pasadena. As of September 30, 2018, the general fund reported fund balance of \$51,716,919. This compared to the prior fiscal year of \$37,440,738, showing an increase of \$14,276,181 (38.1%).

The unassigned portion of the general fund's fund balance was \$51,242,428. 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 \$98,645,797 or 52%, an increase of 16% over last year's percentage of 36%.

The City's general fund has emerged from the recession with general property tax collection increasing by 13.6%. Industrial district fees had a small increase by 3.8% 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 an increase in the amount of \$1,691,844 (8%) over last year. Expenditures, excluding transfers out, decreased by \$4,203,619 or 4.1%. The general fund transferred \$9,439,588 less in fiscal year 2018 than the year before to the capital projects funds for projects, with an overall decrease of \$10,566,108 in the transfers out and transfers in went from \$3,700,000 to \$3,000,000. In the prior year, the City's general fund fund balance was funding capital projects within the City. However, the City has issued Certificates of Obligation Bonds for future capital projects.

The debt service fund has a total fund balance of \$2,339,765, all of which is restricted for the payment of debt service. The increase in fund balance of \$278,981 compared to prior fiscal year fund balance of \$2,060,784 was mainly due to increased collection of property taxes.

The Pasadena Second Century Corporation fund has a total fund balance of \$56,643,077, all of which is restricted for capital projects and economic development. The increase in fund balance of \$1,972,639, or 3.6%, compared to prior fiscal year of \$54,670,438, was attributed to an increase in sales taxes collected by 8% over last year, noting again improving economy. There was an increase in capital outlay expenditures of \$4,576,848. The majority of projects were in public works in the total amount of \$5,649,625. The greater part was used on the Pasadena Boulevard; Harris – 225, and the Richey Road projects.

The capital projects fund has a total fund balance of \$27,311,605, with \$23,554,766 restricted for capital construction projects; \$3,425,236 committed by Council, the highest level of decision making for capital construction; and \$331,603 assigned by management for capital construction. The increase in fund balance amounted to \$18,493,304, compared to the prior fiscal year of \$6,339,644. In the prior year, the City committed fund balance from the general fund to finance capital improvements; however, the City issued Certificates of Obligation Bonds, Series 2017 in the amount of \$19,175,000 (excluding the premium) to cover future capital projects. The capital outlay expenditures in the amount of \$10,073,413 had decreased by \$7,547,206 compared to the prior fiscal year with the majority of expenditures concentrated on public works projects, totaling \$7,025,609 for street and drainage projects, public safety projects of \$1,548,794 for the majority used for deposit on a new pumper truck, and the health project totaling \$687,726 for completion of the new animal shelter.

The grant management fund has a total fund balance of \$3,987,071, all of which is restricted for specific grant purposes. There was an increase in the fund balance of \$709,117 compared to \$5,564 last year. Even with the fund balance increase, grant management funds revenue and expenditures both decreased in the amount of \$152,722 or 1.3% and \$856,275 or 7.1%, respectively, over the prior year amounts because there was less grant account receivable of 29% over last year because there was less grants accounts receivable to earn so less to spend on expenditures.

**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 \$111,163,174, including transfers out, was \$2,682,898 (2.5%) more than the original budget of \$108,480,276.

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

- \$2,374,290 decrease for General Government - included a decrease of \$2,473,170 in other charges, mainly due to the use of sick and vacation time transferred to various departments in a budget amendment.
- \$2,134,650 increase for Public Safety - included increased costs in various police and fire prevention salary accounts due to the unexpected costs by \$1,681,497 and the code enforcement department increased by \$130,859 (22.9%) due to the increase in personnel services and contractual services.
- \$1,863,359 increase for Public Works - included an increase in the sanitation department in the amount of \$989,781 for contractual services due to the garbage rate increasing.
- \$80,726 increase in Health - included an increase in the amount for materials and supplies in both the Health and Animal Rescue and Assistance departments in the amount of \$102,193 or 32%.
- \$808,669 increase in Culture and Recreation – increases in golf course personnel service and materials and supplies due to the renovation of the facility.

Even with the above mentioned amendments, total actual expenditures, including transfers out totaling \$101,265,581, were \$9,897,593 (8.9%) below the final budget. The general government function had a variance of \$3,937,133, specifically in property management, City hall, and planning. Public safety had a variance of \$2,147,389, with the largest variance in the police development personnel services which was expecting to have a sharp increase due to the cadets' graduation and moving from the Crime Control fund to the General fund. However a management decision kept the graduated cadets in the Crime Control fund until

the new fiscal year. In the parks and recreation departments, projects had been budgeted but not completed this fiscal year, and the culture and recreation function had a variance in the amount of \$2,204,393.

Actual revenues, including the transfers in and sale of capital assets, totaled \$115,541,762, which was over the final budgeted amount of \$110,689,662 by \$4,852,100 (4.4%). The largest favorable variance was in the amount of \$2,088,671 for ad valorem taxes due to the City collections of property taxes.

### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018 amounted to \$889,271,102 (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 \$9,587,228 (1.1%) compared to prior fiscal year of \$879,683,874. There was a \$7,192,463 (1.2%) increase for governmental activities and a \$2,394,765 (0.8%) increase for business-type activities.

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

- Continued Thornwood Drainage; Preston-Glenmore (D018) - \$116,324 with \$1,239,304 in progress at the end of the year.
- Continued Channel/Detention BW8-Crenshaw (D037) - \$44,959 with \$271,386 construction in progress at the end of the fiscal year.
- Began Partnership Park Drainage (D039) - \$100,194 with \$129,109 in progress at the end of the fiscal year.
- Began Browning Subdivision Drainage Improvement (D042) - \$50,000 in progress at the end of the fiscal year.
- Began 2018 Annual Drainage Improvements (D043) - \$103,751 in progress at the end of the fiscal year.
- Began Golden Acres Detention (D044) - \$64,662 in progress at the end of the fiscal year.
- Began Fire Station #8 (F007) - \$56,250 in progress at the end of the fiscal year.
- Continued with Animal Adoption Center (M016) - \$146,522.07 with \$2,942,693 in progress at the end of the fiscal year.
- Began Utility Development Projects (M018) - \$429,600 in progress at the end of the fiscal year
- Continued with Convention Center Facility (M025) - \$86,093 with \$521,984 in progress at the end of the fiscal year.
- Began Convention Center Infrastructure Improvement (M026) \$79,533 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) - \$1,159,609 with \$3,133,873 in progress at the end of the fiscal year.
- Continued with Municipal Court Buildout (M031) - \$3,104 with \$117,183 in progress at the end of the fiscal year.
- Began Municipal Court Building (M032) - \$495,496 in progress at the end of the fiscal year.
- Began Police/Fire Administration Building (M034) - \$249,960 in progress at the end of the year.
- Began Smithco (Joe V's) Incentive (M037) - \$173,694 in progress at the end of the fiscal year.

- Began Land Acquisition (M038) - \$7,750 in progress at the end of the fiscal year.
- Began Sunset Pool Renovation (R037) - \$423,536 in progress at the end of the fiscal year.
- Continued Bearle Street; 225-Thomas (S032) - \$1,723,363 with \$2,342,712 in progress at the end of the fiscal year.
- Began Pansy Street (Spencer-Old Vista) (S045) - \$500,202 in progress at the end of the fiscal year.
- Began Lafferty Street (S048) - \$187,500 in progress at the end of the fiscal year.
- Continued with Fairway Plaza Extension (S054) - \$14,179 with \$128,229 in progress at the end of the fiscal year.
- Gateway Sign (S074) - \$29,808 in progress at the end of the fiscal year.
- Pasadena Blvd; Harris-225 (S077) - \$4,139,991 in progress at the end of the fiscal year.
- Fairmont; Red Bluff-Luella (S084) - \$242,822 in progress at the end of the fiscal year.
- Randolph; Pine-Spencer (S087) - \$2,759,778 in progress at the end of the fiscal year.
- Continued 2017 Annual Paving (S093) - \$90,097 with \$1,012,501 in progress at the end of the fiscal year.
- Continued 2017 Annual Sidewalk (S098) - \$95,116 with \$518,839 in progress at the end of the fiscal year.
- Continued Jasmine Street (S099) - \$662,051 with \$1,603,993 in progress at the end of the fiscal year.
- Continued West Lane Reconstruction (S100) - \$305,541 with \$522,295 in progress at the end of the fiscal year.
- Continued Richey Street Reconstruction (S101) - \$2,748,009 with \$3,048,009 in progress at the end of the fiscal year.
- Began 2018 Annual Paving Improvement (S102) - \$477,207 in progress at the end of the fiscal year.
- Began 2018 Annual Sidewalk Improvement (S103) - \$204,687 in progress at the end of the fiscal year.
- Began Wafer Paving and Drainage (S104) - \$226,689 in progress at the end of the fiscal year.
- Began Traffic Mobility Improvement (T014) - \$124,730 in progress at the end of the fiscal year.
- Crenshaw Water Plant (South) (W028) - \$6,471,751 in progress at the end of the fiscal year.
- Continued Scarborough Waterline (W034) - \$383,957 with \$939,666 in progress at the end of the fiscal year.
- Continued 225 Waterline Phase II (W035) - \$14,697 with \$193,006 in progress at the end of the fiscal year.
- Continued Water Storage Tank Rehabilitation (W038) - \$8,778 with \$88,853 in progress at the end of the fiscal year.
- Continued Fairmont Parkway 12" Waterline (W039) - \$275,738 with \$968,205 in progress at the end of the fiscal year.
- Began Choate Road Waterline Relocation (W046) - \$205,153 in progress at the end of the fiscal year.
- Continued Shaw Waterline Improvements (W047) - \$133,224 in progress at the end of the fiscal year.
- Continued Fairmont Pkwy 12" Water Main Phase III (W050) - \$613,363 with \$868,363 in progress at the end of the fiscal year.
- Continued Crenshaw Water Plant Expansion Phase II (W051) - \$610,279.03 with \$798,772 in progress at the end of the fiscal year.

- Began 2018 Citywide Waterline Replacement (W052) - \$316,109.50 in progress at the end of the fiscal year.
- Began Preston 12" Waterline (W053) - \$92,669 in progress at the end of the fiscal year.
- Began Spencer 12" Waterline (W054) - \$110,241 in progress at the end of the fiscal year.
- Began Spencer 12" Waterline Phase II (W055) - \$40,500 in progress at the end of the fiscal year.
- Continued Llano/Red Bluff/Ellaine/Wyatt Lift Station (WW022) - \$32,248.88 with \$533,931.71 in progress at the end of the fiscal year.
- Continued Citywide SS Rehabilitation (WW027) - \$318,978 with \$1,688,640.74 in progress at the end of the fiscal year.
- Continued WWTP Consolidation Project Phase I (WW031) - \$1,951,630.95 with \$2,541,138.99 in progress at the end of the fiscal year.
- Began Burke Rd Lift Station Rehabilitation (WW038) - \$343,805 in progress at the end of the fiscal year.
- Began Citywide SS Rehabilitation Phase II (WW045) - \$909,071.67 with \$1,282,195.21 in progress at the end of the fiscal year.
- Began WWTP Consolidation Phase II (WW046) - \$114,384 in progress at the end of the fiscal year.
- Began 2018 Citywide Sanitary Sewer Rehabilitation (WW047) - \$284,100.15 in progress at the end of the fiscal year.
- Began West Ellaine Lift Station Rehabilitation (WW048) - \$146,937.87 in progress at the end of the fiscal year.
- Began North Main Lift Station Rehabilitation (WW060) - \$183,474.45 in progress at the end of the fiscal year.

**CAPITAL ASSETS  
(net of depreciation)  
September 30, 2018**

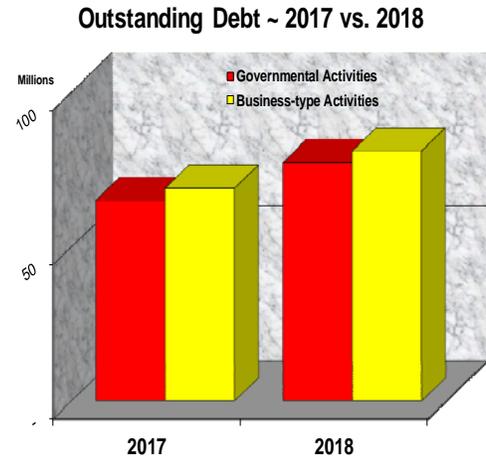
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 143,657,006	\$ 143,395,646	\$ 1,624,352	\$ 1,624,352	\$ 145,281,358	\$ 145,019,998
Buildings and building improvements	59,582,073	60,448,716	1,755,679	1,844,263	61,337,752	62,292,979
Facilities and other improvements	17,968,848	18,741,356	9,996,007	10,186,726	27,964,855	28,928,082
Machinery and equipment	15,259,937	13,460,701	1,764,861	2,062,500	17,024,798	15,523,201
Infrastructure	319,611,954	321,758,290	250,665,185	248,858,908	570,277,139	570,617,198
Automotive equipment	13,279,049	11,782,607	11,477	18,522	13,290,526	11,801,129
Construction in progress	33,186,603	25,765,691	20,908,071	19,735,596	54,094,674	45,501,287
Totals	<u>\$ 602,545,470</u>	<u>\$ 595,353,007</u>	<u>\$ 286,725,632</u>	<u>\$ 284,330,867</u>	<u>\$ 889,271,102</u>	<u>\$ 879,683,874</u>

Additional information on the City of Pasadena's capital assets can be found in Note IV, D, pages 79-80 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 \$158,326,204. Of this amount, \$77,334,804 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 \$80,991,400 represents debt either secured by the net revenues of the City's water and sewer operations (\$2,388,777) or by the full faith and credit of the City, but will be paid from the City's water and sewer operations (\$78,602,623).

The overall debt increased by \$24,380,725 (18.2%), attributable to issuance of Certificates of Obligation Bonds, Series 2017 during the current fiscal year and. Please refer to note IV, G on pages 84-87 in the notes to the financial statements for further information on the City's long-term debt. In addition, the statistical section of this report has various schedules on the City's debt capacity to help citizens and investors to assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.



### CITY OF PASADENA'S LONG TERM DEBT September 30, 2018

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
General, certificate, and other obligations including refunding	\$ 77,334,804	\$ 64,962,351	\$ 78,602,623	\$ 64,256,796	\$ 155,937,427	\$ 129,219,147
Revenue bonds including refunding	-	-	2,388,777	4,726,332	2,388,777	4,726,332
<b>Total</b>	<b>\$ 77,334,804</b>	<b>\$ 64,962,351</b>	<b>\$ 80,991,400</b>	<b>\$ 68,983,128</b>	<b>\$ 158,326,204</b>	<b>\$ 133,945,479</b>

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 \$797,945,135, 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 2018) was 5.5%, down from 6.0% for the previous December per the Bureau of Labor Statistics.
- Assessed value for property tax used for the fiscal year 2019 budget preparation is up approximately 13.09% from fiscal year 2018 and is expected to bring in an increase by \$6,203,909 in revenues with \$1,335,936 due to the new property added to the tax rolls. The tax rate increased to \$0.615446 from \$0.575388.

- The general fund revenue per the fiscal year 2019 adopted budget is expected to increase by approximately \$6,346,279, including transfers in and sale of capital assets, over fiscal year 2018 estimated amounts in revenue per the fiscal year 2019 adopted budget; however, actual fiscal year 2018 compared to fiscal year 2019 adopted budget was up \$741,545.
- 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 2019 adopted budget anticipates a slight decrease in industrial revenue of 0.2%. This small decrease can be traced to the industrial district assessed values.
- The 2019 budget under the modified accrual basis includes an increase in water and sewer operating revenues compared to the estimated amount in fiscal year 2018 in the amount of \$572,350. This will cover the City's cost in providing water and sewer service and to make debt payments.
- Transfers have been derived based on the anticipated costs during the upcoming year for services or for subsidy purposes.

These indicators were taken into account when adopting the general fund budget for fiscal year 2019. Revenues in the general fund are budgeted in the amount of \$116,283,307, including transfers and sales of capital assets, which is an increase of \$5,593,645 over the final fiscal year 2018 budget of \$110,689,662 (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 increase by 4.6%, or \$5,100,206, in comparison to the final budgeted expenditures of fiscal year 2018. This increase is due to an anticipated across the City cost-of-living increase and other personnel changes.

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

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



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## **BASIC FINANCIAL STATEMENTS**

**CITY OF PASADENA, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pasadena Crime Control and Prevention District
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 2,323,787	\$ 1,979,535	\$ 4,303,322	\$ -
Investments	78,730,853	28,369,331	107,100,184	5,646,995
Receivables (net of allowances for uncollectible)	9,352,772	6,992,128	16,344,900	1,835,244
Due from primary government	-	-	-	43,910
Internal balances	4,493,784	(4,493,784)	-	-
Inventories	564,001	26,320	590,321	-
Prepaid items	552,033	2,624	554,657	-
Deposits	375,000	-	375,000	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	490,552	-	490,552	-
Investments	94,906,915	22,310,000	117,216,915	-
Intergovernmental receivables	1,054,868	-	1,054,868	-
Capital assets not being depreciated:				
Land	143,657,006	1,624,352	145,281,358	-
Construction in progress	33,186,603	20,908,071	54,094,674	-
Capital assets net of accumulated depreciation:				
Buildings and building improvements	59,582,073	1,755,679	61,337,752	-
Facilities and other improvements	17,968,848	9,996,007	27,964,855	-
Machinery and equipment	15,259,937	1,764,861	17,024,798	-
Infrastructure	319,611,954	250,665,185	570,277,139	-
Automotive	13,279,049	11,477	13,290,526	-
<b>TOTAL ASSETS</b>	<b>795,390,035</b>	<b>341,911,786</b>	<b>1,137,301,821</b>	<b>7,526,149</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred charges on:				
Refunding bonds	2,360,059	2,923,583	5,283,642	-
Deferred outflows on:				
TMRS pension	8,521,175	715,618	9,236,793	-
Fire pension	319,585	-	319,585	-
Healthcare OPEB	3,169,477	480,224	3,649,701	-
SDBF OPEB	242,697	19,690	262,387	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 14,612,993</b>	<b>\$ 4,139,115</b>	<b>\$ 18,752,108</b>	<b>\$ -</b>

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pasadena Crime Control and Prevention District
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	\$ 5,756,929	\$ 3,657,755	\$ 9,414,684	\$ 180,806
Accrued payroll payable	1,484,717	135,526	1,620,243	115,098
Accrued interest payable	358,318	-	358,318	-
Due to component unit	43,910	-	43,910	-
Liabilities payable from restricted assets	4,239,890	2,178,924	6,418,814	-
Customer deposits	-	4,535,143	4,535,143	-
Unearned revenue	326,599	-	326,599	-
Noncurrent liabilities:				
Due within one year	11,883,488	4,879,582	16,763,070	-
Due in more than one year	158,908,330	87,044,956	245,953,286	-
<b>TOTAL LIABILITIES</b>	<b>183,002,181</b>	<b>102,431,886</b>	<b>285,434,067</b>	<b>295,904</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on:				
TMRS pension	10,963,612	779,856	11,743,468	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>10,963,612</b>	<b>779,856</b>	<b>11,743,468</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	549,356,319	226,186,707	775,543,026	-
Restricted for:				
Debt service	2,446,693	2,602,184	5,048,877	-
Capital projects and economic development	57,674,911	-	57,674,911	-
Public safety	3,164,096	-	3,164,096	7,230,245
Housing and community development	2,074,533	-	2,074,533	-
Cultural and recreation	5,196,797	-	5,196,797	-
Other purpose	1,610,420	-	1,610,420	-
Unrestricted	(5,486,534)	14,050,268	8,563,734	-
<b>TOTAL NET POSITION</b>	<b>\$ 616,037,235</b>	<b>\$ 242,839,159</b>	<b>\$ 858,876,394</b>	<b>\$ 7,230,245</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

<b>FUNCTIONS/PROGRAMS</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 22,314,761	\$ 12,423,053	\$ -	\$ -
Public safety	54,984,996	8,065,867	3,238,345	2,043,294
Public works	27,196,488	8,791,756	-	36,510
Health	4,956,796	729,319	-	-
Culture and recreation	19,670,659	2,514,211	22,322	5,700
Housing and community development	8,544,976	73,422	8,475,118	1,726,168
Interest on long-term debt	2,689,213	-	-	-
<b>Total governmental activities</b>	<b>140,357,889</b>	<b>32,597,628</b>	<b>11,735,785</b>	<b>3,811,672</b>
Business-type activities:				
Water and sewer system	33,635,459	44,569,349	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 173,993,348</b>	<b>\$ 77,166,977</b>	<b>\$ 11,735,785</b>	<b>\$ 3,811,672</b>
<b>Component unit:</b>				
Pasadena Crime Control and Prevention District	<b>\$ 11,448,252</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

General revenues:  
 General property taxes  
 Business taxes  
 Industrial district fees  
 Sales taxes  
 Franchise taxes  
 Other taxes  
 Total business taxes  
 Investment earnings  
 Unrestricted  
 Restricted  
 Transfers  
**Total general revenues and transfers**  
**CHANGE IN NET POSITION**  
**NET POSITION - BEGINNING**  
**NET POSITION - ENDING**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Pasadena Crime Control and Prevention District
\$ (9,891,708)	\$ -	\$ (9,891,708)	\$ -
(41,637,490)	-	(41,637,490)	-
(18,368,222)	-	(18,368,222)	-
(4,227,477)	-	(4,227,477)	-
(17,128,426)	-	(17,128,426)	-
1,729,732	-	1,729,732	-
(2,689,213)	-	(2,689,213)	-
(92,212,804)	-	(92,212,804)	-
-	10,933,890	10,933,890	-
<b>(92,212,804)</b>	<b>10,933,890</b>	<b>(81,278,914)</b>	<b>-</b>
			<b>11,448,252</b>
49,398,264	-	49,398,264	-
17,936,515	-	17,936,515	-
34,350,493	-	34,350,493	11,065,505
8,965,253	-	8,965,253	-
2,117,329	-	2,117,329	-
63,369,590	-	63,369,590	11,065,505
1,440,976	414,341	1,855,317	-
1,438,947	362,116	1,801,063	99,278
3,302,789	(3,302,789)	-	-
<b>118,950,566</b>	<b>(2,526,332)</b>	<b>116,424,234</b>	<b>11,164,783</b>
<b>26,737,762</b>	<b>8,407,558</b>	<b>35,145,320</b>	<b>(283,469)</b>
<b>589,299,473</b>	<b>234,431,601</b>	<b>823,731,074</b>	<b>7,513,714</b>
<b>\$ 616,037,235</b>	<b>\$ 242,839,159</b>	<b>\$ 858,876,394</b>	<b>\$ 7,230,245</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	<b>General</b>	<b>Debt Service</b>	<b>Pasadena Second Century Corporation</b>	<b>Capital Projects</b>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 2,323,787	\$ -	\$ -	\$ -
Investments	57,027,669	-	-	-
Receivables (net of allowance for uncollectible)	6,163,900	349,058	1,905,100	5,000
Due from other funds	143,375	36,845	3,807	4,490,370
Restricted assets				
Cash and cash equivalents	-	-	10,007	-
Investments	-	2,097,635	55,144,815	26,031,344
Receivables (net of allowance for uncollectible)	48,585	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 65,707,316</b>	<b>\$ 2,483,538</b>	<b>\$ 57,063,729</b>	<b>\$ 30,526,714</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 4,946,941	\$ -	\$ -	\$ -
Accrued payroll payable	1,356,521	-	-	-
Due to other funds	7,260,455	-	-	-
Due to component unit	43,910	-	-	-
Compensated absences payable	-	-	-	-
Unearned revenue - other	-	-	-	-
Liabilities payable from restricted assets	-	-	420,652	3,215,109
<b>TOTAL LIABILITIES</b>	<b>13,607,827</b>	<b>-</b>	<b>420,652</b>	<b>3,215,109</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue - property taxes	295,918	143,773	-	-
Unavailable revenue - industrial district fees	86,652	-	-	-
Unavailable revenue - notes grant management	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>382,570</b>	<b>143,773</b>	<b>-</b>	<b>-</b>
<b><u>FUND BALANCES</u></b>				
Restricted	-	2,339,765	56,643,077	23,554,766
Committed	15,000	-	-	3,425,236
Assigned	459,491	-	-	331,603
Unassigned	51,242,428	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>51,716,919</b>	<b>2,339,765</b>	<b>56,643,077</b>	<b>27,311,605</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 65,707,316</b>	<b>\$ 2,483,538</b>	<b>\$ 57,063,729</b>	<b>\$ 30,526,714</b>

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

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>
\$ -	\$ -	\$ 2,323,787
-	-	57,027,669
-	-	8,423,058
140,650	1,055,033	5,870,080
427,478	53,067	490,552
3,777,502	7,855,619	94,906,915
1,307,204	464,554	1,820,343
<b>\$ 5,652,834</b>	<b>\$ 9,428,273</b>	<b>\$ 170,862,404</b>

\$ -	\$ -	\$ 4,946,941
-	-	1,356,521
-	2,139	7,262,594
-	-	43,910
191,960	-	191,960
276,245	50,354	326,599
432,083	172,046	4,239,890
<b>900,288</b>	<b>224,539</b>	<b>18,368,415</b>

-	-	439,691
-	-	86,652
765,475	-	765,475
<b>765,475</b>	<b>-</b>	<b>1,291,818</b>

3,987,071	9,203,734	95,728,413
-	-	3,440,236
-	-	791,094
-	-	51,242,428
<b>3,987,071</b>	<b>9,203,734</b>	<b>151,202,171</b>

**\$ 5,652,834**    **\$ 9,428,273**

583,089,100

1,291,818

41,316,413

(160,862,267)

**\$ 616,037,235**

**CITY OF PASADENA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>General</b>	<b>Debt Service</b>	<b>Pasadena Second Century Corporation</b>	<b>Capital Projects</b>
<b>REVENUES</b>				
General property taxes	\$ 40,058,984	\$ 10,110,966	\$ -	\$ -
Business taxes and fees				
Industrial district fees	17,947,752	-	-	-
Sales taxes	22,899,751	-	11,450,742	-
Franchise taxes	9,103,244	-	-	-
Other taxes	344,750	-	-	-
Total business taxes and fees	50,295,497	-	11,450,742	-
Licenses and permits	2,589,258	-	-	-
Municipal court fines	4,399,050	-	-	-
Charges for services	10,678,209	-	-	-
Intergovernmental	1,404,491	-	-	6,000,000
Program income	-	-	-	-
Contribution from outside sources	-	-	-	17,800
Miscellaneous	1,435,557	-	18,710	-
Investment income	1,067,991	30,177	835,709	405,859
<b>TOTAL REVENUES</b>	<b>111,929,037</b>	<b>10,141,143</b>	<b>12,305,161</b>	<b>6,423,659</b>
<b>EXPENDITURES</b>				
Current:				
General government	17,505,528	-	-	-
Public safety	44,347,228	-	-	-
Public works	16,315,792	-	1,404,458	-
Health	4,542,989	-	-	-
Culture and recreation	15,934,260	-	-	-
Housing and community development	-	-	-	-
Debt Service:				
Principal	-	7,015,914	-	-
Interest	-	2,846,254	18,351	-
Underwriter/issuance costs	-	-	-	273,307
Capital Outlay:				
General government	-	-	7,750	498,600
Public safety	-	-	-	1,548,794
Public works	-	-	7,625,577	7,025,609
Health	-	-	-	39,377
Culture and recreation	-	-	1,325,235	687,726
<b>TOTAL EXPENDITURES</b>	<b>98,645,797</b>	<b>9,862,168</b>	<b>10,381,371</b>	<b>10,073,413</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>13,283,240</b>	<b>278,975</b>	<b>1,923,790</b>	<b>(3,649,754)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,000,000	6	-	1,869,784
Transfers out	(2,619,784)	-	-	(6)
Bonds issued	-	-	-	19,175,000
Premiums on bonds issued	-	-	-	1,098,280
Insurance recovery	608,768	-	-	-
Sale of capital assets	3,957	-	48,849	-
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>992,941</b>	<b>6</b>	<b>48,849</b>	<b>22,143,058</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>14,276,181</b>	<b>278,981</b>	<b>1,972,639</b>	<b>18,493,304</b>
<b>FUND BALANCES, BEGINNING</b>	<b>37,440,738</b>	<b>2,060,784</b>	<b>54,670,438</b>	<b>8,818,301</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 51,716,919</b>	<b>\$ 2,339,765</b>	<b>\$ 56,643,077</b>	<b>\$ 27,311,605</b>

The accompanying notes are an integral part of the financial statements

<u>Grant Management</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 50,169,950
-	-	17,947,752
-	-	34,350,493
-	261,898	9,365,142
-	1,772,579	2,117,329
-	2,034,477	63,780,716
-	3,240	2,592,498
-	316,675	4,715,725
-	-	10,678,209
11,792,882	859,143	20,056,516
94,809	-	94,809
-	-	17,800
-	550,084	2,004,351
56,313	110,889	2,506,938
<b>11,944,004</b>	<b>3,874,508</b>	<b>156,617,512</b>
-	376,081	17,881,609
1,019,396	821,250	46,187,874
-	-	17,720,250
-	-	4,542,989
28,022	500,963	16,463,245
10,187,469	-	10,187,469
-	-	7,015,914
-	-	2,864,605
-	-	273,307
-	-	506,350
-	-	1,548,794
-	-	14,651,186
-	-	39,377
-	-	2,012,961
<b>11,234,887</b>	<b>1,698,294</b>	<b>141,895,930</b>
<b>709,117</b>	<b>2,176,214</b>	<b>14,721,582</b>
-	-	4,869,790
-	-	(2,619,790)
-	-	19,175,000
-	-	1,098,280
-	-	608,768
-	-	52,806
-	-	<b>23,184,854</b>
<b>709,117</b>	<b>2,176,214</b>	<b>37,906,436</b>
<b>3,277,954</b>	<b>7,027,520</b>	<b>113,295,735</b>
<b>\$ 3,987,071</b>	<b>\$ 9,203,734</b>	<b>\$ 151,202,171</b>



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**CITY OF PASADENA, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Amounts reported for governmental activities in the statement of activities (page 42-43) are different because:

Net change in fund balances - total governmental funds (page 47)	\$	37,906,436
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.		7,146,672
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, and donations) is an increase to net position.		(1,791,071)
Revenues in the statement of activities that do not provide current financial resources are deferred as revenues in the funds.		(1,182,812)
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.		(13,257,366)
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.		(3,789,221)
Internal service funds are used by management to charge the costs of technical services, warehouse, fleet, facilities operations, mailroom, risk management in regards to workers' compensation claims, general liabilities and health care benefits to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.		1,705,124
<b>Change in net position of governmental activities (page 43)</b>	<b>\$</b>	<b><u>26,737,762</u></b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 38,688,455	\$ 37,970,313	\$ 40,058,984	\$ 2,088,671
Business taxes				
Industrial district fees	17,104,000	17,104,000	17,947,752	843,752
Sales taxes	21,000,000	21,000,000	22,899,751	1,899,751
Franchise taxes	8,962,600	8,962,600	9,103,244	140,644
Other taxes	310,100	310,100	344,750	34,650
Total business taxes	<u>47,376,700</u>	<u>47,376,700</u>	<u>50,295,497</u>	<u>2,918,797</u>
Licenses and permits	2,526,700	2,635,700	2,589,258	(46,442)
Municipal court fines	5,525,000	5,525,000	4,399,050	(1,125,950)
Charges for services	9,913,970	10,641,970	10,678,209	36,239
Intergovernmental	239,496	1,426,626	1,404,491	(22,135)
Miscellaneous	576,600	1,068,332	1,435,557	367,225
Investment income	301,000	394,000	1,067,991	673,991
<b>TOTAL REVENUES</b>	<b><u>105,147,921</u></b>	<b><u>107,038,641</u></b>	<b><u>111,929,037</u></b>	<b><u>4,890,396</u></b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
City council	252,325	228,825	183,277	45,548
Mayor	604,158	649,990	629,203	20,787
Budget and financial planning	607,904	580,243	427,369	152,874
Municipal court	2,344,792	2,360,939	2,241,405	119,534
City controller	2,055,707	2,088,724	1,963,262	125,462
Tax	482,520	517,705	517,363	342
Purchasing	480,870	510,383	509,097	1,286
Legal	1,441,777	1,529,250	1,325,433	203,817
City secretary	432,511	459,935	389,498	70,437
Elections	14,350	69,150	67,210	1,940
Human resources	929,479	950,128	764,477	185,651
Civil service	64,400	64,400	40,555	23,845
City marshal	1,178,918	1,184,756	1,153,314	31,442
Community relations	1,112,481	1,201,071	1,134,531	66,540
Pasadena action line	504,737	512,562	475,011	37,551
Planning	1,033,047	849,290	540,190	309,100
Economic development liaison	409,749	485,895	475,393	10,502
Neighborhood network	607,864	632,931	491,413	141,518
Inspections	1,690,723	1,684,025	1,569,228	114,797
Property management	1,951,456	1,687,078	1,106,723	580,355
City hall	1,133,246	1,178,246	590,483	587,763
New courts	235,000	235,000	-	235,000
Impound/storage	387,167	393,535	385,408	8,127
Other charges	3,861,770	1,388,600	525,685	862,915
<b>Total General Government</b>	<b><u>23,816,951</u></b>	<b><u>21,442,661</u></b>	<b><u>17,505,528</u></b>	<b><u>3,937,133</u></b>
<b>Public Safety</b>				
Emergency preparedness	931,692	1,001,348	996,463	4,885
Fire fighting	3,635,277	3,687,224	3,166,246	520,978
Fire prevention	1,563,341	1,646,520	1,584,241	62,279
Police	37,658,970	39,457,979	37,939,210	1,518,769
Code enforcement	570,687	701,546	661,068	40,478
<b>Total Public Safety</b>	<b><u>44,359,967</u></b>	<b><u>46,494,617</u></b>	<b><u>44,347,228</u></b>	<b><u>2,147,389</u></b>
<b>Public Works</b>				
Engineering	2,218,677	2,910,663	2,860,471	50,192
Street lighting and signals	1,418,000	1,418,000	1,277,345	140,655
Sanitation	7,172,534	8,367,400	7,838,868	528,532
Street and bridge	3,017,767	2,973,152	2,713,032	260,120
Traffic and transportation	1,690,850	1,711,972	1,626,076	85,896
<b>Total Public Works</b>	<b><u>\$ 15,517,828</u></b>	<b><u>\$ 17,381,187</u></b>	<b><u>\$ 16,315,792</u></b>	<b><u>\$ 1,065,395</u></b>

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Health</b>				
Health	\$ 1,857,253	\$ 1,915,060	\$ 1,741,694	\$ 173,366
Animal rescue and assistance	3,148,293	3,171,212	2,801,295	369,917
<b>Total Health</b>	<b>5,005,546</b>	<b>5,086,272</b>	<b>4,542,989</b>	<b>543,283</b>
<b>Culture and Recreation</b>				
Parks	4,449,058	4,544,047	3,608,946	935,101
Recreation	3,920,554	4,338,179	3,738,554	599,625
Clean streets	1,748,441	1,767,230	1,699,600	67,630
Golf course	873,762	1,179,796	911,625	268,171
Multi-purpose center	668,343	596,259	556,442	39,817
Civic center	791,512	797,846	752,815	45,031
Senior center - Madison Jobe	653,871	656,265	616,277	39,988
Museum	57,886	58,486	24,551	33,935
Library	4,166,557	4,200,545	4,025,450	175,095
<b>Total Culture and Recreation</b>	<b>17,329,984</b>	<b>18,138,653</b>	<b>15,934,260</b>	<b>2,204,393</b>
<b>TOTAL EXPENDITURES</b>	<b>106,030,276</b>	<b>108,543,390</b>	<b>98,645,797</b>	<b>9,897,593</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(882,355)</b>	<b>(1,504,749)</b>	<b>13,283,240</b>	<b>14,787,989</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,000,000	3,000,000	3,000,000	-
Transfers out	(2,450,000)	(2,619,784)	(2,619,784)	-
Insurance recovery	-	611,021	608,768	(2,253)
Sale of capital assets	40,000	40,000	3,957	(36,043)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>590,000</b>	<b>1,031,237</b>	<b>992,941</b>	<b>(38,296)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(292,355)</b>	<b>(473,512)</b>	<b>14,276,181</b>	<b>14,749,693</b>
<b>FUND BALANCES - BEGINNING</b>	<b>34,383,412</b>	<b>37,440,738</b>	<b>37,440,738</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 34,091,057</b>	<b>\$ 36,967,226</b>	<b>\$ 51,716,919</b>	<b>\$ 14,749,693</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS**  
**GRANT MANAGEMENT (MAJOR SPECIAL REVENUE FUND) - BUDGETED**  
**FEDERAL EQUITABLE SHARING OF FORFEITED PROPERTY JUSTICE DEPARTMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND (PROGRAM) BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 710,976	\$ 710,976
Program income	2,000	2,000	15,348	13,348
<b>TOTAL REVENUES</b>	<b>2,000</b>	<b>2,000</b>	<b>726,324</b>	<b>724,324</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>Public Safety</b>				
Contractual services	88,000	88,000	71,610	16,390
Materials and supplies	78,763	78,763	20,785	57,978
<b>TOTAL EXPENDITURES</b>	<b>166,763</b>	<b>166,763</b>	<b>92,395</b>	<b>74,368</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(164,763)</b>	<b>(164,763)</b>	<b>633,929</b>	<b>798,692</b>
<b>FUND (PROGRAM) BALANCE - BEGINNING</b>	<b>580,245</b>	<b>669,413</b>	<b>669,413</b>	<b>-</b>
<b>FUND (PROGRAM) BALANCE - ENDING</b>	<b>\$ 415,482</b>	<b>\$ 504,650</b>	<b>\$ 1,303,342</b>	<b>\$ 798,692</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS**  
**GRANT MANAGEMENT (MAJOR SPECIAL REVENUE FUND) - BUDGETED**  
**FEDERAL EQUITABLE SHARING OF FORFEITED PROPERTY TREASURY DEPARTMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND (PROGRAM) BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 46,301	\$ 46,301
Program income	500	500	5,914	5,414
<b>TOTAL REVENUES</b>	<b>500</b>	<b>500</b>	<b>52,215</b>	<b>51,715</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>Public Safety</b>				
Contractual services	55,350	55,350	30,596	24,754
Materials and supplies	78,296	78,296	48,290	30,006
<b>TOTAL EXPENDITURES</b>	<b>133,646</b>	<b>133,646</b>	<b>78,886</b>	<b>54,760</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<b>(133,146)</b>	<b>(133,146)</b>	<b>(26,671)</b>	<b>106,475</b>
<b>FUND (PROGRAM) BALANCE - BEGINNING</b>	<b>384,089</b>	<b>418,852</b>	<b>418,852</b>	<b>-</b>
<b>FUND (PROGRAM) BALANCE - ENDING</b>	<b>\$ 250,943</b>	<b>\$ 285,706</b>	<b>\$ 392,181</b>	<b>\$ 106,475</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2018**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>	
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,979,535	\$ -
Investments		
TexPool	28,323,134	21,703,184
CLASS	46,197	-
Receivables (net of allowances for uncollectible)	6,992,128	164,238
Due from other funds	764,845	825,079
Inventory, at cost	26,320	564,001
Prepaid items	-	552,033
Restricted assets		
Investments		
Texpool	2,970,966	-
CLASS	19,339,034	-
<b>Total Current Assets</b>	<b>60,442,159</b>	<b>23,808,535</b>
<b>Noncurrent Assets</b>		
Deposits	-	375,000
Prepaid items	2,624	-
Capital assets		
Land	1,624,352	602
Buildings and building improvements	4,902,086	2,233,791
Accumulated depreciation - buildings and building improvements	(3,146,407)	(1,783,880)
Facilities and other improvements	13,436,556	175,754
Accumulated depreciation - facilities and other improvements	(3,440,549)	(77,282)
Machinery and equipment	11,317,602	9,541,269
Accumulated depreciation - machinery and equipment	(9,552,741)	(5,828,083)
Infrastructure	367,576,548	41,746
Accumulated depreciation - Infrastructure	(116,911,363)	(24,740)
Automotive	174,165	41,323,936
Accumulated depreciation - automotive	(162,688)	(28,044,887)
Construction in progress	20,908,071	1,898,144
Net capital assets	<b>286,725,632</b>	<b>19,456,370</b>
<b>Total Noncurrent Assets</b>	<b>286,728,256</b>	<b>19,831,370</b>
<b>TOTAL ASSETS</b>	<b>\$ 347,170,415</b>	<b>\$ 43,639,905</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred charges on:		
Refunding bonds	\$ 2,923,583	\$ -
Deferred outflows on:		
Contribution subsequent to the measurement date pension - TMRS	506,656	487,880
Changes in actuarial assumptions pension - TMRS	157,709	122,598
Changes in actuarial assumptions - OPEB	311,169	124,468
Contributions subsequent to the measurement date - OPEB	169,055	67,622
Changes in actuarial assumptions - OPEB-SDBF	17,500	16,906
Contribution subsequent to the measurement date - OPEB-SDBF	2,190	2,116
Difference between expected and actual economic experience pension - TMRS	51,253	41,437
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,139,115</b>	<b>\$ 863,027</b>

	<b>Business-type Activities - Enterprise Fund</b>		<b>Governmental Activities - Internal Service Funds</b>	
	<b>Water and Sewer System</b>			
<b><u>LIABILITIES</u></b>				
<b>Current Liabilities</b>				
Accounts payable	\$	3,657,755	\$	809,987
Accrued payroll payable		135,526		128,196
Bonds payable - current		2,355,000		-
Due to other funds		38,016		159,394
Claims payable		-		681,725
Compensated absences payable		252,195		151,154
Customer deposits		4,535,143		-
Liabilities payable from restricted assets				
Accounts payable		1,272,313		-
Retainage payable		537,829		-
Accrued interest payable		368,782		-
Bonds payable		2,272,387		-
<b>Total Current Liabilities</b>		<b>15,424,946</b>		<b>1,930,456</b>
<b>Noncurrent Liabilities</b>				
Bonds payable (including unamortized premiums)		76,364,013		-
Claims payable		-		454,484
Compensated absences payable		2,269,751		1,360,389
OPEB GASB 75 liability		6,877,456		2,750,982
SDBF OPEB liability		287,786		278,018
Net pension liability		1,245,950		725,897
<b>Total Noncurrent Liabilities</b>		<b>87,044,956</b>		<b>5,569,770</b>
<b>TOTAL LIABILITIES</b>		<b>102,469,902</b>		<b>7,500,226</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred inflows on:				
Difference between expected and actuarial economic experience pension - TMRS		99,572		66,109
Difference between projected and actual investment earnings pension - TMRS		680,284		840,797
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<b>779,856</b>		<b>906,906</b>
<b><u>NET POSITION</u></b>				
Net investment in capital assets		226,186,707		19,456,370
Restricted for debt service		2,602,184		-
Unrestricted		19,270,881		16,639,430
<b>TOTAL NET POSITION</b>		<b>248,059,772</b>	<b>\$</b>	<b>36,095,800</b>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise fund		<b>(5,220,613)</b>		
Net position of business-type activities (page 41)	<b>\$</b>	<b>242,839,159</b>		

The accompanying notes are an integral part of the financial statements



**CITY OF PASADENA, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>	
<b>OPERATING REVENUES</b>		
Charges for sales and services	<b>\$ 44,569,349</b>	<b>\$ 35,799,652</b>
<b>OPERATING EXPENSES</b>		
Personnel services	7,939,360	6,709,979
Contractual services	6,475,233	1,786,621
Material and supplies	3,020,158	4,220,451
Maintenance charges	1,363,178	1,594,284
Sewer and water payments - Clear Lake Water Authority and City of Seabrook	149,184	-
Operating, maintenance and water charges - Southeast Water Purification Plant	5,051,623	-
Insurance/reinsurance premiums	-	4,932,709
Claims and legal expenses	-	15,654,539
Administration fees	-	604,598
Miscellaneous	36,017	925,413
Depreciation	6,443,714	3,356,938
<b>TOTAL OPERATING EXPENSES</b>	<b>30,478,467</b>	<b>39,785,532</b>
<b>OPERATING INCOME (LOSS)</b>	<b>14,090,882</b>	<b>(3,985,880)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
(Loss) gain on sale and retirement of capital assets	(295)	197,439
Investment income	776,457	372,985
Interest expense on bonds	(3,063,383)	-
Amortization	422,633	-
Issuance costs	(232,408)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(2,096,996)</b>	<b>570,424</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>11,993,886</b>	<b>(3,415,456)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>1,989,666</b>	<b>1,794,586</b>
<b>TRANSFERS IN</b>	<b>-</b>	<b>3,042,455</b>
<b>TRANSFERS (OUT)</b>	<b>(5,292,455)</b>	<b>-</b>
<b>CHANGES IN NET POSITION</b>	<b>8,691,097</b>	<b>1,421,585</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>239,368,675</b>	<b>34,674,215</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 248,059,772</b>	<b>\$ 36,095,800</b>
<b>CHANGES IN NET POSITION</b>	<b>\$ 8,691,097</b>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	<b>(283,539)</b>	
Change in net position of business-type activities (page 43)	<b>\$ 8,407,558</b>	

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Water and Sewer System</b>	<b>Governmental Activities - Internal Service Funds</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from interfund services	\$ -	\$ 29,653,996
Cash received from customers and users	44,606,831	6,231,866
Cash payments to suppliers for goods and services	(16,111,380)	(8,007,099)
Cash payments to employees for services	(7,421,489)	(6,589,884)
Cash payments from employees for services	-	7,733
Cash payments for insurance premiums, liability claims, and administration	-	(23,769,930)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>21,073,962</b>	<b>(2,473,318)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>		
Transfers (to)/from other funds		
General fund	(3,000,000)	-
General fund	-	750,000
Water and sewer system fund	-	2,253,000
Maintenance fund	(1,253,000)	-
General liability insurance fund	(1,000,000)	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(5,253,000)</b>	<b>3,003,000</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Proceeds from sale of capital assets	12,544	444,980
Acquisition and construction of capital assets	(6,901,107)	(3,554,309)
Proceeds received on certificates of obligation premiums	694,969	-
Proceeds received on the issuance of certificates of obligation bonds	16,305,000	-
Principal paid on capital debt	(4,599,086)	-
Interest paid on capital debt	(3,002,810)	-
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>2,509,510</b>	<b>(3,109,329)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of investments	(44,691,050)	(28,820,494)
Proceeds from sale and maturities of investments	26,650,068	31,027,156
Investment income received	776,457	372,985
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(17,264,525)</b>	<b>2,579,647</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,065,947</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>913,588</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 1,979,535</b>	<b>\$ -</b>

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	<b>\$ 14,090,882</b>	<b>\$ (3,985,880)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>		
Depreciation	6,443,714	3,356,938
Changes in assets and liabilities		
(Increase) in accounts receivables	(249,585)	(31,057)
(Increase) decrease in due from other funds	(764,845)	203,354
(Increase) in prepaid item	-	(143,054)
Decrease (increase) decrease in inventory	15,200	(80,384)
(Increase) in deposits	-	(131,000)
(Increase) in pension related deferred outflows	(1,524,442)	(235,972)
Increase (decrease) in accounts and claims payable	929,818	(1,098,711)
(Decrease) increase in accrued payroll liabilities	(10,779)	6,850
Increase in compensated absences payable	180,758	8,947
(Decrease) in net pension payable	(2,032,432)	(1,957,113)
(Decrease) in due to other funds	(196,160)	(691,352)
Increase in other post employment benefits	3,977,157	2,374,824
Increase in customer deposits	287,067	-
(Decrease) in pension related deferred inflows	(72,391)	(69,708)
<b>Total Adjustments</b>	<b>6,983,080</b>	<b>1,512,562</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 21,073,962</b>	<b>\$ (2,473,318)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Contribution of capital assets from the government	\$ 1,989,666	\$ 1,794,586
Transfer of capital assets to the maintenance fund	\$ (39,455)	\$ -
Transfer of capital assets from the water and sewer fund	\$ -	\$ 39,455

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, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Pasadena, Texas, (the "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 (the "Corporation") is reported as a capital projects fund. The 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 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. 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. The Corporation is considered a major fund for reporting purposes.

**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 major fund for reporting purposes.

**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, and 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, 2018, less the revenues collected subsequently within 60 days after year end.

### **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/OPEB 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/OPEB 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/OPEB 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 two items that qualify for reporting in this category in the government-wide Statement of Net Position. The 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. Additionally, deferred inflows of resources are recognized for the difference between projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. 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. Other Post-Employment Benefits**

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees.

The City administers an additional 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 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. This means no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Retiree healthcare is accounted for in the health insurance fund, an internal service fund. A separately, audited GAAP basis post employment benefit plan is not available for this program.

## **8. 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.

## **9. 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.

## **10. 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 i.e., 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, 2018 is as follows:

	Governmental Fund Balances										Total
	General	Debt Service	Pasadena Second Century	Capital Projects	Grant Management	Special Charge Allocation	State Forfeited Property	Hotel and Motel Tax	Non-major Special Revenue Funds		
									Abandoned Motor Vehicles and Property	Total Non major Special Revenue	
<b>Fund balances:</b>											
<b>Restricted for:</b>											
Court and other purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,188,549	\$ -	\$ -	\$ -	\$1,188,549	\$ 1,188,549
Law enforcement	-	-	-	-	1,695,523	1,268,196	968,344	-	479,595	2,716,135	4,411,658
Economic development and other purposes	-	-	-	-	-	74,713	-	5,224,337	-	5,299,050	5,299,050
Housing services	-	-	-	-	2,291,548	-	-	-	-	-	2,291,548
Capital construction and economic development	-	-	56,643,077	23,554,766	-	-	-	-	-	-	80,197,843
Debt service	-	2,339,765	-	-	-	-	-	-	-	-	2,339,765
<b>Total restricted</b>	-	2,339,765	56,643,077	23,554,766	3,987,071	2,531,458	968,344	5,224,337	479,595	9,203,734	95,728,413
<b>Committed to:</b>											
Election, recall and charter revision	15,000	-	-	-	-	-	-	-	-	-	15,000
Capital construction	-	-	-	3,425,236	-	-	-	-	-	-	3,425,236
<b>Total committed</b>	15,000	-	-	3,425,236	-	-	-	-	-	-	3,440,236
<b>Assigned to:</b>											
Capital construction	-	-	-	331,603	-	-	-	-	-	-	331,603
Purchases on order for:											
General facilities	211,500	-	-	-	-	-	-	-	-	-	211,500
Emergency	62,316	-	-	-	-	-	-	-	-	-	62,316
Law enforcement	53,604	-	-	-	-	-	-	-	-	-	53,604
Public recreation	47,888	-	-	-	-	-	-	-	-	-	47,888
Other purposes	84,183	-	-	-	-	-	-	-	-	-	84,183
<b>Total assigned</b>	459,491	-	-	331,603	-	-	-	-	-	-	791,094
<b>Unassigned</b>	51,242,428	-	-	-	-	-	-	-	-	-	51,242,428
<b>Total</b>	<b>\$51,716,919</b>	<b>\$2,339,765</b>	<b>\$56,643,077</b>	<b>\$27,311,605</b>	<b>\$3,987,071</b>	<b>\$2,531,458</b>	<b>\$968,344</b>	<b>\$5,224,337</b>	<b>\$479,595</b>	<b>\$9,203,734</b>	<b>\$151,202,171</b>

The amount restricted by enabling legislation was \$9,203,734.

**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 \$160,862,267 difference are as follows:

Bonds and other payables	\$ 70,973,225
Other long-term debt	
Add: bond premiums	6,361,579
Less: deferred charges on refunded bonds	(2,360,059)
Accrued interest payable	358,318
Compensated absences	28,438,000
Net pension liability	12,514,989
Less: Deferred outflows on pension	(8,188,845)
Plus: Deferred inflows on pension	10,056,706
Other post employment benefits	45,909,416
Less: Deferred outflows on pension	(3,201,062)
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities.	<u>\$ 160,862,267</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 \$41,316,413 difference are as follows:

Net position of the internal service funds	\$ 36,095,800
Add: Internal receivable representing charges less the cost to business-type activities - prior year	4,937,074
Add: Internal receivable representing charges less the cost to business-type activities - current year	283,539
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities.	<u>\$ 41,316,413</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 \$7,146,672 difference is as follows:

Capital outlay	\$ 19,284,785
Depreciation expense	(12,138,113)
Net adjustment to an increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 7,146,672</u>

Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, and transfers) is to increase net position.” The detail of this \$1,791,071 difference is as follows:

In the statement of activities, only the loss and note received on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold less the note received.	\$ (1,791,071)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (1,791,071)</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 \$13,257,366 difference is as follows:

Debt issued or incurred:	
Certificates of obligation bonds	\$ (19,175,000)
Plus: premium	(1,098,280)
Principal repayments:	
General obligation debt	6,745,914
Certificates of obligation debt	270,000
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (13,257,366)</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 \$3,789,221 difference is as follows:

Compensated absences	\$ (1,717,323)
Other post employment benefits	(3,841,598)
Deferred outflows from OPEB	2,005,925
Pensions	23,227,193
Deferred inflows from pension	(8,219,360)
Deferred outflows from pension	(15,692,757)
Accrued interest	(51,109)
Amortization of bond issuance costs	(44,975)
Amortization of bond premiums	884,913
Amortization of deferred amounts on refunding	(340,130)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (3,789,221)</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 \$1,705,124 difference is as follows:

Change in net position of the internal service funds	\$ 1,421,585
Add: Loss from charges from business-type activities	283,539
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 1,705,124</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 \$2,513,114. Transfers out under the other financing sources was increased from \$2,450,000 to \$2,619,784. The amount of \$169,784 was budgeted and transferred to the capital projects fund for capital projects not budgeted under the original budget. There was an increase in public safety in the amount of \$2,134,650 or 4.8% with an increase in the police and fire prevention departments in the amount of \$1,882,188, with the largest increase in personnel services in the amount of \$1,681,497 due to an increase for public safety personnel. Public works' original budget increased by \$1,863,359 or 12.0%. Sanitation personnel services increased by \$245,085 due to salary increases. Contractual services budget increased \$989,781 due to increases in professional services, specifically garbage rates increased due to a new contract was negotiated. The general government original budget decreased by \$2,374,290 or 10.0% with a decrease in

other charges, mainly the use of sick and vacation time transferred to various departments in a budget amendment.

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 2018 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	\$ 726,324	\$ 92,395
Treasury Department	52,215	78,886
Nonbudgeted grant programs:		
Various grants	876,137	876,137
HUD Section 8 housing choice vouchers	7,860,974	7,775,342
FEMA DHAP program	5,314	-
FEMA DHAP IKE	10,913	-
HUD CDBG entitlement program	1,947,318	1,947,318
HUD HOME investment partnerships program	322,774	322,774
HUD emergency shelter program	142,035	142,035
Total grant management fund - actual	<u>\$ 11,944,004</u>	<u>\$ 11,234,887</u>

**C. Excess of Expenditures over Appropriations**

For the fiscal year ended September 30, 2018, 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, 2018, the carrying amount of the City's deposits with financial institutions, including blended component units, is \$4,681,907, excluding \$111,967 for petty cash and tax holding. The City's bank balance is the sum of all accounts, which totals \$5,156,881, and the market values of pledged securities, excluding FDIC, were \$10,665,878. The pledged securities are held by a third party custodian in the City's name.

## Investments

As of September 30, 2018, 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	\$ 89,266,763	\$ 50,918,825	\$ 5,646,995	0.09
LOGIC Local Government Investment Pools	1,242,257	-	-	0.18
CLASS Local Government Investment Pools	78,663,264	4,225,990	-	0.18
Total Fair Value	<u>\$ 169,172,284</u>	<u>\$ 55,144,815</u>	<u>\$ 5,646,995</u>	
Portfolio Weighted Average Maturity				0.15

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 (the "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 2017 in the amount of \$8,719,401,740. The City Council adopted the following tax rate per \$100 of 2017 taxable value for the current fiscal year ended September 30, 2018.

Purpose	Tax Rate
General government	\$ 0.460094
Debt service	0.115294
	<u>\$ 0.575388</u>

## 2. Receivables

Receivables as of September 30, 2018 for the City's individual major and nonmajor funds and water and sewer system and internal service funds in the aggregate, including allowance for uncollectible accounts, are as follows:

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects	Grant Management	Nonmajor Governmental Funds	Water and Sewer System	General Liability Insurance	Health Insurance	Total
Receivables										
Property taxes	\$ 1,735,394	\$ 684,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,419,452
Sales taxes	3,810,201	-	1,905,100	-	-	-	-	-	-	5,715,301
Accounts	2,124,787	-	-	5,000	-	-	7,443,071	14,359	149,879	9,737,096
Less: allowance for uncollectible	(1,506,482)	(335,000)	-	-	-	-	(450,943)	-	-	(2,292,425)
	6,163,900	349,058	1,905,100	5,000	-	-	6,992,128	14,359	149,879	15,579,424
Intergovernmental - restricted	48,585	-	-	-	535,185	97,668	-	-	-	681,438
Accounts restricted	-	-	-	-	772,019	366,886	-	-	-	1,138,905
Net total receivables	\$ 6,212,485	\$ 349,058	\$ 1,905,100	\$ 5,000	\$ 1,307,204	\$ 464,554	\$ 6,992,128	\$ 14,359	\$ 149,879	\$ 17,399,767

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:

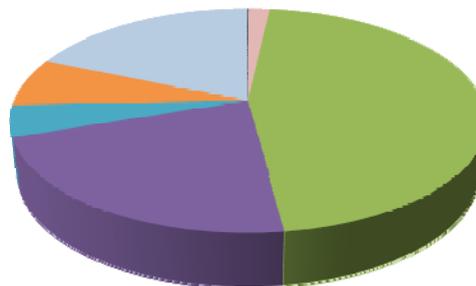
	Unearned
Unearned revenue (Grant management)	\$ 276,245
Unearned revenue (Nonmajor governmental)	50,354
Total unearned revenue for governmental funds	\$ 326,599

## C. Restricted Assets

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

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects	Grant Management	Nonmajor Governmental Funds	Water and Sewer Enterprise
Cash and cash equivalents	\$ -	\$ -	\$ 10,007	\$ -	\$ 427,478	\$ 53,067	\$ -
Investments	-	2,097,635	55,144,815	26,031,344	3,777,502	7,855,619	22,310,000
Intergovernmental receivables	48,585	-	-	-	535,185	97,668	-
Accounts receivables	-	-	-	-	772,019	366,886	-
	\$ 48,585	\$ 2,097,635	\$ 55,154,822	\$ 26,031,344	\$ 5,512,184	\$ 8,373,240	\$ 22,310,000
	(2)	(1)	(3)	(3)	(2)	(2)	(1) and (3)

### RESTRICTED ASSETS



■ General	■ Debt Service
■ Pasadena Second Century Corporation	■ Capital Projects
■ Grant Management	■ Nonmajor Governmental Funds
■ Water and Sewer Enterprise	

## D. Capital Assets

Capital asset activity of the City (the primary government) for the fiscal year ended September 30, 2018 was as follows:

### 1. Governmental Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 143,395,646	\$ 261,360	\$ -	\$ 143,657,006
Construction in progress	25,765,691	21,359,385	(13,938,473)	33,186,603
Total capital assets, not being depreciated	<u>169,161,337</u>	<u>21,620,745</u>	<u>(13,938,473)</u>	<u>176,843,609</u>
Capital assets, being depreciated:				
Buildings and building improvements	87,290,935	1,035,500	(333,496)	87,992,939
Facilities and other improvements	22,145,614	-	-	22,145,614
Machinery and equipment	40,356,753	4,065,376	(222,289)	44,199,840
Infrastructure	516,935,744	6,171,486	-	523,107,230
Automotive equipment	39,434,802	4,476,717	(2,587,583)	41,323,936
Total capital assets being depreciated	<u>706,163,848</u>	<u>15,749,079</u>	<u>(3,143,368)</u>	<u>718,769,559</u>
Less accumulated depreciation for:				
Building and building improvements	(26,842,219)	(1,593,846)	25,199	(28,410,866)
Facilities and other improvements	(3,404,258)	(772,508)	-	(4,176,766)
Machinery and equipment	(26,896,052)	(2,076,739)	32,888	(28,939,903)
Infrastructure	(195,177,454)	(8,317,822)	-	(203,495,276)
Automotive equipment	(27,652,195)	(2,734,136)	2,341,444	(28,044,887)
Total accumulated depreciation	<u>(279,972,178)</u>	<u>(15,495,051)</u>	<u>2,399,531</u>	<u>(293,067,698)</u>
Total capital assets, being depreciated, net	<u>426,191,670</u>	<u>254,028</u>	<u>(743,837)</u>	<u>425,701,861</u>
Governmental activities capital assets, net	<u>\$ 595,353,007</u>	<u>\$ 21,874,773</u>	<u>\$ (14,682,310)</u>	<u>\$ 602,545,470</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	19,735,596	8,637,184	(7,464,709)	20,908,071
Total capital assets, not being depreciated	<u>21,359,948</u>	<u>8,637,184</u>	<u>(7,464,709)</u>	<u>22,532,423</u>
Capital assets, being depreciated:				
Buildings and building improvements	4,902,086	-	-	4,902,086
Facilities and other improvements	13,389,618	46,938	-	13,436,556
Machinery and equipment	11,487,267	205,837	(375,502)	11,317,602
Infrastructure	360,071,572	7,504,976	-	367,576,548
Automotive equipment	196,081	-	(21,916)	174,165
Total capital assets being depreciated	<u>390,046,624</u>	<u>7,757,751</u>	<u>(397,418)</u>	<u>397,406,957</u>
Less accumulated depreciation for:				
Building and building improvements	(3,057,823)	(88,584)	-	(3,146,407)
Facilities and other improvements	(3,202,892)	(237,657)	-	(3,440,549)
Machinery and equipment	(9,424,767)	(411,729)	283,755	(9,552,741)
Infrastructure	(111,212,664)	(5,698,699)	-	(116,911,363)
Automotive equipment	(177,559)	(7,045)	21,916	(162,688)
Total accumulated depreciation	<u>(127,075,705)</u>	<u>(6,443,714)</u>	<u>305,671</u>	<u>(133,213,748)</u>
Total capital assets, being depreciated, net	<u>262,970,919</u>	<u>1,314,037</u>	<u>(91,747)</u>	<u>264,193,209</u>
Business-type activities capital assets, net	<u>\$ 284,330,867</u>	<u>\$ 9,951,221</u>	<u>\$ (7,556,456)</u>	<u>\$ 286,725,632</u>

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

### Governmental activities:

General Government	\$ 456,198
Public Safety	1,937,917
Public Works	7,963,128
Health	40,345
Culture and Recreation	1,740,525
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>3,356,938</u>
	<u>\$ 15,495,051</u>

### Business-type activities

Water and Sewer System	<u>\$ 6,443,714</u>
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## E. Construction Commitments

The City's commitments with contractors as of September 30, 2018 are as follows:

Projects	Project Appropriation	Spent-to-Date
<u>Drainage</u>		
D018 Thornwood Drainage; Preston-Glenmore	\$ 1,328,991	\$ 1,239,304
D037 Channel Imp & Detention Facility	1,269,856	271,386
D039 Partnership Park Drainage	175,000	129,109
D043 2018 Annual Drainage Improvements	393,120	103,751
D044 Golden Acres Detention	157,492	64,662
D051 Cotton Patch-Thomas St Outfall	2,247,934	2,221,602
D052 Martha Ditch Concrete Lining	1,350,974	1,271,804
	<u>6,923,367</u>	<u>5,301,618</u>
<u>Fire Services</u>		
F007 Fire Station #8	400,000	56,250
<u>Municipal Facilities</u>		
M008 North Pasadena Recevelopment	1,006,724	6,724
M016 Animal Adoption Center	2,970,000	2,942,693
M018 Utility Development Projects	3,123,130	429,600
M020 CLARA Project	75,000	-
M025 Convention Center Improvements	7,000,000	521,984
M026 Convention Center Infrastructure	2,400,000	79,533
M027 Convention Center Hotel	3,125,000	30,350
M028 Rodeo Arena Expansion	4,100,000	3,133,873
M031 Old City Hall-Court Build Out	371,058	117,183
M032 Muni Court Bldg-1114 Davis	702,060	495,496
M033 Pomeroy House Renovation	94,336	65,731
M034 Police Academy/Fire Svcs Admin Bldg	987,800	249,960
M036 Restaurant Depot Incentive	700,000	-
M037 Smithco (Joe V's)	785,000	173,694
M038 Land Acquisition	2,000,000	7,750
	<u>29,440,108</u>	<u>8,254,571</u>
<u>Police</u>		
P009 Police Utility Building	290,000	-
<u>Parks</u>		
R037 Sunset Pool Renovations	495,164	423,536
R038 Golf Course Renov PH I	95,995	-
R039 Verne Cox Canopy	108,759	-
	<u>699,918</u>	<u>423,536</u>
<u>Streets</u>		
S032 Bearle St; SH225 to Thomas	2,667,661	2,342,712
S045 Pansy St (Spencer-Old Vista)	2,422,466	500,202
S048 Lafferty St (Freesa-Spencer)	262,100	187,500
S054 Fairway Plaza Acquistion/Extension	4,180,000	128,229
S074 Gateway Sign	300,000	29,808
S077 Pasadena Blvd; Harris - 225	7,750,000	4,139,991
S084 Fairmont; Red Bluff - Luella	541,404	242,822
S087 Randolph; Pine - Spencer	3,061,411	2,759,778
S099 Jasmine St Reconstruction	1,754,298	1,603,993
S100 West Lane Reconstruction	596,377	522,295
S101 Richey St; 225-Southmore	15,000,000	3,048,009
S102 2018 Annual Paving Improvements	1,041,278	477,207
S103 2018 Annual Sidewalk Improvements	409,345	204,687
S104 Wafer Paving & Drainage Improvements	263,443	226,689
	<u>\$ 40,249,783</u>	<u>\$ 16,413,922</u>

	Projects	Project Appropriation	Spent-to-Date
<u>Traffic</u>			
T014	Traffic Mobility Improvements	\$ 2,000,000	\$ 124,730
<u>Water</u>			
W027	Bay Area Blvd/Port Rd Inter Improv	188,401	105,342
W028	Crenshaw Water Plant	6,654,164	6,471,751
W034	Scarborough Waterline	1,273,968	939,666
W035	225 Waterline	246,047	193,006
W038	Water Storage Tank Rehab	1,197,725	88,853
W039	Fairmont Pkwy 12" Waterline PH II	995,136	968,205
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	205,153
W047	Shaw Waterline Improvements	188,320	133,224
W049	San Augustine Waterline Replacement	150,000	-
W050	Fairmont Pkwy 12" Waterline PH III	1,513,334	868,363
W051	Crenshaw Water Plant PH II	4,932,550	798,772
W052	2018 Citywide Waterline Replacement	965,935	316,110
W053	Preston 12" Waterline	154,465	92,669
W054	Spencer 12" Waterline Ph I	253,000	110,241
W055	Spencer 12" Waterline Ph II	129,800	40,500
W056	Sycamore Well Improvements	129,948	-
		<u>24,729,004</u>	<u>16,538,988</u>
<u>Wastewater</u>			
WW022	Llano/Red Bluff/Elaine/Wyatt/LA/Pasa Lift Sta	683,405	533,932
WW027	2016 Citywide Wastewater Improv	1,768,181	1,688,641
WW031	WWTP Consolidation Project	2,912,918	2,541,139
WW038	Burke Rd Lift Sta Rehab	448,350	343,805
WW045	Citywide SS Rehab Program PH II	1,658,707	1,282,195
WW046	WWTP Consolidation Project PH II	509,605	114,384
WW047	2018 Citywide Sanitary Sewer Rehab	1,407,723	284,100
WW048	West Ellaine Lift Station Rehab	483,525	146,939
WW049	Golden Acres 24' Force Main	232,505	-
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	-
WW060	North Main Lift Station Rehab	1,068,900	183,474
		<u>\$ 16,383,158</u>	<u>\$ 11,644,282</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, 2018 is as follows:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>		<u>Amount</u>
<b>General Fund</b>	** Hotel and motel tax	\$ 2,139	
	* General liability insurance	97,182	
	* Health Insurance	<u>44,054</u>	\$ 143,375
<b>Debt service</b>	General		36,845
<b>Pasadena Second Century</b>	General		3,807
<b>Capital projects</b>	General		4,490,370
<b>Grant Management</b>	General		140,650
** <b>Special charge allocation</b>	General		850,698
** <b>State Forfeited Property</b>	General		197,169
** <b>Abandoned Motor Vehicles</b>	General		7,166
<b>Water and sewer</b>	General		764,845
* <b>Maintenance</b>	General	551,437	
	Water and sewer	<u>1,918</u>	553,355
* <b>Workers' Compensation</b>	General	217,468	
	* Maintenance	16,641	
	Water and sewer	36,098	
	* Health insurance	<u>1,517</u>	<u>271,724</u>
	Total		<u>\$ 7,460,004</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>
Pasadena Crime Control and Prevention District	Primary government-General fund	<u>\$ 43,910</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>* Maintenance</u>	<u>* General Liability Insurance</u>	
Transfer out:						
General	\$ -	\$ -	\$ 1,869,784	\$ -	\$ 750,000	\$ 2,619,784
Capital Projects	-	6	-	-	-	6
Water and Sewer System	3,000,000	-	-	1,292,455	1,000,000	5,292,455
Total	<u>\$ 3,000,000</u>	<u>\$ 6</u>	<u>\$ 1,869,784</u>	<u>\$ 1,292,455</u>	<u>\$ 1,750,000</u>	<u>\$ 7,912,245</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 \$3,302,789 and can be summarized as follows:

- The amount of \$5,253,000 was transferred out to the governmental activities from the business-type activities.
- Capital assets in the amount of \$1,989,666 were transferred into the business-type activities from the governmental activities.
- Capital assets in the amount of \$39,455 were transferred into the internal service fund a 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 \$19,175,000 and \$69,771,063, respectively, for 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. Certificates of obligations (COB) and general obligation refunding bonds (GO Refunding) and currently outstanding are as follows:

	<u>Interest %</u>	<u>Maturity</u>	<u>Purpose</u>	<u>Installments</u>	<u>Amount</u>
\$20,030,000 GO Refunding, 2012	2.50 - 4.00	2/15/2023	Governmental type	\$435,000 to \$2,385,000	\$ 10,790,000
\$16,690,000 GO Refunding, 2012A	2.00 - 5.00	2/15/2025	Governmental type	\$145,000 to \$1,840,000	11,270,000
\$3,121,063 GO Refunding, 2014	3.00 - 4.00	2/15/2022	Governmental type	\$103,639 to \$778,142	1,658,225
\$12,525,000 GO Refunding, 2015	2.00 - 5.00	2/15/2027	Governmental type	\$755,000 to \$1,830,000	10,565,000
\$17,405,000 GO Refunding, 2016A	2.00 - 5.00	2/15/2028	Governmental type	\$265,000 to \$2,065,000	16,785,000
\$19,175,000 COB, 2017	2.00 - 4.00	2/15/2037	Governmental type	\$195,000 to \$1,635,000	18,905,000
					\$ 69,973,225

During the current fiscal year, the City issued a \$35,480,000 Combination Tax and Revenue Certificates of Obligation, Series 2017; \$19,175,000 to pay for (i) costs to acquire, construct, equipment, repair and improve various City-owned facilities, including 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) to pay costs related to issuance of the Certificates.

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
2019	\$ 7,187,613	\$ 2,693,389	\$ 9,881,002
2020	7,458,143	2,423,274	9,881,417
2021	7,763,830	2,119,182	9,883,012
2022	7,363,639	1,799,564	9,163,203
2023	6,465,000	1,495,050	7,960,050
2024-2028	20,735,000	4,120,100	24,855,100
2029-2033	6,755,000	1,537,975	8,292,975
2034-2037	6,245,000	394,081	6,639,081
	<u>\$ 69,973,225</u>	<u>\$ 16,582,615</u>	<u>\$ 86,555,840</u>

**Other Long-Term Debt**

The principal of the \$1,000,000 Sales Tax Revenue Note, Series 2017 dated February 14, 2017 and due in February 15, 2018 was amended and restated as Sales Tax Revenue Note, Series 2018 dated February 15, 2018, interest at 2.59%, due in February 15, 2019 by the City’s blended component unit – Pasadena Second Century Corporation (PSCC). 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
2019	<u>\$ 1,000,000</u>	<u>\$ 25,900</u>	<u>\$ 1,025,900</u>

**2. Business-Type Activities**

**Revenue Bonds, Revenue Refunding Bonds, and General Obligation Refunding Bonds**

The City also issues bonds and obligations where the City pledges net revenues derived from the City’s water and sewer system.

In summary, the debt outstanding at the fiscal year end is as follows:

	Interest %	Maturity	Purpose	Installments	Amount
\$ 15,285,000 Revenue Refunding Bonds, 2010	2.00 - 3.00	4/1/2019	Refunding	\$780,000 to \$2,355,000	\$ 2,355,000
\$ 5,885,000 GO Refunding Bonds, 2012A	2.00 - 5.00	2/15/2022	Refunding	\$275,000 to \$1,840,000	4,695,000
\$ 6,063,937 GO Refunding Bonds, 2014	3.00 - 4.00	2/15/2022	Refunding	\$201,361 to \$1,511,858	3,221,776
\$ 50,210,000 GO Refunding Bonds, 2016	2.00 - 5.00	2/15/2033	Refunding	\$440,000 to \$4,755,000	48,530,000
\$ 16,305,000 COB, 2017	2.00 - 4.00	2/15/2037	Water and sewer	\$195,000 to \$1,635,000	15,785,000
					<u>\$ 74,586,776</u>

During the current fiscal year, the City issued a \$35,480,000 Combination Tax and Revenue Certificates of Obligation, Series 2017; \$16,305,000 to pay for (i) costs to acquire, construct, equipment, repair and improve waterworks and sanitary sewer systems, and (ii) paying costs related to issuance of the Certificates.

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2019	\$ 4,627,387	\$ 2,948,429	\$ 7,575,816
2020	4,526,858	2,787,969	7,314,827
2021	4,551,170	2,601,387	7,152,557
2022	4,061,361	2,405,968	6,467,329
2023	3,745,000	2,232,544	5,977,544
2024-2028	21,595,000	8,293,119	29,888,119
2029-2033	26,665,000	3,221,322	29,886,322
2034-2037	4,815,000	303,700	5,118,700
	<u>\$ 74,586,776</u>	<u>\$ 24,794,438</u>	<u>\$ 99,381,214</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, 2018, \$14,835,000 of general obligation bonds and \$1,295,000 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 \$3,360,000 and \$2,815,000 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, 2018, the City's legal debt margin was \$797,945,135, which equates to 10% of City's property taxable value, totaling \$871,940,174 less \$73,995,039 (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, 2018, 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, 2018 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds payable supported by property taxes:</b>					
General obligation and refunding bonds	\$ 57,814,138	\$ -	\$ (6,745,913)	\$ 51,068,225	\$ 6,992,613
Certificates of obligation bonds	-	19,175,000.00	(270,000)	18,905,000	195,000
	57,814,138	19,175,000	(7,015,913)	69,973,225	7,187,613
Add: Premiums on debt issuances	6,148,213	1,098,280	(884,914)	6,361,579	-
	<b>63,962,351</b>	<b>20,273,280</b>	<b>(7,900,827)</b>	<b>76,334,804</b>	<b>7,187,613</b>
<b>Other Long-Term Debt</b>					
Sales taxes revenue bonds payable	1,000,000	-	-	1,000,000	1,000,000
	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Total Bonds Payable</b>	<b>64,962,351</b>	<b>20,273,280</b>	<b>(7,900,827)</b>	<b>77,334,804</b>	<b>8,187,613</b>
<b>Claims</b>	<b>1,513,320</b>	<b>10,186,798</b>	<b>(10,563,909)</b>	<b>1,136,209</b>	<b>681,725</b>
<b>Compensated absences</b>	<b>28,389,876</b>	<b>9,991,826</b>	<b>(8,240,199)</b>	<b>30,141,503</b>	<b>3,014,150</b>
<b>Total OPEB Liability</b>					
Healthcare	41,750,195	5,483,874	(1,842,861)	45,391,208	-
SDBF	3,090,132	492,356	(35,280)	3,547,208	-
<b>Net pension liability</b>					
TMRS	37,249,405	16,452,104	(41,449,079)	12,252,430	-
TESRS	1,175,787	11,857	(199,188)	988,456	-
<b>Governmental activities Long-term liabilities</b>	<b>\$ 178,131,066</b>	<b>\$ 62,892,095</b>	<b>\$ (70,231,343)</b>	<b>\$ 170,791,818</b>	<b>\$ 11,883,488</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities of internal service funds are included as part of the above totals for governmental activities. As of September 30, 2018, \$1,511,543 of internal service funds' compensated absences, \$3,029,000 of other post-employment benefits, \$1,136,209 in claims payable, and \$725,897 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, 2018 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
<b>Business-type activities:</b>					
<b>Bonds payable</b>					
Revenue refunding bonds	\$ 4,625,000	\$ -	\$ (2,270,000)	\$ 2,355,000	\$ 2,355,000
General obligation refunding bonds	58,255,862	-	(1,809,086)	56,446,776	1,662,387
Certificates of Obligation Bonds	-	16,305,000	(520,000)	15,785,000	610,000
Add: Premiums on debt issuances	6,102,266	927,378	(625,020)	6,404,624	-
<b>Total bonds payable</b>	<b>68,983,128</b>	<b>17,232,378</b>	<b>(5,224,106)</b>	<b>80,991,400</b>	<b>4,627,387</b>
<b>Compensated absences</b>	<b>2,341,188</b>	<b>795,594</b>	<b>(614,836)</b>	<b>2,521,946</b>	<b>252,195</b>
<b>Total OPEB Liability</b>					
Healthcare	6,325,787	836,216	(284,547)	6,877,456	-
SDBF	250,703	39,945	(2,862)	287,786	-
<b>Net pension liability</b>					
	<b>3,278,382</b>	<b>2,182,526</b>	<b>(4,214,958)</b>	<b>1,245,950</b>	<b>-</b>
<b>Business-type activities Long-term liabilities</b>	<b>\$ 81,179,188</b>	<b>\$ 21,086,659</b>	<b>\$ (10,341,309)</b>	<b>\$ 91,924,538</b>	<b>\$ 4,879,582</b>

**V. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established the workers' compensation insurance fund, health insurance fund, and the general liability insurance fund to account for and finance its uninsured risks and losses.

**Liabilities/Property**

The City has been fully insured for its liability and property risk since December 1, 2004. The City purchases its automobile, errors and omissions, general, law enforcement, auto physical, and auto catastrophe property insurance policies through Texas Municipal League Intergovernmental Risk Pool (TML-IRP) and property coverage, which includes real and personal property, mobile equipment and crime, public employee dishonesty, forgery, theft, and computer fraud in an insurance policy 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. United Healthcare Services, Inc. is the third party administrator as of January 1, 2017. 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.

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.

**Unpaid Claims Liability**

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

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

	<u>Workers' Compensation</u>	<u>Health/Dental Insurance</u>
<b><u>Current Fiscal Year</u></b>		
<b>Unpaid claims and claim adjustment expenses at the beginning of the current fiscal year</b>	\$ 137,553	\$ 1,375,767
<b>Incurred claims and claim adjustment expenses:</b>		
Provisions for insured events of the current fiscal year	-	12,136,711
Increase (Decrease) in provision for insured events-prior years	(81,151)	(1,868,762)
Total incurred claims and claim adjustment expenses	(81,151)	10,267,949
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to insured events-		
Current fiscal year	-	11,042,211
Prior fiscal years	14,690	(492,992)
Total payments	14,690	10,549,219
<b>Total unpaid claims and claim adjustment expenses at end of current fiscal year</b>	<b>\$ 41,712</b>	<b>\$ 1,094,497</b>
<b><u>Prior Fiscal Year</u></b>		
<b>Unpaid claims and claim adjustment expenses at the beginning of the prior fiscal year</b>	\$ 123,578	\$ 1,775,276
<b>Incurred claims and claim adjustment expenses:</b>		
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
<b>Payments:</b>		
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
<b>Total unpaid claims and claim adjustment expenses at end of prior fiscal year</b>	<b>\$ 137,553</b>	<b>\$ 1,375,767</b>

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

**B. Commitments and Contingent Liabilities**

**1. Commitments**

Construction commitments are discussed in note IV. E.

**2. Litigation**

The City is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its municipal and enterprise activities, certain of which seek substantial damages. These litigations include lawsuits and claims alleging that the City caused personal injuries and wrongful deaths and claims alleging practices and certain civil rights violations and various other liability claims. The status of these litigations ranges from an early discovery stage to various levels of appeal of judgments both for and against the City. The amount of damages is limited in certain cases under the Texas Tort Claims Act and unlimited in certain civil rights and other cases. The City intends to defend itself vigorously against these lawsuits. There are other threatened litigations for which amounts cannot be determined.

**3. Federal and State Grants**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**C. Other Post Employment Benefits – (“OPEB”)**

**1. Other Post Employment Benefits and Retiree Healthcare Benefits**

**Plan Description**

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 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. This means no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Retiree healthcare is accounted for in the health insurance fund, an internal service fund. A separately, audited GAAP basis post employment benefit plan is not available for this program.

**Benefits**

Premiums for pre-65 retirees (not Medicare eligible) are subsidized by the City based on years of service. The City pays \$300 or less of the premiums for retirees who are Medicare eligible through separate fully-insured Medicare supplement plans.

The following provides a summary of the number of participants in the plan as of December 31, 2017:

Inactive employees or beneficiaries currently receiving benefits	225
Inactive employees entitled to but not yet receiving benefits	-
Active employees	998
Total	<u>1,223</u>

### Total OPEB Liability

The City's total healthcare OPEB liability of \$52,268,664 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

### Actuarial Assumptions and Other Inputs

The total healthcare OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless other specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.31%*
Actuarial Cost Method	Individual entry-age
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, 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%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health care trend rates	For non-Medicare retirees, initial rate of 7.50% declining to an ultimate rate of 5.00% after 12 years; the ultimate trend rate includes a 0.75% adjustment for the excise tax. For Medicare retirees, the City's \$300/mo. subsidy was assumed to remain level in future years.
Participation rates	65% for pre-65 retirees with over 30 years of service 40% for pre-65 retirees with 25 to 29 years of service 30% for pre-65 retirees with 20 to 24 years of service 5% for pre-65 retirees with less than 20 years of service 90% for eligible retirees that are at least 65 years old at retirement; regardless of years of service.

\* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

### Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Changes for the year:	
Service cost	\$ 1,780,094
Interest	1,825,079
Changes of assumptions	2,714,917
Benefit payments	<u>(2,127,408)</u>
<b>Net Changes</b>	4,192,682
Beginning Balance	<u>48,075,982</u>
<b>Ending Balance</b>	<u>\$ 52,268,664</u>

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

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

**Sensitivity of the Total Healthcare OPEB Liability to Changes in the Discount Rate**

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.31%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<u>1% Decrease in Discount Rate (2.31%)</u>	<u>Discount Rate (3.31%)</u>	<u>1% Increase in Discount Rate (4.31%)</u>
City's total healthcare OPEB liability	\$ 58,293,342	\$ 52,268,664	\$ 47,019,301

**Sensitivity of the Total OPEB Liability to the Healthcare Costs Trend Rate Assumptions**

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
City's total healthcare OPEB liability	\$ 48,076,836	\$ 52,268,664	\$ 57,274,612

**Healthcare OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended September 30, 2018, the City recognized healthcare OPEB expense of \$3,955,205. The City reported deferred outflows/inflows of resources related to healthcare OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 2,364,885	\$ -
Contributions subsequent to the measurement date	1,284,816	-
<b>Total</b>	<u>\$ 3,649,701</u>	<u>\$ -</u>

\$1,284,816 reported as deferred outflows of resources related to healthcare OPEB liability resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total healthcare OPEB liability for the fiscal year ending September 30, 2019. Amounts reported as deferred outflows/inflows of resources related to healthcare OPEB liability will be recognized in healthcare OPEB expense as follows:

<u>Year Ended September 30</u>	<u>Healthcare OPEB Expense Amount</u>
2019	\$ 350,032
2020	350,032
2021	350,032
2022	350,032
2023	350,032
Thereafter	614,725
<b>Total</b>	<u>\$ 2,364,885</u>

## **2. Other Post Employment Benefits – TMRS Supplemental Death Benefits**

### **Plan Description**

The City also participates in a defined benefit other post employment benefit (OPEB) plan administered by Texas Municipal Retirement System (TMRS). TMRS administers the defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. 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 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act (the "Act") requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

### **Benefits**

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). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2017 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	586
Inactive employees entitled to, but not yet receiving, benefits	107
Active employees	1,007
Total	<u>1,700</u>

Membership counts for inactive employees currently receiving or entitled to, but not yet receiving benefits, will differ from GASB 68 as they include only those eligible for SDBF benefits (i.e. excludes beneficiaries, non-vested terminations due a refund, etc.).

### **Total OPEB Liability**

The City's total SDBF OPEB liability of \$3,834,994 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

### Actuarial Assumptions and Other Inputs

The total SDBF OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless other specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.31%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis by scale BB.
Mortality rates-disabled retirees	RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

\* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

### Changes in the Total OPEB Liability

	Total SDBF OPEB Liability
Changes for the year:	
Service cost	\$ 120,784
Interest on total SDBF/OPEB liability	127,845
Changes of assumptions	283,672
Benefit payments*	(38,142)
	<b>Net Changes</b> 494,159
Beginning Balance	3,340,835
	<b>Ending Balance</b> \$ 3,834,994

\* Benefit payments are treated as being equal to the employer's yearly contributions for retirees due to the SDBF being considered an unfunded OPEB plan under GASB 75.

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

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

**Sensitivity of the Total SDBF OPEB Liability to Changes in the Discount Rate**

The following presents the total SDBF OPEB liability of the City, as well as what the City's total SDBF OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	<b>1% Decrease in Discount Rate (2.31%)</b>	<b>Discount Rate (3.31%)</b>	<b>1% Increase in Discount Rate (4.31%)</b>
City's Total SDBF OPEB Liability	<u>\$ 4,558,639</u>	<u>\$ 3,834,994</u>	<u>\$ 3,266,843</u>

**SDBF OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended September 30, 2018, the City recognized SDBF OPEB expense of \$299,104. The City reported deferred outflows/inflows of resources related to SDBF OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in actuarial assumptions	\$ 233,198	\$ -
Contributions subsequent to the measurement date	29,189	-
<b>Total</b>	<u>\$ 262,387</u>	<u>\$ -</u>

\$29,190 reported as deferred outflows of resources related to SDBF OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total SDBF OPEB liability for the fiscal year ending September 30, 2019. Amounts reported as deferred outflows/inflows of resources related to SDBF OPEB will be recognized in SDBF OPEB expense as follows:

<b>Year Ended September 30</b>	<b>SDBF OPEB Expense Amount</b>
2019	\$ 50,475
2020	50,475
2021	50,475
2022	50,475
2023	31,298
Thereafter	-
<b>Total</b>	<u>\$ 233,198</u>

**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 883 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 on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**Benefits Provided**

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of the benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	744
Inactive employees entitled to, but not yet receiving, benefits	282
Active employees	<u>1,007</u>
	<u><u>2,033</u></u>

### **Contributions**

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.88% and 14.11%, including 0.22% and 0.26% of supplemental death benefits, (which is reported in this report as OPEB) respectively, in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$8,700,395, and were equal to the required contributions.

### **Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

General Inflation	2.5% per year
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%

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, 2017 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 Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2016	\$ 422,200,581	\$ 381,672,794	\$ 40,527,787
Changes for the year:			
Service cost	10,336,600	-	10,336,600
Interest	28,169,848	-	28,169,848
Difference between expected and actual experience	203,789	-	203,789
Contributions - employer	-	8,685,783	(8,685,783)
Contributions - employee	-	4,452,307	(4,452,307)
Net investment income	-	52,889,591	(52,889,591)
Benefit payments, including refunds of employee contributions	(20,075,608)	(20,075,608)	-
Administrative expense	-	(274,143)	274,143
Other changes	-	(13,893)	13,893
Net changes	18,634,629	45,664,037	(27,029,408)
Balance at 12/31/2017	<u>\$ 440,835,210</u>	<u>\$ 427,336,831</u>	<u>\$ 13,498,379</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 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 Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net TMRS pension liability/(asset)	<u>\$ 70,874,453</u>	<u>\$ 13,498,379</u>	<u>\$ (34,055,807)</u>

**Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 2018, the City recognized pension expense of \$9,500,747.

At September 30, 2018, 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	\$ 670,678	\$ 1,074,638
Changes in actuarial assumptions	1,828,078	-
Difference between projected and actual investment earnings	-	10,668,830
Contributions subsequent to the measurement date	6,738,037	-
Total	<u>\$ 9,236,793</u>	<u>\$ 11,743,468</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$6,738,037 will be recognized as a reduction to the net position liability for the year ended September 30, 2019. 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>
2019	\$ 1,052,089
2020	344,726
2021	(5,246,915)
2022	(5,394,612)
2023	-
Thereafter	-
Total	<u>\$ (9,244,712)</u>

**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, 2017, there were 235 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, 2017, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,104
Terminated members entitled but not yet receiving them	2,208
Current active members (vested and nonvested)	<u>4,046</u>
	<u>9,358</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the TESRS’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and

required supplementary information. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at [www.tesrs.org](http://www.tesrs.org). The separately issued actuarial valuations which may be of interest are also available at the same link.

### **Benefits Provided**

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

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

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

### **Funding Policy**

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of TESRS, 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 \$150 effective February 1, 2018 per active participant per month, before that the amount was \$132. This is referred to as a Part One contribution, which is the legacy portion of TESRS contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make TESRS "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 TESRS, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in TESRS.

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 TESRS. 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 TESRS.

**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, 2017, total contributions (dues, prior service, and interest on prior service financing) of \$199,188 were paid by the City. The State appropriated \$1,583,825 for the fiscal year ending August 31, 2017 to TESRS as a whole.

**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:

Asset Class	Target Allocation	Long -Term Expected Net Real Rate of Return
Equities		
Large cap domestic	32%	5.72%
Small cap domestic	10%	5.96%
Developed international	21%	6.21%
Emerging markets	6%	7.18%
Master limited partnership	5%	7.61%
Fixed income		
Domestic	21%	1.61%
International	5%	1.80%
Cash	<u>0.0%</u>	0.00%
Total	100.0%	
Weighted Average		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 TERSRS pension liability	<u>\$ 1,845,863</u>	<u>\$ 988,456</u>	<u>\$ 447,559</u>

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

At August 31, 2017, the City reported a liability of \$988,456 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	\$ 988,456
State's proportionate share that is associated with the City*	<u>323,681</u>
Total	<u>\$ 1,312,137</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. GASB Statement No. 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward (nor did they provide the necessary information for the participants to roll forward) the net pension liability to be measured as of a date no earlier than the end of the City's prior fiscal year. While the City acknowledges that the measurement date does not fall within this 12 month period, the City elected to honor the conservatism principle and report a net pension liability measured as of August 31, 2017. The City used the assumption that any differences in the net pension liability measured as of August 31, 2017 versus September 30, 2017 would be immaterial. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017, the employer's proportion of the collective net pension liability was 4.118%, which was an increase of 0.081% from its proportion measured as of August 31, 2016.

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, 2017, the City recognized pension expense of \$207,386. The City recognized on-behalf revenues of \$67,915 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At September 30, 2018, 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	\$ 1,049	\$ -
Changes in actuarial assumptions	14,439	-
Net difference between projected and actual investment earnings	92,171	-
Contributions subsequent to the measurement date	211,926	-
Total	<u>\$ 319,585</u>	<u>\$ -</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$211,926 will be recognized as a reduction to the net position liability for the year ended September 30, 2019. 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>	<u>Pension Expense</u>
2019	\$ 46,512
2020	85,321
2021	(4,095)
2022	(20,079)
2023	-
Thereafter	-
Total	<u>\$ 107,659</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, 2018, the program reserve in the amount of \$524,264 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. Restatement

As of October 1 2017, as a result of a change in accounting policy in the implementation of GASB Statement No. 75, net position was restated. With this adoption, the City is reporting the difference between the Net OPEB Obligation calculation and the total OPEB Liability calculation as a reduction to prior year net position.

	Statement of Net Position Primary Government		Statement of Net Position Proprietary Funds	
	Governmental Activities	Business-type Activities	Water and Sewer System	Internal Service Fund
Net position, previously reported October 1, 2017	\$ 605,786,395	\$ 237,629,087	\$ 242,566,161	\$ 36,714,924
Total OPEB liability - Healthcare	(41,750,195)	(6,325,787)	(6,325,787)	(2,530,315)
Net OPEB obligation - Healthcare	27,080,648	3,188,085	3,188,085	654,178
Deferred outflows - contributions after measurement date	1,245,441	188,703	188,703	75,481
Total OPEB liability - SDBF	(3,090,132)	(250,703)	(250,703)	(242,194)
Deferred outflows - contributions after measurement date	27,316	2,216	2,216	2,141
Net position, restated October 1, 2017	<u>\$ 589,299,473</u>	<u>\$ 234,431,601</u>	<u>\$ 239,368,675</u>	<u>\$ 34,674,215</u>

## I. Subsequent Event

On October 10, 2018, the City of Pasadena, Texas issue a Combination Tax and Revenue Certificates of Obligation, Series 2018 in the amount of \$33,945,000. The purpose of the issuance is to (i) acquire, construct, equipment, repair and improve various City-owned facilities including the Police and Fire Departments, public parks and recreational facilities, and the municipal courts building, and to construct street, sidewalk, traffic and drainage improvements at various locations in the City, (collectively, the "Projects"), and (ii) pay all or a portion of the legal, fiscal and engineering fees in connection with the Projects, (iii) paying costs related to issuance of the Certificates.

**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF PASADENA, TEXAS**  
**SCHEDULE OF CHANGES IN THE CITY'S TOTAL HEALTHCARE OPEB**  
**LIABILITY AND RELATED RATIOS**  
**Fiscal Year Ended September 30, 2018 (1)**

	<b>September 30,</b>
	<b>2017</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 1,780,094
Interest (on the total OPEB liability)	1,825,079
Change of assumptions	2,714,917
Benefit payments	(2,127,408)
<b>Net Change in Total OPEB Liability</b>	<b>\$ 4,192,682</b>
Beginning total OPEB liability	48,075,982
<b>Ending Total OPEB Liability</b>	<b>\$ 52,268,664</b>
<b>Covered Payroll</b>	<b>\$ 53,078,074</b>
Total OPEB Liability as a Percentage of Covered Payroll	98.48%

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

**Notes to Required Supplementary Information:**

Changes of assumptions reflect a change in the discount rate from 3.81% as of December 31, 2016 to 3.31% as of December 31, 2017.

**Change in Benefits**

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

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

	September 30,			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 7,605,747	\$ 7,622,892	\$ 8,512,614	\$ 8,700,395
Contributions in relation to the actuarially determined contribution	<u>\$ 7,605,747</u>	<u>\$ 7,622,892</u>	<u>\$ 8,512,614</u>	<u>\$ 8,700,395</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 55,384,915	\$ 58,987,632	\$ 63,307,908	\$ 63,001,076
Contributions as a percentage of covered employee payroll	13.73%	12.92%	13.45%	13.81%

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

**CITY OF PASADENA, TEXAS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	<b>Measurement Year (1)</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total pension liability</b>				
Service cost	\$ 7,815,620	\$ 8,664,210	\$ 9,425,461	\$ 10,336,600
Interest (on the total pension liability)	25,468,655	26,426,824	26,908,444	28,169,848
Change of benefits terms	-	-	-	-
Difference between expected and actual experience	(2,817,613)	(1,734,873)	879,833	203,789
Change of assumptions	-	5,151,855	-	-
Benefit payments, including refund of employee contributions	(16,751,526)	(17,654,124)	(17,888,068)	(20,075,608)
<b>Net change in total pension liability</b>	<b>13,715,136</b>	<b>20,853,892</b>	<b>19,325,670</b>	<b>18,634,629</b>
<b>Total pension liability - beginning</b>	<b>368,305,883</b>	<b>382,021,019</b>	<b>402,874,911</b>	<b>422,200,581</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 382,021,019</b>	<b>\$ 402,874,911</b>	<b>\$ 422,200,581</b>	<b>\$ 440,835,210</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 7,624,193	\$ 7,531,271	\$ 7,339,257	\$ 8,685,783
Contributions - employee	3,761,701	3,892,097	4,045,262	4,452,307
Net investment income	20,317,406	545,817	24,588,550	52,889,591
Benefit payments, including refund of employee contributions	(16,751,526)	(17,654,124)	(17,888,068)	(20,075,608)
Administrative expense	(212,141)	(332,466)	(277,733)	(274,143)
Other	(17,442)	(16,421)	(14,963)	(13,893)
<b>Net change in plan fiduciary net pension</b>	<b>14,722,191</b>	<b>(6,033,826)</b>	<b>17,792,305</b>	<b>45,664,037</b>
<b>Plan fiduciary net position - beginning</b>	<b>355,192,124</b>	<b>369,914,315</b>	<b>363,880,489</b>	<b>381,672,794</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 369,914,315</b>	<b>\$ 363,880,489</b>	<b>\$ 381,672,794</b>	<b>\$ 427,336,831</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 12,106,704</b>	<b>\$ 38,994,422</b>	<b>\$ 40,527,787</b>	<b>\$ 13,498,379</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>96.83%</b>	<b>90.32%</b>	<b>90.40%</b>	<b>96.94%</b>
<b>Covered payroll</b>	<b>\$ 53,729,371</b>	<b>\$ 55,504,230</b>	<b>\$ 57,789,461</b>	<b>\$ 63,570,724</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>22.53%</b>	<b>70.25%</b>	<b>70.13%</b>	<b>21.23%</b>

(1) GASB 68 requires ten fiscal years of data to be provided in this schedule; only four 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	28 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  
SCHEDULE OF CHANGES IN THE CITY'S TOTAL SDBF OPEB  
LIABILITY AND RELATED RATIOS**

	<b>Measurement Year (1)</b>
	<b>2017</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 120,784
Interest (on the total OPEB liability)	127,845
Change of assumptions	283,672
Benefit payments	(38,142)
<b>Net Change in Total OPEB Liability</b>	<b>\$ 494,159</b>
 Beginning total OPEB liability	 3,340,835
<b>Ending Total OPEB Liability</b>	<b>\$ 3,834,994</b>
 <b>Covered Payroll</b>	 <b>\$ 63,570,724</b>
 Total OPEB Liability as a Percentage of Covered Payroll	  6.03%

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

**Notes to Required Supplementary Information:**

Changes in Assumptions

There were no changes in assumption of other impacts that affected measurement of the total OPEB liability since the prior measurement period.

Change in Benefits

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

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

	September 30,				
	2014	2015	2016	2017	2018
Contractually required contribution	\$ 214,235	\$ 202,225	\$ 184,932	\$ 199,188	\$ 211,926
Contributions in relation to the contractually required contribution	214,235	202,225	184,932	199,188	211,926
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members (2)	106	106	114	134	118
Contributions per active member	\$ 2,021	\$ 1,907	\$ 1,622	\$ 1,486	\$ 1,796

(1) Only five years of information are current available. The City will build this schedule over the next five-year period.

(2) There is no compensation for active members. Number of active members is used as of August 2018 instead.

**CITY OF PASADENA, TEXAS  
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM  
SCHEDULE OF THE CITY'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY**

	Measurement Year (1)			
	2015	2016	2017	2018
City's proportion of the net pension liability	4.706%	4.281%	4.037%	4.118%
City's proportionate share of the net pension liability	\$ 855,158	\$ 1,142,706	\$ 1,175,787	\$ 988,456
State's proportionate share of the net pension liability	287,462	396,097	406,481	323,681
Total	\$ 1,142,620	\$ 1,538,803	\$ 1,582,268	\$ 1,312,137
Number of active members (2)	106	114	134	111
City's Net Pension Liability per Active Member	\$ 8,068	\$ 10,024	\$ 8,775	\$ 8,932
Plan fiduciary net position as a percentage of the total pension liability	83.5%	76.9%	76.3%	81.4%

(1) Only four years of information is currently available. The City will build this schedule over the next six-year period.

(2) There is no compensation for active members. Number of active members is used as of August 2018 instead.

**Notes to Required Supplementary Information:**

Defined Benefit Pension Plan

*Changes in benefit terms:*

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

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



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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



## **GENERAL FUND**

**The General Fund is used to account for all financial resources  
except those required to be accounted for in another fund.**



**CITY OF PASADENA, TEXAS  
GENERAL FUND  
BALANCE SHEET  
SEPTEMBER 30, 2018**

**ASSETS**

Cash and cash equivalents	\$	2,323,787
Investments		
TexPool		23,609,467
LOGIC CLASS A CLASS		566,002
		32,852,200
		57,027,669
Receivables (net, where applicable, of allowances for uncollectible)		
General property taxes		1,044,394
Accounts receivable		5,119,506
		6,163,900
Due from other funds		143,375
Restricted assets		
Receivables (net, where applicable, of allowances for uncollectible)		48,585
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>65,707,316</b>

**LIABILITIES**

Accounts payable	\$	4,946,941
Accrued payroll payable		1,356,521
Due to other funds		7,260,455
Due to component unit		43,910
<b>TOTAL LIABILITIES</b>		<b>13,607,827</b>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue - property taxes		295,918
Unavailable revenue - industrial district fees		86,652
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<b>382,570</b>

**FUND BALANCES**

Committed		15,000
Assigned		459,491
Unassigned		51,242,428
<b>TOTAL FUND BALANCES</b>		<b>51,716,919</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$</b>	<b>65,707,316</b>



**CITY OF PASADENA, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR YEAR ENDED SEPTEMBER 30, 2018**

**REVENUES**

General property taxes	\$ 40,058,984
Business taxes and fees	
Industrial district fees	17,947,752
Sales taxes	22,899,751
Franchise taxes	9,103,244
Other taxes	344,750
Total business taxes and fees	50,295,497
Licenses and permits	2,589,258
Municipal court fines	4,399,050
Charges for services	10,678,209
Intergovernmental	1,404,491
Miscellaneous	1,435,557
Investment income	1,067,991
<b>TOTAL REVENUES</b>	<b>111,929,037</b>

**EXPENDITURES**

Current	
General government	17,505,528
Public safety	44,347,228
Public works	16,315,792
Health	4,542,989
Culture and recreation	15,934,260
<b>TOTAL EXPENDITURES</b>	<b>98,645,797</b>

**EXCESS OF REVENUES OVER  
EXPENDITURES**

**13,283,240**

**OTHER FINANCING SOURCES (USES)**

Operating transfers in (out)	
Water and sewer system	3,000,000
General liability insurance fund	(750,000)
Capital projects fund	(1,869,784)
Insurance recovery	608,768
Sale of capital assets	3,957
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>992,941</b>

**NET CHANGE IN FUND BALANCE**

**14,276,181**

**FUND BALANCE - BEGINNING**

**37,440,738**

**FUND BALANCE - ENDING**

**\$ 51,716,919**

**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, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
<b>General Property Taxes</b>				
Ad valorem taxes	\$ 38,194,455	\$ 37,476,313	\$ 39,421,410	\$ 1,945,097
Penalty and interest	494,000	494,000	637,574	143,574
<b>Total General Property Taxes</b>	<b>38,688,455</b>	<b>37,970,313</b>	<b>40,058,984</b>	<b>2,088,671</b>
<b>Business Taxes</b>				
Industrial district fees	17,104,000	17,104,000	17,947,752	843,752
Sales tax	21,000,000	21,000,000	22,899,751	1,899,751
Franchise taxes	8,962,600	8,962,600	9,103,244	140,644
Other taxes				
Mixed drink tax	310,000	310,000	344,747	34,747
Bingo tax	100	100	3	(97)
<b>Total Business Taxes</b>	<b>47,376,700</b>	<b>47,376,700</b>	<b>50,295,497</b>	<b>2,918,797</b>
<b>Licenses and Permits</b>				
Business types	2,346,100	2,455,100	2,417,312	(37,788)
Occupational types	98,600	98,600	100,012	1,412
Non-business types	82,000	82,000	71,934	(10,066)
<b>Total Licenses and Permits</b>	<b>2,526,700</b>	<b>2,635,700</b>	<b>2,589,258</b>	<b>(46,442)</b>
<b>Municipal Court Fines and Fees</b>	<b>5,525,000</b>	<b>5,525,000</b>	<b>4,399,050</b>	<b>(1,125,950)</b>
<b>Charges for Services</b>				
Ellington municipal golf course	456,020	467,020	575,310	108,290
Recreational activities	198,900	198,900	220,711	21,811
Swimming pool	320,000	320,000	266,133	(53,867)
Tennis court	10,000	10,000	8,974	(1,026)
Civic center	344,000	344,000	367,495	23,495
Other centers	73,700	73,700	70,742	(2,958)
Miscellaneous	806,600	806,600	780,182	(26,418)
Solid waste collection	6,929,500	7,646,500	7,604,510	(41,990)
Health services	389,250	389,250	403,039	13,789
Library services	47,000	47,000	39,268	(7,732)
Property management	339,000	339,000	341,845	2,845
<b>Total Charges for Services</b>	<b>9,913,970</b>	<b>10,641,970</b>	<b>10,678,209</b>	<b>36,239</b>
<b>Intergovernmental</b>				
Fire protection	80,000	80,000	81,863	1,863
Harvey - Disaster Grant	-	1,187,130	1,187,130	-
Reimbursement from other agencies	70,000	70,000	55,812	(14,188)
TxDOT - traffic signal maintenance	30,496	30,496	30,495	(1)
Emergency management performance grant	55,000	55,000	48,585	(6,415)
Restitution - Harris County	4,000	4,000	606	(3,394)
<b>Total Intergovernmental</b>	<b>239,496</b>	<b>1,426,626</b>	<b>1,404,491</b>	<b>(22,135)</b>
<b>Miscellaneous</b>	<b>576,600</b>	<b>1,068,332</b>	<b>1,435,557</b>	<b>367,225</b>
<b>Investment Income</b>	<b>301,000</b>	<b>394,000</b>	<b>1,067,991</b>	<b>673,991</b>
<b>TOTAL REVENUES</b>	<b>\$ 105,147,921</b>	<b>\$ 107,038,641</b>	<b>\$ 111,929,037</b>	<b>\$ 4,890,396</b>

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Current</b>				
<b>General Government</b>				
<b>City Council</b>				
Personnel services	\$ 127,683	\$ 119,683	\$ 106,421	\$ 13,262
Contractual services	53,200	53,200	30,049	23,151
Materials and supplies	14,750	14,750	5,687	9,063
Maintenance charges	56,692	41,192	41,120	72
	<b>252,325</b>	<b>228,825</b>	<b>183,277</b>	<b>45,548</b>
<b>Mayor</b>				
Personnel services	538,208	543,790	527,602	16,188
Contractual services	22,200	23,250	23,241	9
Materials and supplies	9,950	9,950	5,423	4,527
Maintenance charges	33,800	73,000	72,937	63
	<b>604,158</b>	<b>649,990</b>	<b>629,203</b>	<b>20,787</b>
<b>Budget and Financial Planning</b>				
Personnel services	546,504	518,792	385,597	133,195
Contractual services	35,500	35,500	23,429	12,071
Materials and supplies	8,450	8,450	842	7,608
Maintenance charges	17,450	17,501	17,501	-
	<b>607,904</b>	<b>580,243</b>	<b>427,369</b>	<b>152,874</b>
<b>Municipal Court</b>				
Personnel services	1,835,391	1,841,688	1,818,586	23,102
Contractual services	152,577	152,577	88,950	63,627
Materials and supplies	81,341	81,341	48,687	32,654
Maintenance charges	275,483	285,333	285,182	151
	<b>2,344,792</b>	<b>2,360,939</b>	<b>2,241,405</b>	<b>119,534</b>
<b>City Controller</b>				
Personnel services	1,785,749	1,809,766	1,741,450	68,316
Contractual services	151,300	160,300	108,478	51,822
Materials and supplies	43,475	43,475	38,250	5,225
Maintenance charges	75,183	75,183	75,084	99
	<b>\$ 2,055,707</b>	<b>\$ 2,088,724</b>	<b>\$ 1,963,262</b>	<b>\$ 125,462</b>

Continued

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

<b>EXPENDITURES</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b><u>General Government, Continued</u></b>				
<b>Tax</b>				
Contractual services	\$ 482,500	\$ 517,370	\$ 517,363	\$ 7
Materials and supplies	20	20	-	20
Maintenance charges	-	315	-	315
	<b>482,520</b>	<b>517,705</b>	<b>517,363</b>	<b>342</b>
<b>Purchasing</b>				
Personnel services	425,324	452,547	452,149	398
Contractual services	13,528	13,528	13,470	58
Materials and supplies	4,940	4,940	4,113	827
Maintenance charges	37,078	39,368	39,365	3
	<b>480,870</b>	<b>510,383</b>	<b>509,097</b>	<b>1,286</b>
<b>Legal</b>				
Personnel services	946,057	963,320	941,482	21,838
Contractual services	397,275	237,401	61,846	175,555
Materials and supplies	37,453	37,453	31,030	6,423
Maintenance charges	60,992	60,992	60,991	1
Other charges	-	230,084	230,084	-
	<b>1,441,777</b>	<b>1,529,250</b>	<b>1,325,433</b>	<b>203,817</b>
<b>City Secretary</b>				
Personnel services	312,356	347,780	319,828	27,952
Contractual services	59,450	59,450	22,173	37,277
Materials and supplies	8,300	8,300	3,144	5,156
Maintenance charges	52,405	44,405	44,353	52
	<b>432,511</b>	<b>459,935</b>	<b>389,498</b>	<b>70,437</b>
<b>Elections</b>				
Contractual services	12,500	67,300	67,210	90
Materials and supplies	1,850	1,850	-	1,850
	<b>14,350</b>	<b>69,150</b>	<b>67,210</b>	<b>1,940</b>
<b>Human Resources</b>				
Personnel services	701,346	756,995	603,361	153,634
Contractual services	80,750	53,250	38,180	15,070
Materials and supplies	61,950	54,450	37,503	16,947
Maintenance charges	85,433	85,433	85,433	-
	<b>929,479</b>	<b>950,128</b>	<b>764,477</b>	<b>185,651</b>
<b>Civil Service</b>				
Contractual services	54,400	54,400	33,245	21,155
Materials and supplies	10,000	10,000	7,310	2,690
	<b>\$ 64,400</b>	<b>\$ 64,400</b>	<b>\$ 40,555</b>	<b>\$ 23,845</b>

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>City Marshall</b>				
Personnel services	\$ 1,002,247	\$ 971,925	\$ 957,884	\$ 14,041
Contractual services	10,900	26,000	14,601	11,399
Materials and supplies	20,726	40,826	34,828	5,998
Maintenance charges	145,045	146,005	146,001	4
	<b>1,178,918</b>	<b>1,184,756</b>	<b>1,153,314</b>	<b>31,442</b>
<b>Community Relations</b>				
Personnel services	804,827	893,417	893,417	-
Contractual services	142,300	142,300	95,021	47,279
Materials and supplies	53,747	53,747	34,486	19,261
Maintenance charges	111,607	111,607	111,607	-
	<b>1,112,481</b>	<b>1,201,071</b>	<b>1,134,531</b>	<b>66,540</b>
<b>Pasadena Action Line</b>				
Personnel services	439,424	446,859	414,561	32,298
Contractual services	2,050	2,050	688	1,362
Materials and supplies	7,180	7,180	3,290	3,890
Maintenance charges	56,083	56,473	56,472	1
	<b>504,737</b>	<b>512,562</b>	<b>475,011</b>	<b>37,551</b>
<b>Planning</b>				
Personnel services	599,824	482,767	424,906	57,861
Contractual services	333,505	278,505	46,102	232,403
Materials and supplies	30,000	30,000	11,169	18,831
Maintenance charges	69,718	58,018	58,013	5
	<b>1,033,047</b>	<b>849,290</b>	<b>540,190</b>	<b>309,100</b>
<b>Economic Development Liaison</b>				
Personnel services	347,397	404,740	404,734	6
Contractual services	29,950	29,950	20,976	8,974
Materials and supplies	11,150	11,150	9,629	1,521
Maintenance charges	21,252	40,055	40,054	1
	<b>\$ 409,749</b>	<b>\$ 485,895</b>	<b>\$ 475,393</b>	<b>\$ 10,502</b>

Continued

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

<b>EXPENDITURES</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>General Government, Continued</b>				
<b>Neighborhood Network</b>				
Personnel services	\$ 312,812	\$ 337,089	\$ 337,089	\$ -
Contractual services	242,704	242,704	118,074	124,630
Materials and supplies	25,693	25,693	8,807	16,886
Maintenance charges	26,655	27,445	27,443	2
	<b>607,864</b>	<b>632,931</b>	<b>491,413</b>	<b>141,518</b>
<b>Inspections</b>				
Personnel services	1,400,365	1,393,667	1,315,356	78,311
Contractual services	70,450	70,450	40,083	30,367
Materials and supplies	22,120	21,905	15,786	6,119
Maintenance charges	197,788	198,003	198,003	-
	<b>1,690,723</b>	<b>1,684,025</b>	<b>1,569,228</b>	<b>114,797</b>
<b>Property Management</b>				
Personnel services	450,792	430,535	356,325	74,210
Contractual services	817,523	831,138	461,654	369,484
Materials and supplies	190,327	190,327	88,104	102,223
Maintenance charges	492,814	233,837	200,640	33,197
Capital outlay	-	1,241	-	1,241
	<b>1,951,456</b>	<b>1,687,078</b>	<b>1,106,723</b>	<b>580,355</b>
<b>City Hall</b>				
Contractual services	395,293	395,293	372,163	23,130
Materials and supplies	112,545	112,545	97,979	14,566
Maintenance charges	75,408	120,408	120,341	67
Capital outlay	550,000	550,000	-	550,000
	<b>1,133,246</b>	<b>1,178,246</b>	<b>590,483</b>	<b>587,763</b>
<b>New Courts</b>				
Contractual services	200,000	200,000	-	200,000
Materials and supplies	35,000	35,000	-	35,000
	<b>235,000</b>	<b>235,000</b>	<b>-</b>	<b>235,000</b>
<b>Impound/Storage</b>				
Personnel services	364,834	371,202	371,201	1
Contractual services	6,600	6,600	3,206	3,394
Materials and supplies	6,500	6,500	1,845	4,655
Other charges	9,233	9,233	9,156	77
	<b>387,167</b>	<b>393,535</b>	<b>385,408</b>	<b>8,127</b>
<b>Other Charges</b>				
Personnel services	1,498,770	672,427	-	672,427
Contractual services	214,000	269,000	138,007	130,993
Materials and supplies	2,000,000	298,173	298,173	-
Other charges	56,500	56,500	27,046	29,454
Other uses	92,500	92,500	62,459	30,041
	<b>3,861,770</b>	<b>1,388,600</b>	<b>525,685</b>	<b>862,915</b>
<b>Total General Government</b>	<b>\$ 23,816,951</b>	<b>\$ 21,442,661</b>	<b>\$ 17,505,528</b>	<b>\$ 3,937,133</b>

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
Personnel services	\$ 593,729	\$ 615,947	\$ 615,823	\$ 124
Contractual services	86,500	104,250	99,761	4,489
Materials and supplies	17,350	42,738	42,511	227
Maintenance charges	234,113	238,413	238,368	45
	<b>931,692</b>	<b>1,001,348</b>	<b>996,463</b>	<b>4,885</b>

**Fire Fighting**

Personnel services	656,821	714,488	694,131	20,357
Contractual services	1,194,364	1,223,769	1,060,522	163,247
Materials and supplies	749,055	749,055	458,275	290,780
Maintenance charges	888,437	888,437	861,122	27,315
Capital outlay	146,600	111,475	92,196	19,279
	<b>3,635,277</b>	<b>3,687,224</b>	<b>3,166,246</b>	<b>520,978</b>

**Fire Prevention**

Personnel services	1,113,681	1,176,860	1,147,934	28,926
Contractual services	98,400	98,400	94,618	3,782
Materials and supplies	50,150	70,150	59,641	10,509
Maintenance charges	301,110	301,110	282,048	19,062
	<b>1,563,341</b>	<b>1,646,520</b>	<b>1,584,241</b>	<b>62,279</b>

**Police**

Personnel services	33,224,393	34,842,711	33,505,174	1,337,537
Contractual services	548,890	548,890	494,271	54,619
Materials and supplies	350,770	383,317	334,817	48,500
Maintenance charges	3,534,917	3,550,475	3,524,721	25,754
Other charges	-	80,227	80,227	-
Capital outlay	-	52,359	-	52,359
	<b>37,658,970</b>	<b>39,457,979</b>	<b>37,939,210</b>	<b>1,518,769</b>

**Code Enforcement**

Personnel services	300,591	347,883	347,875	8
Contractual services	129,600	184,600	151,496	33,104
Materials and supplies	33,593	61,393	54,029	7,364
Maintenance charges	106,903	107,670	107,668	2
	<b>570,687</b>	<b>701,546</b>	<b>661,068</b>	<b>40,478</b>

**Total Public Safety**

	<b>\$ 44,359,967</b>	<b>\$ 46,494,617</b>	<b>\$ 44,347,228</b>	<b>\$ 2,147,389</b>
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Continued

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

<b>EXPENDITURES</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Public Works</b>				
<b>Engineering</b>				
Personnel services	\$ 1,645,858	\$ 1,696,643	\$ 1,696,628	\$ 15
Contractual services	341,100	841,919	798,009	43,910
Materials and supplies	39,800	180,182	173,915	6,267
Maintenance charges	191,919	191,919	191,919	-
	<b>2,218,677</b>	<b>2,910,663</b>	<b>2,860,471</b>	<b>50,192</b>
<b>Street Lighting and Signals</b>				
Contractual services	1,418,000	1,418,000	1,277,345	140,655
	<b>1,418,000</b>	<b>1,418,000</b>	<b>1,277,345</b>	<b>140,655</b>
<b>Sanitation</b>				
Personnel services	2,548,458	2,793,543	2,762,099	31,444
Contractual services	4,049,981	5,039,762	4,653,058	386,704
Materials and supplies	309,563	269,563	171,273	98,290
Maintenance charges	264,532	264,532	252,438	12,094
	<b>7,172,534</b>	<b>8,367,400</b>	<b>7,838,868</b>	<b>528,532</b>
<b>Street and Bridge</b>				
Personnel services	2,146,135	2,099,840	1,981,056	118,784
Contractual services	48,650	48,650	20,016	28,634
Materials and supplies	468,594	482,749	370,054	112,695
Maintenance charges	324,388	326,068	326,061	7
Capital outlay	30,000	15,845	15,845	-
	<b>3,017,767</b>	<b>2,973,152</b>	<b>2,713,032</b>	<b>260,120</b>
<b>Traffic and Transportation</b>				
Personnel services	889,838	910,960	900,014	10,946
Contractual services	316,374	326,974	302,826	24,148
Materials and supplies	271,029	271,029	220,227	50,802
Maintenance charges	128,609	128,609	128,609	-
Capital outlay	85,000	74,400	74,400	-
	<b>1,690,850</b>	<b>1,711,972</b>	<b>1,626,076</b>	<b>85,896</b>
<b>Total Public Works</b>	<b>\$ 15,517,828</b>	<b>\$ 17,381,187</b>	<b>\$ 16,315,792</b>	<b>\$ 1,065,395</b>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Personnel services	\$ 993,115	\$ 983,029	\$ 940,521	\$ 42,508
Contractual services	733,628	732,628	603,565	129,063
Materials and supplies	18,650	85,843	84,150	1,693
Maintenance charges	111,860	113,560	113,458	102
	<b><u>1,857,253</u></b>	<b><u>1,915,060</u></b>	<b><u>1,741,694</u></b>	<b><u>173,366</u></b>

**Animal Rescue and Assistance**

Personnel services	2,214,676	2,163,595	1,924,340	239,255
Contractual services	327,400	366,400	304,148	62,252
Materials and supplies	305,000	340,000	277,909	62,091
Maintenance charges	285,692	285,692	279,373	6,319
Capital outlay	15,525	15,525	15,525	-
	<b><u>3,148,293</u></b>	<b><u>3,171,212</u></b>	<b><u>2,801,295</u></b>	<b><u>369,917</u></b>

**Total Health**

	<b><u>5,005,546</u></b>	<b><u>5,086,272</u></b>	<b><u>4,542,989</u></b>	<b><u>543,283</u></b>
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**Culture and Recreation****Parks**

Personnel services	2,209,237	2,237,967	2,091,893	146,074
Contractual services	655,970	678,315	511,431	166,884
Materials and supplies	234,031	307,945	219,664	88,281
Maintenance charges	765,406	765,406	746,898	18,508
Capital outlay	584,414	554,414	39,060	515,354
	<b><u>4,449,058</u></b>	<b><u>4,544,047</u></b>	<b><u>3,608,946</u></b>	<b><u>935,101</u></b>

**Recreation**

Personnel services	2,362,244	2,362,784	2,153,682	209,102
Contractual services	520,664	744,938	531,276	213,662
Materials and supplies	546,858	671,058	541,042	130,016
Maintenance charges	390,288	438,139	423,716	14,423
Other charges	100,500	107,160	74,813	32,347
Capital outlay	-	14,100	14,025	75
	<b><u>\$ 3,920,554</u></b>	<b><u>\$ 4,338,179</u></b>	<b><u>\$ 3,738,554</u></b>	<b><u>\$ 599,625</u></b>

Continued

**CITY OF PASADENA, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Culture and Recreation, Continued</b>				
<b>Clean Streets</b>				
Personnel services	\$ 1,321,630	\$ 1,340,419	\$ 1,328,610	\$ 11,809
Contractual services	47,200	47,200	23,514	23,686
Materials and supplies	80,155	80,155	48,022	32,133
Maintenance charges	299,456	299,456	299,454	2
	<b>1,748,441</b>	<b>1,767,230</b>	<b>1,699,600</b>	<b>67,630</b>
<b>Golf Course</b>				
Personnel services	468,413	487,947	409,466	78,481
Contractual services	125,800	125,800	101,470	24,330
Materials and supplies	184,050	384,050	218,711	165,339
Maintenance charges	95,499	181,999	181,978	21
	<b>873,762</b>	<b>1,179,796</b>	<b>911,625</b>	<b>268,171</b>
<b>Multi-Purpose Center</b>				
Personnel services	389,802	420,208	403,417	16,791
Contractual services	39,800	39,800	36,666	3,134
Materials and supplies	47,400	47,400	37,548	9,852
Maintenance charges	60,341	67,851	67,844	7
Other charges	15,000	15,000	10,967	4,033
Capital outlay	116,000	6,000	-	6,000
	<b>668,343</b>	<b>596,259</b>	<b>556,442</b>	<b>39,817</b>
<b>Civic Center</b>				
Personnel services	393,383	399,717	374,753	24,964
Contractual services	132,000	132,000	130,503	1,497
Materials and supplies	11,575	11,575	9,880	1,695
Maintenance charges	254,554	254,554	237,679	16,875
	<b>791,512</b>	<b>797,846</b>	<b>752,815</b>	<b>45,031</b>
<b>Senior Center - Madison Jobe</b>				
Personnel services	429,188	426,437	388,603	37,834
Contractual services	43,578	43,973	43,972	1
Materials and supplies	56,950	56,950	54,955	1,995
Maintenance charges	89,655	94,392	94,380	12
Other charges	34,500	34,513	34,367	146
	<b>653,871</b>	<b>656,265</b>	<b>616,277</b>	<b>39,988</b>
<b>Museum</b>				
Personnel services	32,348	32,948	6,802	26,146
Contractual services	6,500	6,500	2,817	3,683
Materials and supplies	10,120	10,120	6,038	4,082
Maintenance charges	6,918	6,918	6,918	-
Other charges	2,000	2,000	1,976	24
	<b>\$ 57,886</b>	<b>\$ 58,486</b>	<b>\$ 24,551</b>	<b>\$ 33,935</b>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Library</b>				
Personnel services	\$ 2,854,214	\$ 2,848,631	\$ 2,768,083	\$ 80,548
Contractual services	314,309	314,309	299,568	14,741
Materials and supplies	209,980	178,480	129,284	49,196
Maintenance charges	554,054	561,125	530,604	30,521
Capital outlay	234,000	298,000	297,911	89
	<u>4,166,557</u>	<u>4,200,545</u>	<u>4,025,450</u>	<u>175,095</u>
<b>Total Culture and Recreation</b>	<b>17,329,984</b>	<b>18,138,653</b>	<b>15,934,260</b>	<b>2,204,393</b>
<b>TOTAL EXPENDITURES</b>	<b>106,030,276</b>	<b>108,543,390</b>	<b>98,645,797</b>	<b>9,897,593</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(882,355)</b>	<b>(1,504,749)</b>	<b>13,283,240</b>	<b>14,787,989</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)				
Water and sewer system fund	3,000,000	3,000,000	3,000,000	-
Insurance fund	(750,000)	(750,000)	(750,000)	-
Capital projects fund	(1,700,000)	(1,869,784)	(1,869,784)	-
Insurance recovery	-	611,021	608,768	(2,253)
Sale of capital assets	40,000	40,000	3,957	(36,043)
	<u>590,000</u>	<u>1,031,237</u>	<u>992,941</u>	<u>(38,296)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>590,000</b>	<b>1,031,237</b>	<b>992,941</b>	<b>(38,296)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(292,355)</b>	<b>(473,512)</b>	<b>14,276,181</b>	<b>14,749,693</b>
<b>FUND BALANCE - BEGINNING</b>	<b>34,383,412</b>	<b>37,440,738</b>	<b>37,440,738</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 34,091,057</b>	<b>\$ 36,967,226</b>	<b>\$ 51,716,919</b>	<b>\$ 14,749,693</b>



## **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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes				
Ad valorem taxes	\$ 9,593,575	\$ 9,593,575	\$ 10,110,966	\$ 517,391
Investment income	4,500	4,500	30,177	25,677
<b>TOTAL REVENUES</b>	<b>9,598,075</b>	<b>9,598,075</b>	<b>10,141,143</b>	<b>543,068</b>
<b>EXPENDITURES</b>				
Debt service				
Principal	7,105,914	7,094,811	7,015,914	78,897
Interest	2,835,151	2,846,254	2,846,254	-
Fiscal charges	5,000	5,000	-	5,000
Other charges	12,000	12,000	-	12,000
<b>TOTAL EXPENDITURES</b>	<b>9,958,065</b>	<b>9,958,065</b>	<b>9,862,168</b>	<b>95,897</b>
<b>EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(359,990)</b>	<b>(359,990)</b>	<b>278,975</b>	<b>638,965</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in - capital projects fund	-	6	6	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(359,990)</b>	<b>(359,984)</b>	<b>278,981</b>	<b>638,965</b>
<b>FUND BALANCES - BEGINNING</b>	<b>1,748,820</b>	<b>2,060,784</b>	<b>2,060,784</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 1,388,830</b>	<b>\$ 1,700,800</b>	<b>\$ 2,339,765</b>	<b>\$ 638,965</b>



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

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

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

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

City's portion of child safety fees collected by the Harris County Tax Assessor from auto license registrations and to be used for programs designed to enhance child safety, health, or nutrition, including child abuse 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, 2018**

	<b>Special Revenue</b>				
	<b>Special Charge Allocation Fund</b>	<b>State Forfeited Property</b>	<b>Hotel and Motel Tax</b>	<b>Abandoned Motor Vehicles and Property</b>	<b>Total Funds</b>
<b><u>ASSETS</u></b>					
Due from other funds	\$ 850,698	\$ 197,169	\$ -	\$ 7,166	\$ 1,055,033
Restricted assets					
Cash and cash equivalents	-	53,067	-	-	53,067
Investments	1,701,169	733,534	4,918,062	502,854	7,855,619
Receivables (net of allowances of uncollectibles)					
Intergovernmental	88,783	8,885	-	-	97,668
Accounts	-	-	366,886	-	366,886
<b>TOTAL ASSETS</b>	<b><u>\$ 2,640,650</u></b>	<b><u>\$ 992,655</u></b>	<b><u>\$ 5,284,948</u></b>	<b><u>\$ 510,020</u></b>	<b><u>\$ 9,428,273</u></b>
<b><u>LIABILITIES</u></b>					
Due to other funds	\$ -	\$ -	\$ 2,139	\$ -	\$ 2,139
Liabilities payable from restricted assets					
Accounts payable	54,000	24,311	55,724	27,687	161,722
Accrued payroll payable	4,838	-	2,748	2,738	10,324
Unearned revenue	50,354	-	-	-	50,354
	<u>109,192</u>	<u>24,311</u>	<u>58,472</u>	<u>30,425</u>	<u>222,400</u>
<b>TOTAL LIABILITIES</b>	<b><u>109,192</u></b>	<b><u>24,311</u></b>	<b><u>60,611</u></b>	<b><u>30,425</u></b>	<b><u>224,539</u></b>
<b><u>FUND BALANCES</u></b>					
Restricted	<u>2,531,458</u>	<u>968,344</u>	<u>5,224,337</u>	<u>479,595</u>	<u>9,203,734</u>
<b>TOTAL FUND BALANCES</b>	<b><u>2,531,458</u></b>	<b><u>968,344</u></b>	<b><u>5,224,337</u></b>	<b><u>479,595</u></b>	<b><u>9,203,734</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 2,640,650</u></b>	<b><u>\$ 992,655</u></b>	<b><u>\$ 5,284,948</u></b>	<b><u>\$ 510,020</u></b>	<b><u>\$ 9,428,273</u></b>

**CITY OF PASADENA, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	Special Revenue				Total Funds
	Special Charge Allocation Fund	State Forfeited Property	Hotel and Motel Tax	Abandoned Motor Vehicles and Property	
<b>REVENUES</b>					
Business taxes					
Franchise taxes	\$ 261,898	\$ -	\$ -	\$ -	\$ 261,898
Other taxes	-	-	1,772,579	-	1,772,579
Licenses and permits	3,240	-	-	-	3,240
Municipal court fines	316,675	-	-	-	316,675
Intergovernmental	291,101	568,042	-	-	859,143
Miscellaneous	5,414	-	-	544,670	550,084
Investment income	24,910	10,215	69,213	6,551	110,889
<b>TOTAL REVENUES</b>	<b>903,238</b>	<b>578,257</b>	<b>1,841,792</b>	<b>551,221</b>	<b>3,874,508</b>
<b>EXPENDITURES</b>					
Current					
General government					
Personnel services	108,553	-	-	-	108,553
Contractual services	167,207	-	-	-	167,207
Materials and supplies	53,135	-	-	-	53,135
Capital outlay	47,186	-	-	-	47,186
Public safety					
Personnel services	116,094	-	-	2,738	118,832
Contractual services	89,886	71,709	-	223,775	385,370
Materials and supplies	44,294	84,510	-	31,768	160,572
Other charges	-	96,721	-	36,261	132,982
Capital outlay	23,494	-	-	-	23,494
Culture and recreation					
Personnel services	-	-	84,462	-	84,462
Contractual services	-	-	117,151	-	117,151
Materials and supplies	-	-	120,266	-	120,266
Capital outlay	-	-	179,084	-	179,084
<b>TOTAL EXPENDITURES</b>	<b>649,849</b>	<b>252,940</b>	<b>500,963</b>	<b>294,542</b>	<b>1,698,294</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>253,389</b>	<b>325,317</b>	<b>1,340,829</b>	<b>256,679</b>	<b>2,176,214</b>
<b>FUND BALANCES - BEGINNING</b>	<b>2,278,069</b>	<b>643,027</b>	<b>3,883,508</b>	<b>222,916</b>	<b>7,027,520</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 2,531,458</b>	<b>\$ 968,344</b>	<b>\$ 5,224,337</b>	<b>\$ 479,595</b>	<b>\$ 9,203,734</b>

**CITY OF PASADENA, TEXAS**  
**SPECIAL CHARGE ALLOCATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Franchise taxes	\$ 300,000	\$ 300,000	\$ 261,898	\$ (38,102)
Licenses and permits	3,000	3,000	3,240	240
Municipal court fines	406,000	406,000	316,675	(89,325)
Intergovernmental	295,000	295,000	291,101	(3,899)
Miscellaneous	5,500	5,500	5,414	(86)
Investment income	4,010	4,010	24,910	20,900
<b>TOTAL REVENUES</b>	<b><u>1,013,510</u></b>	<b><u>1,013,510</u></b>	<b><u>903,238</u></b>	<b><u>(110,272)</u></b>
<b>EXPENDITURES</b>				
Current				
General government				
Personnel services	137,173	137,173	108,553	28,620
Contractual services	250,771	250,771	167,207	83,564
Materials and supplies	159,900	159,900	53,135	106,765
Capital outlay	69,719	69,719	47,186	22,533
Public safety				
Personnel services	151,828	153,288	116,094	37,194
Contractual services	123,620	123,620	89,886	33,734
Materials and supplies	57,600	56,140	44,294	11,846
Capital outlay	25,000	25,000	23,494	1,506
<b>TOTAL EXPENDITURES</b>	<b><u>975,611</u></b>	<b><u>975,611</u></b>	<b><u>649,849</u></b>	<b><u>325,762</u></b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>37,899</b>	<b>37,899</b>	<b>253,389</b>	<b>215,490</b>
<b>FUND BALANCES - BEGINNING</b>	<b><u>2,174,340</u></b>	<b><u>2,278,069</u></b>	<b><u>2,278,069</u></b>	<b><u>-</u></b>
<b>FUND BALANCES - ENDING</b>	<b><u>\$ 2,212,239</u></b>	<b><u>\$ 2,315,968</u></b>	<b><u>\$ 2,531,458</u></b>	<b><u>\$ 215,490</u></b>

**CITY OF PASADENA, TEXAS  
STATE FORFEITED PROPERTY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 568,042	\$ 568,042
Investment income	1,500	1,500	10,215	8,715
<b>TOTAL REVENUES</b>	<b>1,500</b>	<b>1,500</b>	<b>578,257</b>	<b>576,757</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Contractual services	97,650	97,650	71,709	25,941
Materials and supplies	120,000	120,000	84,510	35,490
Other charges	60,000	110,000	96,721	13,279
<b>TOTAL EXPENDITURES</b>	<b>277,650</b>	<b>327,650</b>	<b>252,940</b>	<b>74,710</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(276,150)</b>	<b>(326,150)</b>	<b>325,317</b>	<b>651,467</b>
<b>FUND BALANCES - BEGINNING</b>	<b>503,246</b>	<b>643,027</b>	<b>643,027</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 227,096</b>	<b>\$ 316,877</b>	<b>\$ 968,344</b>	<b>\$ 651,467</b>

**CITY OF PASADENA, TEXAS  
HOTEL AND MOTEL TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other taxes	\$ 625,000	\$ 625,000	\$ 1,772,579	\$ 1,147,579
Investment income	10,000	10,000	69,213	59,213
<b>TOTAL REVENUES</b>	<b><u>635,000</u></b>	<b><u>635,000</u></b>	<b><u>1,841,792</u></b>	<b><u>1,206,792</u></b>
<b>EXPENDITURES</b>				
Current				
Culture and recreation				
Personnel services	144,676	144,676	84,462	60,214
Contractual services	147,449	147,449	117,151	30,298
Materials and supplies	128,035	128,035	120,266	7,769
Other charges	140,000	45,664	-	45,664
Capital outlay	505,000	505,000	179,084	325,916
<b>TOTAL EXPENDITURES</b>	<b><u>1,065,160</u></b>	<b><u>970,824</u></b>	<b><u>500,963</u></b>	<b><u>469,861</u></b>
<b>EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(430,160)</b>	<b>(335,824)</b>	<b>1,340,829</b>	<b>1,676,653</b>
<b>FUND BALANCES - BEGINNING</b>	<b><u>2,968,366</u></b>	<b><u>3,883,508</u></b>	<b><u>3,883,508</u></b>	<b><u>-</u></b>
<b>FUND BALANCES - ENDING</b>	<b><u>\$ 2,538,206</u></b>	<b><u>\$ 3,547,684</u></b>	<b><u>\$ 5,224,337</u></b>	<b><u>\$ 1,676,653</u></b>

**CITY OF PASADENA, TEXAS**  
**ABANDONED MOTOR VEHICLE AND PROPERTY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ 250,000	\$ 270,000	\$ 544,670	\$ 274,670
Investment income	500	500	6,551	6,051
<b>TOTAL REVENUES</b>	<b>250,500</b>	<b>270,500</b>	<b>551,221</b>	<b>280,721</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	-	2,750	2,738	12
Contractual services	270,200	270,200	223,775	46,425
Materials and supplies	39,500	39,500	31,768	7,732
Other charges	25,000	42,250	36,261	5,989
<b>TOTAL EXPENDITURES</b>	<b>334,700</b>	<b>354,700</b>	<b>294,542</b>	<b>60,158</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(84,200)</b>	<b>(84,200)</b>	<b>256,679</b>	<b>340,879</b>
<b>FUND BALANCES - BEGINNING</b>	<b>171,199</b>	<b>222,916</b>	<b>222,916</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 86,999</b>	<b>\$ 138,716</b>	<b>\$ 479,595</b>	<b>\$ 340,879</b>

## **INTERNAL SERVICE FUNDS**

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

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

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

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

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

**CITY OF PASADENA, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

	<b>Maintenance</b>	<b>Workers' Compensation Insurance</b>	<b>General Liability Insurance</b>	<b>Health Insurance</b>	<b>Total Funds</b>
<b><u>ASSETS</u></b>					
<b>Current Assets</b>					
Investments - TexPool	\$ 10,057,922	\$ 2,497,176	\$ 5,653,978	\$ 3,494,108	\$ 21,703,184
Accounts receivable	-	-	14,359	149,879	164,238
Due from other funds					
General	551,437	217,468	-	-	768,905
Maintenance	-	16,641	-	-	16,641
Health insurance	-	1,517	-	-	1,517
Water and sewer system	1,918	36,098	-	-	38,016
Inventory, at cost	564,001	-	-	-	564,001
Prepaid items	-	-	552,033	-	552,033
<b>Total Current Assets</b>	<b>11,175,278</b>	<b>2,768,900</b>	<b>6,220,370</b>	<b>3,643,987</b>	<b>23,808,535</b>
<b>Noncurrent Assets</b>					
<b>Deposits</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>370,000</b>	<b>375,000</b>
<b>Capital Assets</b>					
Land	602	-	-	-	602
Buildings and building improvements	2,233,791	-	-	-	2,233,791
Accumulated depreciation - buildings and building improvements	(1,783,880)	-	-	-	(1,783,880)
Facilities and other improvements	175,754	-	-	-	175,754
Accumulated depreciation - facilities and other improvements	(77,282)	-	-	-	(77,282)
Machinery and equipment	9,541,269	-	-	-	9,541,269
Accumulated depreciation - machinery and equipment	(5,828,083)	-	-	-	(5,828,083)
Infrastructure	41,746	-	-	-	41,746
Accumulated depreciation - infrastructure	(24,740)	-	-	-	(24,740)
Automotive equipment	41,323,936	-	-	-	41,323,936
Accumulated depreciation - automotive equipment	(28,044,887)	-	-	-	(28,044,887)
Work in progress	1,898,144	-	-	-	1,898,144
<b>Net Capital Assets</b>	<b>19,456,370</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,456,370</b>
<b>Total Noncurrent Assets</b>	<b>19,456,370</b>	<b>5,000</b>	<b>-</b>	<b>370,000</b>	<b>19,831,370</b>
<b>TOTAL ASSETS</b>	<b>30,631,648</b>	<b>2,773,900</b>	<b>6,220,370</b>	<b>4,013,987</b>	<b>43,639,905</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>					
Deferred outflows on:					
Contribution subsequent to the measurement date pension - TMRS	487,880	-	-	-	487,880
Changes in actuarial assumptions pension - TMRS	122,598	-	-	-	122,598
Changes in actuarial assumptions - OPEB	124,468	-	-	-	124,468
Contributions subsequent to the measurement date - OPEB	67,622	-	-	-	67,622
Changes in actuarial assumptions - OPEB-SDBF	16,906	-	-	-	16,906
Contribution subsequent to the measurement date - OPEB-SDBF	2,116	-	-	-	2,116
Difference between expected and actual economic experience pension - TMRS	41,437	-	-	-	41,437
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 863,027</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 863,027</b>

	<u>Maintenance</u>	<u>Workers' Compensation Insurance</u>	<u>General Liability Insurance</u>	<u>Health Insurance</u>	<u>Total Funds</u>
<b><u>LIABILITIES</u></b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 619,739	\$ 1,015	\$ 74,512	\$ 114,721	\$ 809,987
Accrued payroll payable	113,994	2,492	-	11,710	128,196
Due to other funds					
General	-	-	97,182	44,054	141,236
Workers' compensation	16,641	-	-	1,517	18,158
Claims payable	-	25,027	-	656,698	681,725
Compensated absences payable	151,154	-	-	-	151,154
<b>Total Current Liabilities</b>	<b>901,528</b>	<b>28,534</b>	<b>171,694</b>	<b>828,700</b>	<b>1,930,456</b>
<b>Noncurrent Liabilities</b>					
Claims payable	-	16,685	-	437,799	454,484
Compensated absences payable	1,360,389	-	-	-	1,360,389
OPEB GASB 75 liability	2,750,982	-	-	-	2,750,982
SDBF OPEB liability	278,018	-	-	-	278,018
Net pension liability	725,897	-	-	-	725,897
<b>Total Noncurrent Liabilities</b>	<b>5,115,286</b>	<b>16,685</b>	<b>-</b>	<b>437,799</b>	<b>5,569,770</b>
<b>TOTAL LIABILITIES</b>	<b>6,016,814</b>	<b>45,219</b>	<b>171,694</b>	<b>1,266,499</b>	<b>7,500,226</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred inflows on:					
Difference between expected and actuarial economic experience pension TMRS	66,109	-	-	-	66,109
Difference between projected and actual investment earning pension TMRS	840,797	-	-	-	840,797
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>906,906</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>906,906</b>
<b><u>NET POSITION</u></b>					
Net investment in capital assets	19,456,370	-	-	-	19,456,370
Unrestricted	5,114,585	2,728,681	6,048,676	2,747,488	16,639,430
<b>TOTAL NET POSITION</b>	<b>\$ 24,570,955</b>	<b>\$ 2,728,681</b>	<b>\$ 6,048,676</b>	<b>\$ 2,747,488</b>	<b>\$ 36,095,800</b>



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**CITY OF PASADENA, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Maintenance</b>	<b>Workers' Compensation Insurance</b>	<b>General Liability Insurance</b>	<b>Health Insurance</b>	<b>Total Funds</b>
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 14,797,934	\$ 1,114,321	\$ 113,278	\$ 19,774,119	\$ 35,799,652
<b>OPERATING EXPENSES</b>					
Personnel services	6,581,640	128,339	-	-	6,709,979
Contractual services	1,619,003	26,618	-	141,000	1,786,621
Materials and supplies	4,188,637	31,814	-	-	4,220,451
Maintenance charges	1,594,284	-	-	-	1,594,284
Insurance/reinsurance premiums	-	586,120	1,291,386	3,055,203	4,932,709
Claim and legal expenses	-	14,208	425,623	15,214,708	15,654,539
Administration fees	-	-	-	604,598	604,598
Miscellaneous	-	-	-	925,413	925,413
Depreciation	3,356,938	-	-	-	3,356,938
<b>TOTAL OPERATING EXPENSES</b>	<b>17,340,502</b>	<b>787,099</b>	<b>1,717,009</b>	<b>19,940,922</b>	<b>39,785,532</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(2,542,568)</b>	<b>327,222</b>	<b>(1,603,731)</b>	<b>(166,803)</b>	<b>(3,985,880)</b>
<b>NONOPERATING REVENUES</b>					
Gain on sale of capital assets	197,439	-	-	-	197,439
Investment income	169,230	34,502	94,536	74,717	372,985
<b>TOTAL NONOPERATING REVENUES</b>	<b>366,669</b>	<b>34,502</b>	<b>94,536</b>	<b>74,717</b>	<b>570,424</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
	<b>(2,175,899)</b>	<b>361,724</b>	<b>(1,509,195)</b>	<b>(92,086)</b>	<b>(3,415,456)</b>
Capital contributions	1,794,586	-	-	-	1,794,586
Transfers in	1,292,455	-	1,750,000	-	3,042,455
<b>CHANGES IN NET POSITION</b>	<b>911,142</b>	<b>361,724</b>	<b>240,805</b>	<b>(92,086)</b>	<b>1,421,585</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>23,659,813</b>	<b>2,366,957</b>	<b>5,807,871</b>	<b>2,839,574</b>	<b>34,674,215</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 24,570,955</b>	<b>\$ 2,728,681</b>	<b>\$ 6,048,676</b>	<b>\$ 2,747,488</b>	<b>\$ 36,095,800</b>

**CITY OF PASADENA, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<b>Maintenance</b>	<b>Workers' Compensation Insurance</b>	<b>General Liability Insurance</b>	<b>Health Insurance</b>	<b>Total Funds</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>					
Cash received from interfund services	\$ 15,263,581	\$ 747,239	\$ 113,278	\$ 13,529,898	\$ 29,653,996
Cash received from customers and users	9,685	-	-	6,222,181	6,231,866
Cash payments to suppliers for goods and services	(8,007,099)	-	-	-	(8,007,099)
Cash payments to employees for services	(6,461,614)	(128,270)	-	-	(6,589,884)
Cash payments from employees for services	-	-	-	7,733	7,733
Cash payments for insurance premiums, liability claims, and administration	-	(656,507)	(1,909,810)	(21,203,613)	(23,769,930)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>804,553</b>	<b>(37,538)</b>	<b>(1,796,532)</b>	<b>(1,443,801)</b>	<b>(2,473,318)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>					
Transfers from/(to) other funds					
General	-	-	750,000	-	750,000
Water and sewer system	1,253,000	-	1,000,000	-	2,253,000
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>1,253,000</b>	<b>-</b>	<b>1,750,000</b>	<b>-</b>	<b>3,003,000</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>					
Proceeds from sale of capital assets	444,980	-	-	-	444,980
Acquisition and construction of capital assets	(3,554,309)	-	-	-	(3,554,309)
Deferred outflows on net pension liability	-	-	-	-	-
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(3,109,329)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,109,329)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Purchase of investments	(3,374,579)	(749,055)	(1,893,856)	(22,803,004)	(28,820,494)
Proceeds from sale and maturities of investments	4,257,125	752,091	1,845,852	24,172,088	31,027,156
Investment income received	169,230	34,502	94,536	74,717	372,985
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>1,051,776</b>	<b>37,538</b>	<b>46,532</b>	<b>1,443,801</b>	<b>2,579,647</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	<b>\$ (2,542,568)</b>	<b>\$ 327,222</b>	<b>\$ (1,603,731)</b>	<b>\$ (166,803)</b>	<b>\$ (3,985,880)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>					
Depreciation	3,356,938	-	-	-	3,356,938
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	254	-	(9,271)	(22,040)	(31,057)
(Increase) in prepaids	-	-	(143,054)	-	(143,054)
Decrease (increase) in due from other funds	475,078	(271,724)	-	-	203,354
(Increase) in pension related deferred outflows	(235,972)	-	-	-	(235,972)
(Increase) in inventory	(80,384)	-	-	-	(80,384)
Decrease (increase) in deposits	-	3,000	-	(134,000)	(131,000)
(Decrease) increase in accounts and claims payable	(541,432)	(96,105)	42,441	(503,615)	(1,098,711)
(Decrease) increase in accrued payroll payable	(952)	69	-	7,733	6,850
Increase in compensated absences payable	8,947	-	-	-	8,947
(Decrease) in net pension liability	(1,957,113)	-	-	-	(1,957,113)
Increase in OPEB liability	2,374,824	-	-	-	2,374,824
Increase (decrease) in due to other funds	16,641	-	(82,917)	(625,076)	(691,352)
(Decrease) in pension related deferred inflows	(69,708)	-	-	-	(69,708)
<b>Total Adjustments</b>	<b>3,347,121</b>	<b>(364,760)</b>	<b>(192,801)</b>	<b>(1,276,998)</b>	<b>1,512,562</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 804,553</b>	<b>\$ (37,538)</b>	<b>\$ (1,796,532)</b>	<b>\$ (1,443,801)</b>	<b>\$ (2,473,318)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Contribution of capital assets from the government	\$ 1,794,586	\$ -	\$ -	\$ -	\$ 1,794,586
Transfer of capital assets from the water and sewer fund	\$ 39,455	\$ -	\$ -	\$ -	\$ 39,455



# STATISTICAL SECTION

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

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

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

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

**CITY OF PASADENA, TEXAS**  
**NET POSITION BY COMPONENT**  
Last Ten Fiscal Years (1) (2) (3)  
(accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 451,397,477	\$ 463,105,305	\$ 472,614,231	\$ 478,211,050
Restricted	40,253,459	36,063,307	35,271,243	40,271,155
Unrestricted	15,209,325	16,138,845	14,744,816	22,491,388
Total governmental activities net position	<u>\$ 506,860,261</u>	<u>\$ 515,307,457</u>	<u>\$ 522,630,290</u>	<u>\$ 540,973,593</u>
Business-type activities				
Net investment in capital assets	\$ 154,942,535	\$ 157,245,239	\$ 159,525,608	\$ 160,991,697
Restricted	2,255,328	1,929,345	2,020,890	2,241,698
Unrestricted (deficit)	11,385,007	13,307,492	17,664,879	28,726,466
Total business-type activities net position	<u>\$ 168,582,870</u>	<u>\$ 172,482,076</u>	<u>\$ 179,211,377</u>	<u>\$ 191,959,861</u>
Primary government				
Net investment in capital assets	\$ 606,340,012	\$ 620,350,544	\$ 632,139,839	\$ 639,202,747
Restricted	42,508,787	37,992,652	37,292,133	42,512,853
Unrestricted	26,594,332	29,446,337	32,409,695	51,217,854
Total primary government net position	<u>\$ 675,443,131</u>	<u>\$ 687,789,533</u>	<u>\$ 701,841,667</u>	<u>\$ 732,933,454</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 2009 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 2009 to 2013.
- (3) As a result of a change in accounting policy in the implementation of GASB Statement No. 75, net position was restated as of October 1, 2017. The City chose not to restate 2009 to 2016.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 483,252,803	\$ 481,756,248	\$ 499,187,584	\$ 520,604,774	\$ 538,867,914	\$ 549,356,319
46,905,633	55,218,439	55,408,353	55,591,891	62,927,934	72,167,450
23,545,604	25,026,501	24,391,603	21,560,862	(12,496,375)	(5,486,534)
<u>\$ 553,704,040</u>	<u>\$ 562,001,188</u>	<u>\$ 578,987,540</u>	<u>\$ 597,757,527</u>	<u>\$ 589,299,473</u>	<u>\$ 616,037,235</u>
\$ 163,652,579	\$ 176,526,854	\$ 207,484,738	\$ 215,490,421	\$ 220,294,968	\$ 226,186,707
2,339,483	2,298,834	2,108,767	2,053,361	2,267,462	2,602,184
30,178,589	28,113,976	11,952,768	12,859,321	11,869,171	14,050,268
<u>\$ 196,170,651</u>	<u>\$ 206,939,664</u>	<u>\$ 221,546,273</u>	<u>\$ 230,403,103</u>	<u>\$ 234,431,601</u>	<u>\$ 242,839,159</u>
\$ 646,905,382	\$ 658,283,102	\$ 706,672,322	\$ 736,095,195	\$ 759,162,882	\$ 775,543,026
49,245,116	57,517,273	57,517,120	57,645,252	65,195,396	74,769,634
53,724,193	53,140,477	36,344,371	34,420,183	(627,204)	8,563,734
<u>\$ 749,874,691</u>	<u>\$ 768,940,852</u>	<u>\$ 800,533,813</u>	<u>\$ 828,160,630</u>	<u>\$ 823,731,074</u>	<u>\$ 858,876,394</u>

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

Last Ten Fiscal Years (1) (2) (3)  
(accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
<b>Expenses</b>				
Governmental activities				
General government	\$ 16,735,291	\$ 16,369,013	\$ 17,498,400	\$ 15,344,585
Public safety	44,930,012	46,743,243	45,242,538	44,094,055
Public works	28,489,685	22,194,436	21,049,209	19,734,083
Health	3,170,468	3,543,536	3,419,292	3,385,069
Culture and recreation	16,082,335	15,533,525	14,629,653	13,999,948
Housing and community development	9,615,124	10,102,166	10,672,024	9,976,482
Interest and fiscal agent fees on long-term debt	4,990,590	5,002,086	4,832,227	4,123,021
Total governmental activities expenses	<u>124,013,505</u>	<u>119,488,005</u>	<u>117,343,343</u>	<u>110,657,243</u>
Business-type activities				
Water and sewer	28,622,955	29,274,247	29,982,837	29,019,663
Total business-type activities expenses	<u>28,622,955</u>	<u>29,274,247</u>	<u>29,982,837</u>	<u>29,019,663</u>
Total primary government expenses	<u>\$ 152,636,460</u>	<u>\$ 148,762,252</u>	<u>\$ 147,326,180</u>	<u>\$ 139,676,906</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for service				
General government	\$ 9,881,296	\$ 11,802,432	\$ 9,431,596	\$ 9,411,401
Public safety	8,236,156	7,685,606	7,757,395	7,891,097
Other activities	5,116,673	4,220,825	4,134,589	4,139,681
Operating grants and contributions	16,102,417	13,576,536	12,087,315	12,370,427
Capital grants and contributions	5,578,582	4,999,237	8,610,718	12,799,735
Total governmental activities program revenues	<u>44,915,124</u>	<u>42,284,636</u>	<u>42,021,613</u>	<u>46,612,341</u>
Business-type activities:				
Charges for services:				
Water and sewer	35,096,384	33,419,961	36,894,886	36,790,596
Capital grants and contributions	35,000	-	-	212,675
Total business-type activities program revenues	<u>35,131,384</u>	<u>33,419,961</u>	<u>36,894,886</u>	<u>37,003,271</u>
Total primary government program revenues	<u>\$ 80,046,508</u>	<u>\$ 75,704,597</u>	<u>\$ 78,916,499</u>	<u>\$ 83,615,612</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (79,098,381)	\$ (77,203,369)	\$ (75,321,730)	\$ (64,044,902)
Business-type activities	6,508,429	4,145,714	6,912,049	7,983,608
Total primary government net expense	<u>\$ (72,589,952)</u>	<u>\$ (73,057,655)</u>	<u>\$ (68,409,681)</u>	<u>\$ (56,061,294)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
General property taxes	\$ 33,728,265	\$ 32,609,811	\$ 33,224,390	\$ 34,997,328
Industrial district fees	16,100,049	15,777,475	15,980,044	16,773,145
Sales taxes	26,084,712	23,213,061	23,954,810	25,789,345
Utility taxes	7,817,369	7,948,433	8,550,770	8,704,878
Other taxes/fees	698,023	5,523,330	544,183	671,036
Investment earnings				
Unrestricted	363,528	125,652	84,799	96,098
Restricted	685,824	154,475	89,411	86,079
Gain on sale of capital assets	-	-	-	-
Transfers	1,304,219	298,328	216,156	(4,729,704)
Total governmental activities	<u>86,781,989</u>	<u>85,650,565</u>	<u>82,644,563</u>	<u>82,388,205</u>
Business-type activities:				
Investment earnings				
Unrestricted	95,551	26,823	22,636	25,510
Restricted	63,369	24,997	10,772	9,662
Gain on sale of capital assets	-	-	-	-
Transfers	(1,304,219)	(298,328)	(216,156)	4,729,704
Total business-type activities	<u>(1,145,299)</u>	<u>(246,508)</u>	<u>(182,748)</u>	<u>4,764,876</u>
Total primary government	<u>\$ 85,636,690</u>	<u>\$ 85,404,057</u>	<u>\$ 82,461,815</u>	<u>\$ 87,153,081</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 7,683,608	\$ 8,447,196	\$ 7,322,833	\$ 18,343,303
Business-type activities	5,363,130	3,899,206	6,729,301	12,748,484
Total primary government	<u>\$ 13,046,738</u>	<u>\$ 12,346,402</u>	<u>\$ 14,052,134</u>	<u>\$ 31,091,787</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 2009 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 2009 to 2013.
- (3) As a result of a change in accounting policy in the implementation of GASB Statement No. 75, net position was restated as of October 1, 2017. The City chose not to restate 2009 to 2016.

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 17,825,589	\$ 20,070,338	\$ 17,122,766	\$ 20,888,643	\$ 22,756,730	\$ 22,314,761	
48,354,722	47,153,867	48,403,071	51,631,147	55,497,066	54,984,996	
21,579,683	23,789,663	23,367,837	23,608,280	25,898,493	27,196,488	
3,493,148	3,873,409	4,013,432	4,209,705	4,901,819	4,956,796	
15,492,340	15,853,285	16,579,672	17,650,996	19,232,324	19,670,659	
9,324,100	7,922,281	7,512,375	7,985,634	8,804,281	8,544,976	
3,877,613	3,564,479	3,439,836	2,627,998	2,097,954	2,689,213	
119,947,195	122,227,322	120,438,989	128,602,403	139,188,667	140,357,889	
30,765,422	31,443,569	30,561,782	30,062,074	32,993,854	33,635,459	
30,765,422	31,443,569	30,561,782	30,062,074	32,993,854	33,635,459	
\$ 150,712,617	\$ 153,670,891	\$ 151,000,771	\$ 158,664,477	\$ 172,182,521	\$ 173,993,348	
\$ 9,022,279	\$ 11,987,529	\$ 10,021,968	\$ 10,003,780	\$ 10,185,899	\$ 12,423,053	
7,880,922	8,355,481	8,236,938	8,368,016	7,893,379	8,065,867	
5,058,845	4,858,171	5,653,162	5,781,731	5,316,136	12,108,708	
11,579,631	10,491,952	8,214,522	9,158,177	9,852,748	11,735,785	
7,769,209	13,955,703	11,569,987	9,563,828	5,282,526	3,811,672	
41,310,886	49,648,836	43,696,577	42,875,532	38,530,688	48,145,085	
37,235,536	36,618,566	39,079,938	39,681,159	41,915,812	44,569,349	
147,596	-	-	-	-	-	
37,383,132	36,618,566	39,079,938	39,681,159	41,915,812	44,569,349	
\$ 78,694,018	\$ 86,267,402	\$ 82,776,515	\$ 82,556,691	\$ 80,446,500	\$ 92,714,434	
\$ (78,636,309)	\$ (72,578,486)	\$ (76,742,412)	\$ (85,726,871)	\$ (100,657,979)	\$ (92,212,804)	
6,617,710	5,174,997	8,518,156	9,619,085	8,921,958	10,933,890	
\$ (72,018,599)	\$ (67,403,489)	\$ (68,224,256)	\$ (76,107,786)	\$ (91,736,021)	\$ (81,278,914)	
\$ 35,501,359	\$ 36,899,872	\$ 38,799,792	\$ 42,155,738	\$ 45,677,186	\$ 49,398,264	
17,548,408	17,177,327	17,284,062	17,774,342	16,936,513	17,936,515	
27,938,085	30,472,024	31,439,633	32,350,927	31,811,860	34,350,493	
8,932,383	9,270,311	9,260,543	9,609,456	9,322,212	8,965,253	
716,284	1,000,102	1,059,717	1,227,928	1,641,838	2,117,329	
89,748	46,788	73,803	344,184	737,464	1,440,976	
65,620	30,622	44,421	192,234	497,892	1,438,947	
63,864	-	1,826,646	-	149,093	-	
1,668,346	(6,011,207)	(6,059,853)	842,049	1,912,789	3,302,789	
92,524,097	88,885,839	93,728,764	104,496,858	108,686,847	118,950,566	
23,752	9,763	12,802	62,105	164,287	414,341	
3,947	1,486	3,657	17,689	34,578	362,116	
-	200,325	12,141	-	17,950	-	
(1,668,346)	6,011,207	6,059,853	(842,049)	(1,912,789)	(3,302,789)	
(1,640,647)	6,222,781	6,088,453	(762,255)	(1,695,974)	(2,526,332)	
\$ 90,883,450	\$ 95,108,620	\$ 99,817,217	\$ 103,734,603	\$ 106,990,873	\$ 116,424,234	
\$ 13,887,788	\$ 16,307,353	\$ 16,986,352	\$ 18,769,987	\$ 8,028,868	\$ 26,737,762	
4,977,063	11,397,778	14,606,609	8,856,830	7,225,984	8,407,558	
\$ 18,864,851	\$ 27,705,131	\$ 31,592,961	\$ 27,626,817	\$ 15,254,852	\$ 35,145,320	

**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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General property taxes	\$ 33,728,265	\$ 32,609,811	\$ 33,224,390	\$ 34,997,328
Industrial district fees	16,100,049	15,777,475	15,980,044	16,773,145
Sales taxes	26,084,712	23,213,061	23,954,810	25,789,345
Franchise taxes	7,817,369	7,948,433	8,550,770 (2)	8,704,878
Other taxes/fees	698,023	5,523,330 (1)	544,183	671,036
	<u>\$ 84,428,418</u>	<u>\$ 85,072,110</u>	<u>\$ 82,254,197</u>	<u>\$ 86,935,732</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 35,501,359	\$ 36,899,872	\$ 38,799,792	\$ 42,155,738	\$ 45,677,186	\$ 49,398,264
17,548,408	17,177,327	17,284,062	17,774,342	16,936,513	17,936,515
27,938,085	30,472,024	31,439,633	32,350,927	31,811,860	34,350,493
8,932,383	9,270,311	9,260,543	9,609,456	9,322,212	8,965,253
716,284	1,000,102	1,059,717	1,227,928	1,641,838	2,117,329
<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>	<u>\$ 112,767,854</u>

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

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Unreserved, designated for:				
Encumbrances	\$ 404,551	\$ 1,567,841	\$ -	\$ -
Capital and technology improvements	2,578,002	1,591,361	-	-
Recall, election, and charter revisions	15,000	15,000	-	-
Unreserved	22,557,426	21,511,101	-	-
Committed	-	-	257,462	388,622
Assigned	-	-	1,430,771	13,954,260
Unassigned	-	-	30,129,675	28,392,323
Total general fund	<u>\$ 25,554,979</u>	<u>\$ 24,685,303</u>	<u>\$ 31,817,908</u>	<u>\$ 42,735,205</u>
All Other Governmental Funds				
Reserved	\$ 1,631,459	\$ 2,284,607	\$ -	\$ -
Unreserved, designated for:				
Encumbrances	66,671	1,414,244	-	-
Encumbrances for special revenue funds	368,961	18,712	-	-
Unreserved, reported in:				
Pasadena Second Century Corp fund	27,151,207	13,421,401	-	-
Capital project fund	36,959,612	32,358,730	-	-
Grant management fund	3,478,625	5,330,596	-	-
Special revenue funds	3,846,713	2,939,272	-	-
Restricted	-	-	52,165,350	55,763,123
Committed	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 73,503,248</u>	<u>\$ 57,767,562</u>	<u>\$ 52,165,350</u>	<u>\$ 55,763,123</u>

(1) GASB Statement No. 54 requirement for statistical data is ten years with retroactive implementation encouraged; only eight fiscal years are available at this time. The City chose not to restate 2009 to 2010.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,733,497	15,000	15,000	15,000	15,000	15,000
605,417	23,915,771	199,868	516,191	466,821	459,491
47,741,413	27,382,553	44,276,264	46,689,035	36,958,917	51,242,428
<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>	<u>\$ 51,716,919</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
58,940,029	65,238,024	60,624,443	63,469,227	69,931,255	95,728,413
-	10,034,023	15,328,098	7,254,969	5,592,139	3,425,236
-	-	-	4,035,135	331,603	331,603
<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>	<u>\$ 99,485,252</u>

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Revenues</b>				
Taxes	\$ 84,285,891	\$ 85,021,762	\$ 82,200,858	\$ 86,974,148
Licenses and permits	2,384,655	2,048,459	2,144,525	2,075,020
Municipal court fines	6,072,604	6,083,691	6,459,457	6,312,595
Charges for services	9,547,090	9,241,590	9,680,697	9,595,662
Intergovernmental	20,601,837	15,940,787	20,202,246	23,875,081
Investment earnings	895,156	249,214	149,265	162,330
Contribution from outside sources	-	-	-	18,621
Program income	-	-	165,174	176,537
Miscellaneous	1,057,115	2,973,015	808,983	910,662
<b>Total revenues</b>	<b>124,844,348</b>	<b>121,558,518</b>	<b>121,811,205</b>	<b>130,100,656</b>
<b>Expenditures</b>				
General government	14,144,783	13,876,473	14,325,552	13,364,086
Public safety	40,633,853	40,670,046	38,619,020	40,228,303
Public works	21,178,029	17,217,317	18,912,137	21,354,811
Health	2,880,092	3,343,040	3,446,535	3,168,772
Culture and recreation	14,690,854	14,336,405	12,611,085	12,096,056
Housing and community development	11,477,417	10,544,584	11,208,701	10,496,692
Capital outlay	25,765,715	23,824,715	16,876,471	5,917,040
Debt service				
Principal	7,394,661	7,653,050	7,480,000	8,020,000
Interest	5,035,933	5,114,584	4,774,501	4,135,448
Payment to refunding bond escrow agent	-	-	-	-
Other charges	397,929	5,016	143,075	299,426
<b>Total expenditures</b>	<b>143,599,266</b>	<b>136,585,230</b>	<b>128,397,077</b>	<b>119,080,634</b>
Excess (deficiency) of revenues over (under) expenditures	(18,754,918)	(15,026,712)	(6,585,872)	11,020,022
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	6,725,000	-	-	20,030,000
Payment to refunding bond escrow agent	(8,709,369)	-	-	(21,356,307)
Bonds issued	21,635,000	-	4,960,000	-
Premiums on bonds issued	180,403	-	183,075	1,631,546
Transfers in	3,741,587	16,564,533	3,870,996	4,971,697
Transfers out	(1,254,610)	(19,636,533)	(1,350,256)	(2,446,697)
Sale of capital assets	6,868	390,749	43,495	239,875
Insurance recovery	1,809,421	1,102,601	408,955	424,934
<b>Total other financing sources (uses)</b>	<b>24,134,300</b>	<b>(1,578,650)</b>	<b>8,116,265</b>	<b>3,495,048</b>
<b>Net change in fund balances</b>	<b>\$ 5,379,382</b>	<b>\$ (16,605,362)</b>	<b>\$ 1,530,393</b>	<b>\$ 14,515,070</b>
Debt service as a percentage of noncapital expenditures	11.11%	11.54%	11.49%	11.12%

Fiscal Year						
	2013	2014	2015	2016	2017	2018
\$	90,787,936	\$ 95,059,433	\$ 97,786,566	\$ 102,187,545	\$ 105,371,432	\$ 113,950,666
	2,317,936	2,428,726	2,498,776	3,008,170	2,555,428	2,592,498
	5,992,141	6,505,416	6,148,378	6,030,277	5,558,805	4,715,725
	9,507,936	9,586,071	9,755,077	9,734,403	9,849,361	10,678,209
	16,291,635	22,518,118	19,032,196	12,643,378	12,830,088	20,056,516
	137,918	71,505	109,206	480,439	1,068,122	2,506,938
	1,362,099	871,137	218,727	717,303	14,100	17,800
	145,534	327,540	176,096	153,963	64,977	94,809
	1,375,816	902,691	1,145,954	1,050,477	1,310,868	2,004,351
	<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>	<u>156,617,512</u>
	15,001,760	15,386,204	15,414,838	16,769,769	21,385,858	17,881,609
	42,780,930	41,719,857	43,153,975	43,695,603	47,275,723	46,187,874
	15,081,752	25,086,686	23,878,916	17,148,365	16,757,188	17,720,250
	3,109,669	3,520,728	3,734,963	3,753,196	4,561,561	4,542,989
	12,632,871	13,467,999	14,171,327	14,753,557	16,622,709	16,463,245
	9,699,937	11,247,201	8,567,002	8,948,301	10,745,960	10,187,469
	7,265,134	4,712,504	21,173,978	19,932,875	22,002,333	18,758,668
	7,565,000	7,650,000	7,880,000	8,864,312	7,822,613	7,015,914
	3,952,598	3,785,622	3,345,373	2,722,813	2,571,489	2,864,605
	-	-	4,829,110	1,822,973	-	-
	242,921	-	301,303	269,693	-	273,307
	<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>	<u>141,895,930</u>
	10,586,379	11,693,836	(9,579,809)	(2,675,502)	(11,122,253)	14,721,582
	16,690,000	-	15,646,063	17,405,000	-	-
	(18,931,383)	-	(13,627,529)	(18,378,549)	-	-
	-	-	-	-	1,000,000	19,175,000
	2,493,667	-	1,614,726	3,070,454	-	1,098,280
	2,942,518	2,259,026	18,501,785	10,036,352	15,619,883	4,869,790
	(4,622,319)	(4,415,553)	(21,316,745)	(8,717,352)	(14,316,038)	(2,619,790)
	139,788	5,845,152	2,619,811	795,481	134,586	52,806
	1,223,378	2,182,554	-	-	-	608,768
	<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>23,184,854</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>	<u>37,906,436</u>
	10.78%	9.86%	9.17%	9.84%	8.21%	8.06%

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

<b>Source</b>	<b>Fiscal Year</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General property taxes	\$ 33,585,738	\$ 32,559,463	\$ 33,171,051	\$ 35,195,121
Industrial district fees	16,100,049	15,777,475	15,980,044	16,549,164
Sales taxes	26,084,712	23,213,061	23,954,810	25,789,345
Franchise taxes	7,817,369	7,948,433	8,550,770 (2)	8,751,762
Other taxes	698,023	5,523,330 (1)	544,183	688,756
	<u>\$ 84,285,891</u>	<u>\$ 85,021,762</u>	<u>\$ 82,200,858</u>	<u>\$ 86,974,148</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					
2013	2014	2015	2016	2017	2018
\$ 35,262,542	\$ 37,144,601	\$ 38,755,245	\$ 42,039,511	\$ 45,307,747	\$ 50,169,950
17,755,534	17,172,395	17,271,428	17,364,338	17,283,049	17,947,752
27,938,085	30,472,024	31,439,633	32,350,927	31,811,860	34,350,493
9,030,691	9,270,311	9,260,543	9,204,841	9,326,938	9,365,142
801,084	1,000,102	1,059,717	1,227,928	1,641,838	2,117,329
<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>	<u>\$ 113,950,666</u>

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

2018						
Consumers	Consumption (per month)	Annualized Consumption	Billed Amount	Rank	% of Water/Sewer Revenues	% of All System Fund Revenues
City of Seabrook	54,065.8	648,789.2	\$ 579,944	1	1.28%	1.27%
Nestle Waters North America	10,122.9	121,475.6	449,335	2	0.99%	0.98%
Pasadena Independent School District	9,272.8	111,273.5	718,256	3	1.58%	1.57%
Lyondell	6,740.2	80,882.6	575,439	4	1.27%	1.26%
Victoria Village Apartments	5,787.4	69,449.1	475,213	5	1.05%	1.04%
Columbia Bayshore Hospital	5,671.0	68,052.1	574,688	6	1.27%	1.26%
San Jacinto College	4,070.5	48,845.5	387,707	7	0.85%	0.85%
Brighton Hill Manor Apartments	3,970.9	47,651.6	339,412	8	0.75%	0.74%
Sandridge Apartments	3,200.5	38,405.3	278,178	9	0.61%	0.61%
Falls of Alta Vista	3,136.2	37,634.0	305,872	10	0.67%	0.67%
Brandywood Housing Corporation	-	-	-	-	-	-
Minh Food Company	-	-	-	-	-	-
Sandstone Apartments	-	-	-	-	-	-
Phillips Chemical	-	-	-	-	-	-
Air Products	-	-	-	-	-	-
<b>Total</b>	<u>106,038.2</u>	<u>1,272,458.5</u>	<u>\$ 4,684,044</u>		<u>10.32%</u>	<u>10.25%</u>

Source: Prepared by the City's Water Department.

2009

<b>Consumption (per month)</b>	<b>Annualized Consumption</b>	<b>Billed Amount</b>	<b>Rank</b>	<b>% of Water/Sewer Revenues</b>	<b>% of All System Fund Revenues</b>
14,741.0	176,891.9	\$ 671,749	1	1.86%	1.85%
-	-	-	-	-	-
7,858.0	94,295.7	803,672	2	2.22%	2.22%
-	-	-	-	-	-
-	-	-	-	-	-
2,445.1	29,340.9	288,977	8	0.80%	0.80%
2,994.6	35,934.8	471,582	5	1.30%	1.30%
4,109.9	49,318.7	361,066	4	1.00%	1.00%
-	-	-	-	-	-
-	-	-	-	-	-
5,179.9	62,159.3	450,655	3	1.25%	1.24%
2,820.6	33,847.6	262,507	6	0.73%	0.72%
2,534.8	30,417.9	217,341	7	0.60%	0.60%
1,400.4	16,804.5	71,374	9	0.20%	0.20%
928.9	11,146.2	100,950	10	0.28%	0.28%
<u>45,013.2</u>	<u>540,157.5</u>	<u>\$ 3,699,873</u>		<u>10.24%</u>	<u>10.21%</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,							
			2009		2010		2011		2012	
			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	\$10.50	\$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	6.59	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	8.59	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	8.50	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	-	9.59	-
	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,

2013		2014		2015		2016		2017		2018	
Water Rates	Sewer Rates										
\$10.50	\$8.00	\$10.50	\$8.00	\$10.50	\$8.00	\$10.75	\$10.75	\$10.75	\$10.75	\$10.97	\$10.97
2.75	2.75	2.75	2.75	2.75	2.75	3.00	3.00	3.00	3.00	3.06	3.06
3.00	3.00	3.00	3.00	3.00	3.00	3.50	3.50	3.50	3.50	3.57	3.57
3.25	3.50	3.25	3.50	3.25	3.50	4.00	4.00	4.00	4.00	4.08	4.08
4.00	3.50	4.00	3.50	4.00	3.50	5.00	4.00	5.00	4.00	5.10	5.10
4.50	3.50	4.50	3.50	4.50	3.50	5.50	4.00	5.50	4.00	5.61	5.61
6.59	4.99	6.59	4.99	6.59	4.99	6.59	4.99	6.59	4.99	6.72	5.09
2.16	1.37	2.16	1.37	2.16	1.37	2.50	2.50	2.50	2.50	2.55	2.55
3.25	3.00	3.25	3.00	3.25	3.00	3.50	3.50	3.50	3.50	3.57	3.57
4.00	3.50	4.00	3.50	4.00	3.50	5.00	4.00	5.00	4.00	5.10	4.08
4.50	3.50	4.50	3.50	4.50	3.50	5.50	4.00	5.50	4.00	5.61	5.61
8.59	8.00	8.59	8.00	8.59	8.00	12.59	12.00	12.59	12.00	12.84	12.24
2.75	3.00	2.75	3.00	2.75	3.00	3.25	3.00	3.25	3.00	3.32	3.06
3.00	3.25	3.00	3.25	3.00	3.25	3.75	3.30	3.75	3.30	3.83	3.37
3.25	3.50	3.25	3.50	3.25	3.50	4.00	3.55	4.00	3.55	4.08	3.62
4.50	4.00	4.50	4.00	4.50	4.00	4.50	3.80	4.50	3.80	4.55	3.88
4.50	4.15	4.50	4.15	4.50	4.15	4.50	4.05	4.50	4.05	4.55	4.10
4.50	4.15	4.50	4.15	4.50	4.15	4.50	4.15	4.50	4.15	4.55	4.15
8.50	8.00	8.50	8.00	8.50	8.00	9.50	9.50	9.50	9.50	9.69	9.69
2.75	2.75	2.75	2.75	2.75	2.75	3.25	3.00	3.25	3.00	3.32	3.06
3.00	3.25	3.00	3.25	3.00	3.25	3.50	3.50	3.50	3.50	3.57	3.57
3.25	3.50	3.25	3.50	3.25	3.50	4.25	4.00	4.25	4.00	4.34	4.08
4.00	3.50	4.00	3.50	4.00	3.50	5.00	4.00	5.00	4.00	5.10	4.08
4.50	3.50	4.50	3.50	4.50	3.50	5.50	4.00	5.50	4.00	5.61	4.08
9.59	-	9.59	-	9.59	-	14.00	-	14.00	-	14.28	-
3.25	-	3.25	-	3.25	-	4.00	-	4.00	-	4.08	-
4.00	-	4.00	-	4.00	-	5.00	-	5.00	-	5.10	-
4.50	-	4.50	-	4.50	-	6.00	-	6.00	-	6.12	-

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

Assessed Value of Taxable Property	Fiscal Year Ended September 30,			
	2009	2010	2011	2012
	2008 Tax Year	2009 Tax Year	2010 Tax Year	2011 Tax Year
<b>Real Property</b>				
Real Residential	\$ 4,232,641,041	\$ 4,129,237,231	\$ 4,052,171,721	\$ 3,966,049,464
Real Commercial	1,198,814,394	1,249,370,402	1,164,598,370	1,237,888,449
Real Industrial	147,127,450	154,349,049	158,854,677	165,773,388
Real Agriculture	229,086	215,563	221,790	241,507
Real Vacant	107,109,632	123,659,890	117,984,092	120,572,974
Real Acreage Undeveloped	34,480,311	36,659,482	36,725,841	42,021,873
Real Farm & Ranch Improved	-	-	-	-
<b>Total Real Property</b>	<b>5,720,401,914</b>	<b>5,693,491,617</b>	<b>5,530,556,491</b>	<b>5,532,547,655</b>
<b>Less: Exemptions</b>	<b>(841,604,642)</b>	<b>(839,474,827)</b>	<b>(836,075,493)</b>	<b>(813,327,025)</b>
<b>Net Total Real Property</b>	<b>4,878,797,272</b>	<b>4,854,016,790</b>	<b>4,694,480,998</b>	<b>4,719,220,630</b>
<b>Other Property</b>				
Oil Gas and Mineral Reserves	9,270,819	6,764,074	7,854,851	241,610
Real and Tangible Personal - Utility	331,940	330,068	272,549	272,549
Gas Companies	7,961,540	8,286,315	7,692,460	7,515,900
Electric Companies	54,628,038	53,755,344	52,300,077	52,011,882
Telephone Companies	20,113,792	19,731,446	17,917,042	16,078,872
Railroad	347,390	392,796	428,700	495,520
Pipelines	29,628,470	24,795,395	28,491,661	30,614,337
Inventory	30,451,933	26,415,373	28,064,363	26,438,731
Major Cable TV Systems	10,181,107	7,984,017	14,286,631	13,783,892
Tangible Personal Commercial	532,377,581	553,633,704	532,372,461	525,877,003
Tangible Personal Industrial	675,428,776	648,801,280	668,423,788	1,053,499,087
Tangible Personal Other - Mobile Homes	18,689,409	17,046,042	15,915,686	16,357,302
Governmental Exemption	496,046,506	519,756,039	531,014,416	558,111,018
Charitable Exemption	32,977,016	33,317,985	25,685,661	26,110,291
Religious Exemption	113,848,612	119,839,982	115,848,852	119,018,125
Private School Exempt	16,771,140	16,771,140	17,061,755	17,595,212
Miscellaneous Exempt	494,967	486,462	826,251	844,407
Low-Moderate Income Housing	184,120	-	209,748	216,978
Improving Prop-Housing w/Volunteer Labor	-	-	-	-
Economic Devel Svcs to Local Community	-	-	-	-
Other Exempt	-	-	-	-
<b>Total Other Property</b>	<b>2,049,733,156</b>	<b>2,058,107,462</b>	<b>2,064,666,952</b>	<b>2,465,082,716</b>
<b>Less: Exemptions</b>	<b>(918,569,343)</b>	<b>(1,117,092,435)</b>	<b>(1,142,444,955)</b>	<b>(1,402,974,610)</b>
<b>Net Total Other Property</b>	<b>1,131,163,813</b>	<b>941,015,027</b>	<b>922,221,997</b>	<b>1,062,108,106</b>
<b>Total Property</b>	<b>7,770,135,070</b>	<b>7,751,599,079</b>	<b>7,595,223,443</b>	<b>7,997,630,371</b>
<b>Less: Total Exemptions</b>	<b>(1,760,173,985)</b>	<b>(1,956,567,262)</b>	<b>(1,978,520,448)</b>	<b>(2,216,301,635)</b>
<b>Total Assessed Value of Taxable Property</b>	<b>\$ 6,009,961,085</b>	<b>\$ 5,795,031,817</b>	<b>\$ 5,616,702,995</b>	<b>\$ 5,781,328,736</b>
<b>Total Actual Value of Taxable Property</b>	<b>\$ 6,009,961,085</b>	<b>\$ 5,795,031,817</b>	<b>\$ 5,616,702,995</b>	<b>\$ 5,781,328,736</b>
<b>Total Direct Tax Rate Per \$ 100</b>	<b>\$ 0.562000</b>	<b>\$ 0.562000</b>	<b>\$ 0.591593</b>	<b>\$ 0.591593</b>

Source: Harris County Appraisal District Certified Tax Roll

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

**Fiscal Year Ended September 30,**

<b>2013</b>		<b>2014</b>		<b>2015</b>		<b>2016</b>		<b>2017</b>		<b>2018</b>	
<b>2012 Tax Year</b>		<b>2013 Tax Year</b>		<b>2014 Tax Year</b>		<b>2015 Tax Year</b>		<b>2016 Tax Year</b>		<b>2017 Tax Year</b>	
\$	3,852,056,577	\$	3,872,765,988	\$	4,099,197,425	\$	4,437,264,879	\$	4,801,040,252	\$	5,216,450,255
	1,328,287,594		1,534,186,202		1,724,550,745		1,882,514,422		2,104,704,433		2,292,894,922
	170,231,894		162,926,484		159,908,910		209,572,611		163,121,239		259,068,236
	227,549		188,270		184,971		178,264		174,043		172,013
	127,123,041		143,130,709		159,066,568		159,267,801		162,772,196		165,840,846
	37,424,971		41,471,437		52,404,929		48,308,431		43,056,354		65,400,460
	248,262		252,079		251,507		276,657		304,322		334,754
	<b>5,515,599,888</b>		<b>5,754,921,169</b>		<b>6,195,565,055</b>		<b>6,737,383,065</b>		<b>7,275,172,839</b>		<b>8,000,161,486</b>
	<b>(792,375,980)</b>		<b>(798,795,765)</b>		<b>(826,800,278)</b>		<b>(865,038,283)</b>		<b>(912,947,500)</b>		<b>(950,691,089)</b>
	<b>4,723,223,908</b>		<b>4,956,125,404</b>		<b>5,368,764,777</b>		<b>5,872,344,782</b>		<b>6,362,225,339</b>		<b>7,049,470,397</b>
	1,100		-		-		-		-		-
	234,003		234,003		406,911		407,011		406,544		406,019
	7,635,305		9,007,545		9,650,985		10,335,973		12,317,323		13,109,983
	54,036,712		61,544,486		58,880,213		57,137,279		61,384,866		61,503,698
	12,681,172		12,137,483		11,620,085		10,927,075		11,279,634		11,537,505
	1,474,440		1,639,650		1,835,930		2,018,640		2,162,940		2,301,400
	35,354,411		37,023,276		48,033,250		50,440,617		50,120,569		54,052,943
	28,837,389		24,752,105		24,902,586		26,789,396		29,168,367		29,622,033
	12,539,470		13,071,100		13,833,260		14,288,850		15,472,020		14,589,260
	541,207,611		551,411,132		585,993,827		674,994,577		696,606,477		719,461,700
	1,182,300,519		1,176,456,318		936,387,584		729,540,148		760,780,633		892,809,207
	15,604,926		15,146,856		14,582,987		14,958,005		14,308,581		14,784,917
	598,471,214		-		-		-		-		-
	28,122,328		2,033,915		1,911,572		1,914,822		1,907,665		2,553,957
	121,779,281		-		-		-		-		-
	17,427,256		17,839,420		17,839,420		17,839,420		17,839,420		36,157,374
	879,116		705,880		712,254		718,082		718,993		814,532
	338,200		-		-		-		-		-
	-		262,987		479,025		180,466		-		-
	-		301,508		385,458		386,379		392,693		388,627
	-		787,048,320		804,209,783		866,099,527		883,706,307		1,008,233,881
	<b>2,658,924,453</b>		<b>2,710,615,984</b>		<b>2,531,665,130</b>		<b>2,478,976,267</b>		<b>2,558,573,032</b>		<b>2,862,327,036</b>
	<b>(1,356,134,366)</b>		<b>(1,401,752,949)</b>		<b>(1,217,268,714)</b>		<b>(1,030,217,604)</b>		<b>(999,768,796)</b>		<b>(1,192,395,693)</b>
	<b>1,302,790,087</b>		<b>1,308,863,035</b>		<b>1,314,396,416</b>		<b>1,448,758,663</b>		<b>1,558,804,236</b>		<b>1,669,931,343</b>
	<b>8,174,524,341</b>		<b>8,465,537,153</b>		<b>8,727,230,185</b>		<b>9,216,359,332</b>		<b>9,833,745,871</b>		<b>10,862,488,522</b>
	<b>(2,148,510,346)</b>		<b>(2,200,548,714)</b>		<b>(2,044,068,992)</b>		<b>(1,895,255,887)</b>		<b>(1,912,716,296)</b>		<b>(2,143,086,782)</b>
\$	<b>6,026,013,995</b>	\$	<b>6,264,988,439</b>	\$	<b>6,683,161,193</b>	\$	<b>7,321,103,445</b>	\$	<b>7,921,029,575</b>	\$	<b>8,719,401,740</b>
\$	<b>6,026,013,995</b>	\$	<b>6,264,988,439</b>	\$	<b>6,683,161,193</b>	\$	<b>7,321,103,445</b>	\$	<b>7,921,029,575</b>	\$	<b>8,719,401,740</b>
\$	<b>0.591593</b>	\$	<b>0.591593</b>	\$	<b>0.576904</b>	\$	<b>0.575388</b>	\$	<b>0.575388</b>	\$	<b>0.575388</b>

**CITY OF PASADENA, TEXAS  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS**

Last Ten Fiscal Years  
(Per \$100 of assessed value)

Fiscal Year Ended September 30,	Tax Year	City Direct Rates			Overlapping Rates (1)		
		General Fund	Debt Service Fund	Total Direct	Clear Lake City Water Authority	Clear Creek ISD	Deer Park ISD
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
2018	2017	0.4601	0.1153	0.5754	0.2700	1.4000	1.5567

Source: Harris County Appraisal District.

(1) Overlapping rates are those of local and county governments that apply within the City of Pasadena. Not all overlapping rates apply to all City of Pasadena property owners (e.g., the rates for certain school/college district and water authority apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the school/college district or water authority).

(2) Harris County tax rates includes Harris County, Harris County Flood District, Port of Houston Authority and Harris County Hospital District.

**Overlapping Rates (1)**

<b>La Porte ISD</b>	<b>Pasadena ISD</b>	<b>(2) Harris County</b>	<b>Harris County Department of Education</b>	<b>San Jacinto College District</b>	<b>Total Direct and Overlapping Rates</b>
\$ 1.3250	\$ 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
1.3800	1.4800	0.6300	0.0052	0.1833	7.4806

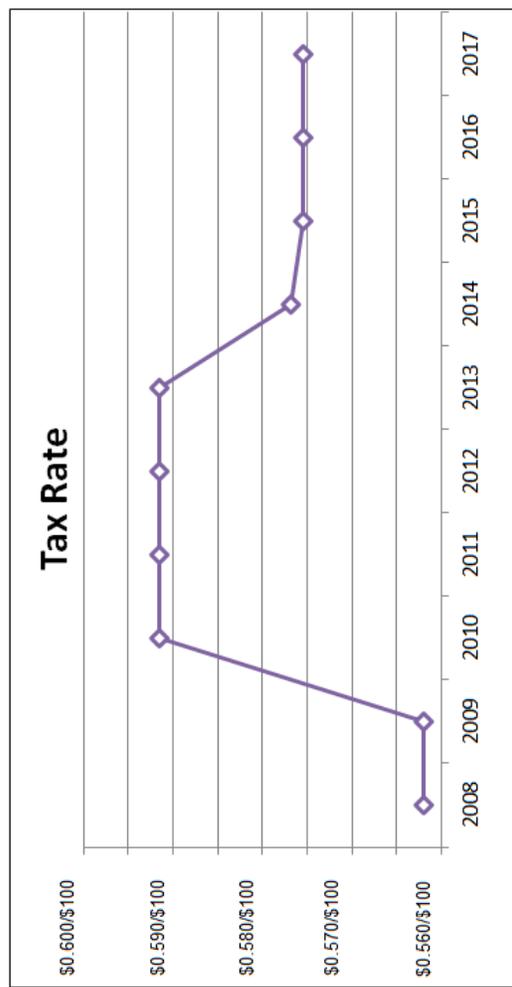
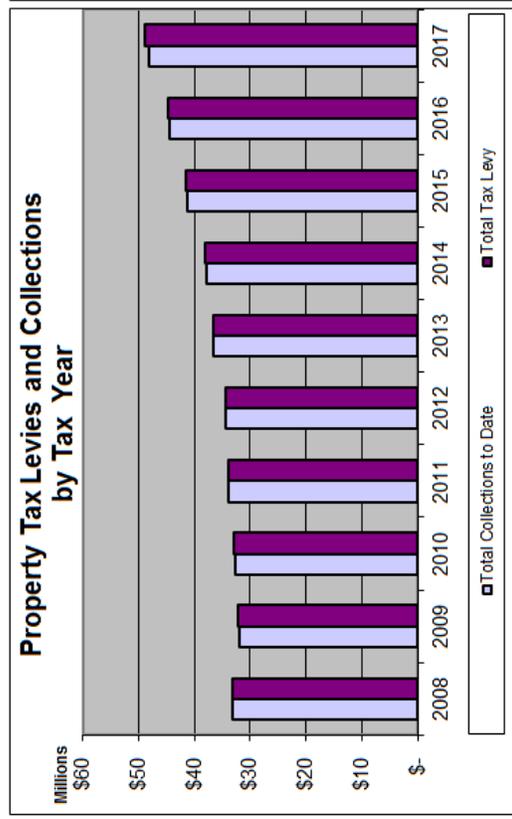
**CITY OF PASADENA, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Nine Years Ago**

<b>Property Taxpayer</b>	<b>Fiscal Year Ended September 30, 2018</b>			<b>Fiscal Year Ended September 30, 2009</b>		
	<b>2017 Tax Year</b>		<b>% of Taxable Assessed Value</b>	<b>2008 Tax Year</b>		<b>% of Taxable Assessed Value</b>
	<b>Taxable Assessed Value</b>	<b>Rank</b>		<b>Taxable Assessed Value</b>	<b>Rank</b>	
Calpine Operating	\$ 114,655,460	1	1.31%	\$ -	-	-
Bay Bluff LP	111,250,409	2	1.28%	-	-	-
CenterPoint Energy, Inc.	75,905,773	3	0.87%	62,658,411	4	1.04%
KIR Pasadena LP.	73,271,176	4	0.84%	57,789,491	5	0.96%
LIT Insutrial LP	68,336,658	5	0.78%	-	-	-
Schutz Container Systems	66,956,519	6	0.77%	-	-	-
PRSI Trading	63,929,737	7	0.73%	-	-	-
Phillips 66 Co.	62,903,993	8	0.72%	-	-	-
Kinder Morgan	60,188,088	9	0.69%	-	-	-
Boeing Company	54,330,277	10	0.62%	48,935,753	6	0.81%
Coral Energy Resources	-	-	-	143,950,120	1	2.40%
Valero Energy Corp	-	-	-	142,461,724	2	2.37%
Shell Oil Co.	-	-	-	63,827,442	3	1.06%
GATX Terminals % Kinder	-	-	-	43,295,600	7	0.72%
Wal Mart	-	-	-	39,648,562	8	0.66%
Tejas Gas	-	-	-	39,159,082	9	0.65%
CHCA Bayshore LP	-	-	-	32,562,584	10	0.54%
Subtotal	<u>\$ 751,728,090</u>		<u>8.62%</u>	<u>\$ 674,288,769</u>		<u>11.22%</u>
Other Taxpayers	<u>\$ 7,967,673,650</u>		<u>91.38%</u>	<u>5,335,672,316</u>		<u>88.78%</u>
Total	<u><u>\$ 8,719,401,740</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 6,009,961,085</u></u>		<u><u>100.00%</u></u>

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
2009	2008	\$ 0.5620	\$ 33,283,384	\$ 32,386,497	97.31%	\$ 801,872	\$ 33,188,369	99.71%
2010	2009	0.5620	32,131,728	31,296,353	97.40%	730,255	32,026,608	99.67%
2011	2010	0.5916	32,832,812	31,967,660	97.36%	764,737	32,732,397	99.69%
2012	2011	0.5916	33,938,256	33,262,827	98.01%	573,157	33,835,984	99.70%
2013	2012	0.5916	34,490,334	34,147,313	99.01%	234,445	34,381,758	99.69%
2014	2013	0.5916	36,677,270	36,231,129	98.78%	342,142	36,573,271	99.72%
2015	2014	0.5769	38,039,944	37,619,372	98.89%	305,584	37,924,956	99.70%
2016	2015	0.5754	41,517,238	41,198,200	99.23%	162,777	41,360,977	99.62%
2017	2016	0.5754	44,777,781	44,280,747	98.89%	213,748	44,494,495	99.37%
2018	2017	0.5754	48,881,709	48,025,807	98.25%	-	48,025,807	98.25%



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

<b>Fiscal Year Ended September 30,</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Governmental Activities</b>				
General Obligation Bonds	\$ 74,535,000	\$ 70,500,000	\$ 66,485,000	\$ 41,960,000
General Obligation Refunding Bonds	8,525,000	8,355,000	8,180,000	26,680,000
General Obligation and Refunding Bonds	28,020,000	26,700,000	25,395,000	24,080,000
Certificates of Obligation	5,840,000	5,570,000	5,290,000	5,010,000
Combination Tax and Revenue				
Certificates of Obligation	1,780,000	900,000	-	-
Other Long-Term Debt				
Overpaid Sales Tax Note	138,700	-	-	-
Blended Component Unit - Pasadena Second Century Corporation				
Sales Tax Notes	-	-	-	-
Sales Tax Revenue Bonds	1,575,000	805,000	4,960,000	4,190,000
Overpaid Sales Tax Note	69,350	-	-	-
	<b>120,483,050</b>	<b>112,830,000</b>	<b>110,310,000</b>	<b>101,920,000</b>
<b>Business-Type Activities</b>				
Waterworks and Sewer System Revenue Bonds	70,855,000	70,430,000	54,290,000	53,430,000
Waterworks and Sewer System Revenue Refunding Bonds	-	-	14,505,000	13,255,000
Combination Tax and Revenue				
Certificates of Obligation	-	-	-	-
General Obligation Refunding Bonds	17,430,000	15,895,000	14,285,000	12,740,000
General Obligation and Refunding Bonds	9,970,000	9,970,000	9,970,000	9,970,000
	<b>98,255,000</b>	<b>96,295,000</b>	<b>93,050,000</b>	<b>89,395,000</b>
<b>Total Primary Government</b>	<b>\$ 218,738,050</b>	<b>\$ 209,125,000</b>	<b>\$ 203,360,000</b>	<b>\$ 191,315,000</b>
Percentage of Personal Income	7.75%	7.15%	7.19%	6.16%
Per Capita	\$ 1,500	\$ 1,430	\$ 1,364	\$ 1,256
(1) Population	145,789	146,265	149,043	152,281
(1) Per Capita Personal Income	\$ 19,359	\$ 19,992	\$ 18,967	\$ 20,383
(1) Personal Income (amount expressed in thousands)	\$ 2,822,330	\$ 2,924,130	\$ 2,826,899	\$ 3,103,944

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

The debt amounts presented from 2009 to 2012 were not including the related premiums, discounts and adjustments.

(1) See the Schedule of Demographic and Economic Statistics on page 187 for personal income and population data.

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$	30,152,196	\$ 27,835,000	\$ 17,475,000	\$ 2,025,000	\$ 1,035,000	\$ -
	45,303,868	42,009,458	55,201,099	69,391,828	62,927,351	56,388,209
	14,336,973	12,896,876	2,102,603	-	-	-
	4,720,000	4,430,000	4,130,000	310,000	-	-
	-	-	-	-	-	19,946,595
	-	-	-	-	-	-
	-	-	-	-	1,000,000	1,000,000
	3,507,979	2,667,467	1,801,955	906,443	-	-
	-	-	-	-	-	-
	<b>98,021,016</b>	<b>89,838,801</b>	<b>80,710,657</b>	<b>72,633,271</b>	<b>64,962,351</b>	<b>77,334,804</b>
	53,846,804	53,693,635	53,445,465	488,169	-	-
	12,441,550	11,268,996	9,166,441	6,983,886	4,726,332	2,388,777
	-	-	-	-	-	16,664,513
	17,459,587	14,539,259	13,055,250	66,108,784	64,256,796	61,938,110
	4,112,109	4,085,278	-	-	-	-
	<b>87,860,050</b>	<b>83,587,168</b>	<b>75,667,156</b>	<b>73,580,839</b>	<b>68,983,128</b>	<b>80,991,400</b>
<b>\$</b>	<b>185,881,066</b>	<b>\$ 173,425,969</b>	<b>\$ 156,377,813</b>	<b>\$ 146,214,110</b>	<b>\$ 133,945,479</b>	<b>\$ 158,326,204</b>
	6.01%	5.64%	4.94%	4.57%	4.03%	4.65%
\$	1,221	\$ 1,135	\$ 1,016	\$ 951	\$ 873	\$ 1,031
	152,272	152,735	153,887	153,784	153,351	153,520
\$	20,305	\$ 20,146	\$ 20,590	\$ 20,805	\$ 21,692	\$ 22,178
\$	3,091,883	\$ 3,076,999	\$ 3,168,533	\$ 3,199,476	\$ 3,326,490	\$ 3,404,767

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

Fiscal Year Ended September 30,	(1) General Bonded Debt	Less: Amounts Restricted to Repaying Principal	Total	(2) Assessed Value of Property	Percentage of Assessed Value of Property	(3) Population	(3) Per Capita
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
2018	154,937,426	(2,339,765)	152,597,661	8,719,401,740	1.75%	153,520	994

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 2009 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, 2018**

<b>Government Unit</b>	<b>Taxing Body (as of)</b>	<b>Outstanding Principal Debt</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes</b>				
Harris County	7/31/2018	\$2,208,674,361	1.94%	\$ 42,848,283
Harris County Flood Control District	7/31/2018	83,075,000	1.94%	1,611,655
Harris County Hospital District	7/31/2018	59,490,000	1.94%	1,154,106
Port of Houston Authority	7/31/2018	613,699,397	1.94%	11,905,768
Clear Lake City Water Authority	7/31/2018	76,375,000	20.90%	15,962,375
Clear Creek Independent School District	7/31/2018	798,480,000	6.31%	50,384,088
Deer Park Independent School District	7/31/2018	248,665,000	20.46%	50,876,859
La Porte Independent School District	7/31/2018	335,450,000	5.83%	19,556,735
Pasadena Independent School District	7/31/2018	771,080,000	39.00%	300,721,200
San Jacinto College District	7/31/2018	381,881,805	18.51%	70,686,322
Harris County WC & ID #156	7/31/2018	950,000	42.74%	406,030
Harris County Dept. of Education	7/31/2018	6,555,000	1.94%	127,167
<b>Subtotal, overlapping debt</b>				<b>566,240,588</b>
<b>Add - City direct debt</b>				<b>77,334,804</b>
<b>Total direct and overlapping debt</b>				<b>\$ 643,575,392</b>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, is responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government taxable assessed value that is within the City's boundaries and dividing it by the City's total taxable assessed value.

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

<u>Fiscal Year Ended September 30,</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Debt limit</b>				
Tax Year	2008	2009	2010	2011
Assessed value based on tax year	\$ 6,009,961,085	\$ 5,795,031,817	\$ 5,616,702,995	\$ 5,781,328,736
10% of assessed value	<b>600,996,109</b>	<b>579,503,182</b>	<b>561,670,300</b>	<b>578,132,874</b>
<b>Less: net debt applicable to limit</b>				
Debt to be repaid from ad valorem tax	118,700,000	112,025,000	105,350,000	97,730,000
Less: amount available in debt service fund	<u>(1,631,459)</u>	<u>(2,284,607)</u>	<u>(2,875,586)</u>	<u>(4,097,226)</u>
	<b>117,068,541</b>	<b>109,740,393</b>	<b>102,474,414</b>	<b>93,632,774</b>
<b>Legal Debt Margin</b>	<b>\$ 483,927,568</b>	<b>\$ 469,762,789</b>	<b>\$ 459,195,886</b>	<b>\$ 484,500,100</b>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>19.48%</b>	<b>18.94%</b>	<b>18.24%</b>	<b>16.20%</b>

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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
2012	2013	2013	2015	2016	2017
\$ 6,026,013,995	\$ 6,264,988,439	\$ 6,683,161,193	\$ 7,321,103,445	\$ 7,921,029,575	\$ 8,719,401,740
<b>602,601,400</b>	<b>626,498,844</b>	<b>668,316,119</b>	<b>732,110,345</b>	<b>792,102,958</b>	<b>871,940,174</b>
91,952,482	87,243,801	78,908,702	71,726,828	63,962,351	76,334,804
(5,219,578)	(6,272,408)	(1,783,393)	(1,493,541)	(2,060,784)	(2,339,765)
<b>86,732,904</b>	<b>80,971,393</b>	<b>77,125,309</b>	<b>70,233,287</b>	<b>61,901,567</b>	<b>73,995,039</b>
<b>\$ 515,868,496</b>	<b>\$ 545,527,451</b>	<b>\$ 591,190,810</b>	<b>\$ 661,877,058</b>	<b>\$ 730,201,391</b>	<b>\$ 797,945,135</b>
<b>14.39%</b>	<b>12.92%</b>	<b>11.54%</b>	<b>9.59%</b>	<b>7.81%</b>	<b>8.49%</b>

**CITY OF PASADENA, TEXAS**  
**PLEGGED-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	
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
2018	45,345,806	24,034,753	21,311,053	4,599,086	3,063,383	2.78

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.

Note: It is the current policy of the City to pay a portion of its general obligation debt service requirements from water and sewer revenues. Thus, the City is pledging the water and sewer system revenues to the payment of self-supporting portion of the general obligation debt.

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

<b>Fiscal Year Ended September 30,</b>	<b>Population(1)</b>	<b>Personal Income (amounts expressed in thousands)</b>	<b>Per Capita Personal Income(1)</b>	<b>Median Age (1)</b>	<b>School Enrollment(2)</b>	<b>Unemployment Rate (3)</b>
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%
2018	153,520	3,404,767	22,178	31.6	56,282	5.5%

Data sources:

- (1) Bureau of the Census (2018 estimates)
- (2) Pasadena Economic Development Corporation
- (3) National Center for Education Statistics
- (P) - Preliminary

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

<u>Employer</u>	<u>2018</u>			<u>2009</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	8,530	1	11.64%	1,550	6	1.20%
Turner Industries	3,070	2	4.19%	-	-	0.00%
SGS Petroleum Service Corp.	3,200	3	4.37%	4,308	2	-
San Jacinto College	3,162	4	4.32%	1,968	4	1.52%
The Boeing Company	2,500	5	3.41%	-	-	-
University of Houston-Clear Lake	1,589	6	2.17%	2,671	3	2.07%
Bayshore Medical Center	1,500	7	2.05%	1,528	8	1.18%
Lyondell Chemical Co	1,150	8	1.57%	-	-	-
City of Pasadena *	1,148	9	1.57%	1,532	7	1.19%
Mundy Company	569	10	0.78%	6,683	1	5.18%
Ref-Chem, LP	-	-	-	1,433	10	1.11%
Lyondell Houston Refinery	-	-	-	1,441	9	1.12%
Chevron Phillips - Pasadena Plastics	-	-	-	1,581	5	1.22%
	<u>26,418</u>		<u>24.57%</u>	<u>24,695</u>		<u>15.79%</u>

\* Includes both full and part-time employees.

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

Function	Fiscal Year Ended September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
City Council	8	8	8	8	7	7	7	8	8	8
Mayor	3	3	1	3	2	2	2	2	3	4
Budget and Financial Planning	2	2	2	2	2	4	3	4	5	4
Municipal Court	33	33	34	34	34	32	32	35	36	35
City Controller	16	15	16	15	15	15	15	16	15	16
Purchasing	4	4	4	4	4	3	4	4	4	5
Legal	8	8	8	8	7	7	6	8	7	8
City Secretary	4	4	4	4	4	4	4	4	4	5
Human Resources	7	7	9	11	7	7	7	7	8	7
City Marshal	6	6	6	6	7	7	7	7	8	10
Community Relations	7	7	7	7	8	9	9	8	7	9
Pasadena Action Line	4	4	4	6	6	6	6	5	7	6
Planning	4	5	6	4	5	2	4	4	8	4
Planning/Development Administration	1	1	1	1	1	-	-	-	-	-
Neighborhood Network	1	1	1	1	1	2	1	2	4	5
Inspections	21	19	16	15	15	18	17	15	18	17
Project Development	-	1	8	1	3	2	-	1	1	3
Impound/Storage	-	6	7	5	6	6	6	6	6	4
Economic Development Liaison	1	1	1	1	2	2	2	2	2	3
<b>Public Safety</b>										
Emergency Preparedness	3	3	3	3	3	3	3	5	5	6
Fire Fighting	3	3	3	7	10	6	10	8	8	8
Fire Prevention	11	10	9	10	10	11	12	12	14	14
Police	369	358	344	349	335	349	353	349	362	363
Code Enforcement	-	-	-	-	-	-	8	7	8	14
<b>Public Works</b>										
Engineering	17	14	15	15	17	24	24	21	16	15
Sanitation	43	43	38	37	39	40	37	41	41	38
Street and Bridge	34	31	30	30	32	31	31	36	33	33
Traffic and Transportation	12	12	11	10	9	10	10	12	12	12
<b>Health</b>										
Health	11	11	10	10	11	11	11	12	12	15
Animal Rescue and Assistance	17	19	19	18	22	23	26	29	30	30
<b>Culture and Recreation</b>										
Leisure Services Administration	-	-	6	4	4	3	3	3	2	4
Parks	35	37	33	38	42	39	40	39	41	39
Recreation	55	75	57	60	64	62	94	38	39	51
Clean Streets	21	21	17	14	19	20	18	19	20	19
Golf Course	16	10	9	9	6	6	5	5	3	7
Multi-Purpose Center	13	9	8	9	8	8	8	7	9	9
Civic Center	9	10	6	6	7	9	7	10	6	6
Senior Center - Madison Jobe	5	5	4	4	4	4	5	6	6	6
Library	45	49	41	45	53	54	51	45	48	45
Water and Sewer System	123	120	112	116	119	114	121	115	115	109
Maintenance	82	72	69	75	78	82	83	83	66	82
Health Insurance	1	3	2	4	1	1	1	-	-	-
Grant Management	19	21	25	21	16	18	16	16	9	14
<b>TOTAL CITY POSITIONS</b>	<b>1,074</b>	<b>1,071</b>	<b>1,014</b>	<b>1,030</b>	<b>1,045</b>	<b>1,063</b>	<b>1,109</b>	<b>1,056</b>	<b>1,056</b>	<b>1,092</b>

Source: City's Payroll department.

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

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

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

	Fiscal Year Ended September 30,			
	2009	2010	2011	2012
<b>Function</b>				
Public Safety				
Police				
Arrests	12,552	12,119	11,926	10,747
Accident reports	3,635	3,376	3,335	3,474
Citations issued	82,153	82,576	84,551	69,209
Calls for service	82,949	81,633	61,625	75,869
Public Works				
Refuse collection				
Refuse collected Type 1 (tons/day)	120	170	110	103
Refuse collected Type 2 (cubic yards/day)	492	267	145	166
Mulching collected (cubic yards/day)	104	102	124	107
Recyclables collected (tons/day)	1.13	3.75	3.53	4.35
Health				
Number of food permits issued	1,120	1,125	1,215	1,229
Number of health inspections	2,344	2,223	2,511	2,529
Culture and Recreation				
Convention Center				
Number of Events	138	143	178	165
Library				
Visitors	241,891 (2)	424,568	303,074	342,628
Water and Sewer System				
Average daily consumption (millions of gallons)	19.30	17.97	21.17	20.37
Total Consumption (billions of gallons)	7,043.30	6,871.37	7,749.38	7,435.00
Average daily Waste Water Plant Flow (millions of gallons)	11.22	13.90	10.40	12.41
Total Waste Water Plant Flow (millions of gallons)	4,095.21	5,084.80	3,796.45	4,542.14

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

(5) Police Department has a new public safety software and the reporting parameters may differ from the old system.

**Fiscal Year Ended September 30,**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
11,185	10,970	9,890	10,496	9,081	8,067 (5)
3,520	3,693	4,143	4,200	3,917	4,390 (5)
69,888	73,062	64,210	67,603	64,330	57,367 (5)
84,146	63,488	65,515	75,847	77,466	91,265 (5)
105	107	110	112	112	113
179	178	185	211	256 (4)	380 (4)
83	72	56	48	60 (4)	82 (4)
7.31	6.23	6.62	7.00	6.00	6.00
1,219	1,373	1,936	1,503	1,730	1,828
2,675	2,719	2,315	2,663	2,954	3,367
158	172	196	188	183	192
(1)	(1)	356,240	280,992	413,292 (3)	397,098
18.90	17.80	18.80	17.62	17.30	17.44
7,100.00	6,900.00	6,800.00	6,449.37	6,316.06	6,374.22
11.57	12.60	14.20	13.50	11.80	12.37
4,212.54	4,573.59	5,172.20	4,926.12	4,274.09	4,500.81

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

Function / Program	Fiscal Year Ended September 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public Safety</b>										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	199	181	198	198	181	181	171	172	182	197
Fire stations	10	10	10	10	10	10	10	10	10	10
<b>Public Works</b>										
Streets (miles)	526	527	541	542	522	522	523	524	525	521
Streetlights	7,493	7,548	7,550	7,541	7,590	7,584	7,565	7,560	7,628	7,699
Traffic signals	192	184	189	191	195	194	194	196	196	203
Sanitation										
Collection trucks	28	28	28	26	25	27	20	18	18	20
<b>Culture and Recreation</b>										
Parks	47	47	47	47	47	48	48	48	48	48
Parks acreage	1,084	1,084	1,104	1,104	1,120	1,180	1,180	1,180	1,180	1,180
Swimming pools	5	5	4	4	4	4	4	4	4	4
Tennis courts	15	15	15	15	15	15	15	15	15	15
Community centers	9	9	8	8	8	8	8	8	8	8
<b>Water and Sewer System</b>										
Water										
Water mains (miles)	471	473	473	474	476	479	480	481	487	487
Fire hydrants	2,203	2,247	2,259	2,283	2,327	2,327	2,314	2,314	2,315	2,314
Maximum daily capacity (millions of gallons)	25	23	32 (1)	26	26	24	26	25	22	22
Sewer										
Sanitary sewers (miles)	392	396	397	402	404	405	406	407	407	407
Storm sewers (miles)	228	231	233	259	340	406	406	409	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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