



# City of Pasadena, Texas Comprehensive Annual Financial Report



FOR FISCAL YEAR ENDED SEPTEMBER 30, 2019



**CITY OF PASADENA, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2019**

**PREPARED BY:  
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CITY CONTROLLER**



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## **INTRODUCTORY SECTION**





# **CITY OF PASADENA**

## **OFFICE OF THE CITY CONTROLLER**

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March 9, 2020

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

The Comprehensive Annual Financial Report (CAFR) of the City of Pasadena, Texas, ("City") for the fiscal year ended September 30, 2019, 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 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, 2019. The independent auditors' report 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, 2019. 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.

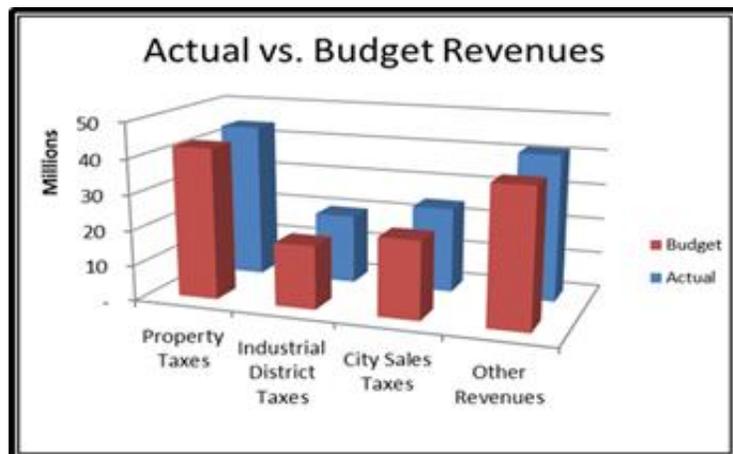
## Profile of the Government

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 2019 population is estimated at 153,219, 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, under 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 qualified voters of the entire City elect the Mayor, who 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. The candidates have to reside physically within his/her District (Councilmember) or the City (the Mayor) for twelve months immediately preceding the day of the election. In the first meeting following the swearing-in ceremony, the Council by-election designates one Councilmember as Mayor Pro-tem. A ruling by the U.S. District Court ordered the City 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 the Council and an amendment to the budget. For additional information on the City's budgetary practices, see Note III. A on page 74 in the notes to financial statements. As the graph to the right shows, for the fiscal year 2019, the City's actual revenues have again exceeded the budget in property and industrial district taxes, City's sales taxes and other revenues, which includes but not limited to permit, health, municipal courts, and parks and recreation.

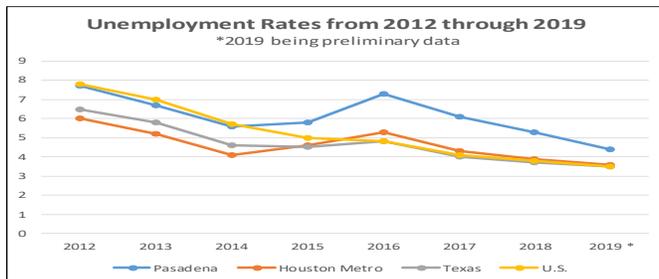


## Local Economy

The annual Strawberry Festival, Pasadena Livestock Show & Rodeo, and the legendary Urban Cowboy traditions always shine a bright spotlight on Pasadena. The City of Pasadena 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 national economy. The City also has strong connections to

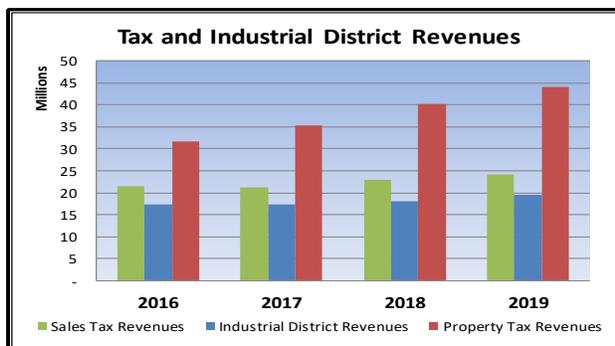
petrochemicals and refining industries and benefits from the proximity to the Houston Ship Channel, a part of Port of Houston, which is a huge employment generator in the area.

The Port of Houston is the Gulf Coast leading gateway to the fastest-growing markets between the Mississippi River and the Rocky Mountains. Each year more than 247 million tons of cargo move through the Port of Houston carried by more than 8,200 vessels and 215,000 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 1.3 million jobs in Texas and 3.2 million jobs nationwide.



Significant indicators that impact the economic condition are the employment and unemployment statistics. In December 2019, the state preliminary unemployment rate was at 3.5%, ranking Texas as 26th in the nation, a decrease from December 2018 at a rate of 3.7%. While the Houston metro area had a preliminary unemployment rate of 3.6%, Pasadena rate is slightly higher at 5.2%, which is a decrease from 2018 at 5.5%.

The energy landscape, which is the metropolitan area growth advantage, is changing radically. The U.S Energy Information Administration (EIA) estimates that global oil markets were roughly balanced in 2019, as global oil supply declined slightly, and global oil consumption grew at its slowest pace since 2011. However, the EIA is still forecasting growth in both supply and consumption for 2020. The favorable outlook has crude prices on the high again at \$58 to \$62 per barrel. Predictions are that crude prices will hang around \$59.50 per barrel into 2020. 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 and its partners gave the green light to move forward on the Wink to Webster pipeline system, which will contribute to the expansion of production in West Texas and support new industry investments along the Gulf Coast by connecting the Permian Basin oil to the Texas coast. Estimates are that by 2022, the United States will become a net energy exporter, where it has been an energy importer since 1953.



The City 2019 total revenues in the governmental funds, excluding other financing sources, increased by 14.2% or \$22,312,199 from \$156,617,512 in 2018 to \$178,929,711 in 2019. In the general fund, the City property tax revenues increased 9.86% or \$3,947,902 from \$40,058,984 in 2018 to \$44,006,886 in 2019; contributed by (a) the increase in taxable value of 6.57% or \$569,861,317 and (b) the Council adopted the rollback tax rate \$0.615446/\$100, the maximum rate allowed by law without voters approval, which was 6.96% greater than the previous year tax rate of \$0.575388/\$100. For the 2019 tax year or the fiscal year

2020, the Council adopted an effective tax rate of \$0.570342/\$100. The effective tax rate generates the same property tax revenues as the 2019 fiscal year for properties taxed in both fiscal years; the City is projecting to collect approximately \$1.3M from new properties.

The 6.96% increase in tax rate was also one of the contributing factors to the increase in the Industrial District revenue of 9.35% or \$1,678,451 from \$17,947,752 in 2018 to \$19,626,203 in 2019 and the additional factor of increased taxable value in the land, new construction, and net property base value by 8.43% or \$260,293,601.

The new negotiated Industrial District agreement, effective starting 2019 tax year or the fiscal year 2020, increased the assessment ratio between the 1<sup>st</sup> to the 5<sup>th</sup> years of completion in constructions and shortened the length of the agreement to eight years from the previous agreement of fifteen years to be more adaptable to the rapid changes in energy business environment today. The City is projecting the continued growth in the Industrial District taxable value, specifically in new constructions. The sales tax revenues, in the general fund only, increased 5.10% or \$1,168,259 from \$22,899,751 in 2018 to \$24,068,010 in 2019.

The Houston Metro area will grow as much as an estimated 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 State Highway 225 and Interstate 45 straddling the Sam Houston Tollway, which allows speedy travel to locations like Downtown Houston, the Texas Medical Center, the Port of Houston and Galveston Bay. The City has residential real estate options for everyone. As the job market and population grow, so does the demand for affordable living options. The City has many planned housing projects, both multi- and single-family living. Developers are currently building a new apartment complex, Lenox Clear Lake, constructing about 380 apartment units with an expected opening in mid-2020. The largest development plan being Parkway Trails Master Planned Community, with revised 410 lots to 515 lots, of which 181 will be townhomes, and 334 will be single-family lots. As of September 30, 2019, about 40 homes have been built. A good sign of building and development can be gauged through the City permit department, with many new permit applications submitted for single-family homes. Pasadena is looking into the future and aspiring to continue to create affordable housing and recreational amenities to appeal to incoming businesses and their families.

Pasadena also offers a variety of family entertainment; there is something for everyone. The City offers the opportunity to golf year-round at the municipal golf course, local museums, athletic events, entertainments at the Pasadena Convention Center and Fairgrounds, and performances at local theaters. You can spend the summer at the local pools/splash pads or fly down a water slide at the Strawberry Water Park. The City is also proud to host the Independence 4<sup>th</sup> Fest in July and the Holiday Lighted Parade and Holiday Tree Lighting in December.

The City is continuing to grow by attracting new industries and developments and continues to pose itself to increase the attractiveness as a destination of choice for new businesses, with several existing companies already started to plan expansions. Companies have relocated to Pasadena, in part from the ready accessibility of the Port of Houston, including the Houston Ship Channel, which connects the Houston area terminals and the Gulf of Mexico, and is the location of one of the world's largest petrochemical complexes. Retailers and restaurants are also moving into the Pasadena area to serve the community, which leads to increased sales tax revenues. Some of the companies with plan expansions are H+M Industrial, Kinder Morgan Liquid Terminal, and Preferred Freezer. The recent approval of de-annexation of certain land from the City limits and establishing work area as an Industrial District paved the way for a potential investment by an energy company, up to \$600M to build an alkylate production facility in Pasadena. Alkylate is a valuable gasoline blending component that is one of the cleanest petroleum products. The initial production is planned by mid-2022, creating 750 jobs during construction and approximately 30 direct permanent jobs once completed.

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

The City's long-term plans are striving for financial stability while re-energizing the City into the twenty-first century. Sound financial practices, such as compliance with all Federal, State, and Local Laws, increase 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 Economic Development Corporation (PEDC) known previously as Pasadena Second Century Corporation (PSCC), in March 2019, amended Article I of its Articles of Incorporation and formally changed the name of the Corporation. PEDC, a legally separate entity, 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.

PEDC is dedicated to the promotion of local economic development and to achieve its strategic plan unveiled in June 2018 with a set of six goals - marketing and image, business development, workforce, catalyst projects, tourism/retail, and support structure for economic development.

- PEDC initiated the Business Enhancement Grant Program in 2019 to encourage local businesses along major commercial corridors to upgrade their visual business appeal, collectively with northside monument and gateway project, to further heighten the visual appeal of major gateways through landscaping, streetscape improvements, and other enrichments such as arts.
- PEDC, in collaboration with the City, launched a new marketing image – “Pasadena Powering Possibilities” to reposition and promote the City, power the new brand, and retell its story, highlighting Pasadena's asset and its position as the second-largest City in the Greater Houston Area.
- PEDC is to leverage capital infrastructure improvements to stimulate private investments along the investment corridors identified in the strategic plan. PEDC has committed \$11.75M towards the Pasadena Blvd Master Redevelopment Plan from State Highway 225 to Harris Avenue, transforming from 4-lanes to 5-lanes and a projected start date in late 2020; Harris County under the agreement with the City is currently acquiring all necessary right-of-way. The Richey Street project from State Highway 225 to Southmore Avenue is a \$15M joint funding project between PEDC (\$9M) and Harris County (\$6M), with an estimated completion date of early 2020; it will alleviate drainage issues along with new utilities and ADA compliant sidewalks and crosswalk. PEDC also committed \$2.5M for the reconstruction of Shaw Street from Carl Street to McMaster Avenue. An estimated \$35M is proposed for Red Bluff improvements to enhance an evacuation route for TxDOT.
- In 2019, PEDC continually worked towards meeting the objectives of helping to guide Pasadena's growth. The number of expansions/new businesses increased by 231% from 26 in 2018 to 86 in 2019; also created 796 primary full-time jobs. PEDC assisted with the permitting process in the Preferred Freezer \$30M Expansion Project. The expansion facility is scheduled to be opened for business in the first quarter, 2020.
- In July 2019, Pasadena's historic skyline changed with the demolition of the oldest high-rise (the old Pasadena Bank One Building). The building had been neglected by previous owners for years and had come to a state of heart-breaking disrepair, a public danger, and a major deterrent for investors. PEDC purchased the old building to perform remediation and demolition of the once-legendary icon to breathe new life into North Pasadena.
- PEDC is to support the City in livable centers and strategic plan goals to build a collective framework to guide and shape the community growth.

The City is also 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).

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

The City 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 an additional 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. This means no assets are accumulated in a trust that meets 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 91).

The City also participates in an additional OPEB plan. 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. (See Note V. C. 2 page 94).

The City must report the net pension liability in the government-wide financial statements because the City participates in the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS). GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, changed how the government calculates and report the costs and obligations associated with pensions in important ways. It is designed to improve the decision-usefulness of reported pension information and to increase transparency, consistency, and comparability of pension information across governments. (See Note V. D 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's 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, and 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 following terms of the bond ordinances and bond covenants. Nearly 65% of the principal on the tax-supported debt is scheduled to retire within ten years. The City is using the proceeds from the \$37M and \$38M Combination Tax and Revenue Certificates of Obligation issued in the fiscal year 2018 and 2019 to begin the construction of the new fire station No. 8, the new municipal court building, the new police academy, and fire service administration building; purchase four new fire trucks; reconstruct and improve drainage of Pansy, Lafferty, and Wafer streets; and make improvements to the infrastructure of the water and sewer system.

### ***Major Initiatives***

In March 2019, the City entered an interlocal agreement with the Houston Park Board for the Pasadena Healthy Parks Plan – a Parks and Recreation Master Plan, funded by a Houston Endowment Planning Grant of \$300,000 and private donations of \$50,000. The Houston Park Board is in the process of actively seeking community engagements by interviewing local experts and community members and conducting focus groups, including focus groups for people with disabilities, local artists, and representatives of cultural organizations, to gather community input at existing local events and other locations to reach underrepresented community members. The Board will convene three community workshops to get community input at the beginning, middle, and end of the planning process.

In April 2019, Houston-Galveston Area Council (H-GAC) selected the City for a livable center planning study. The study area encompasses the historic center of Pasadena between Richey Street, Shaw Avenue, Red Bluff Road, and Southmore Avenue. The study will recommend approaches to spur redevelopment in historic

Pasadena, provide for safe and convenient mobility, and create stronger communities. It also encourages healthier lifestyles, and creates walkable, bikeable, mixed-use places while enhancing the City's unique natural environment, identity, and culture. It will also allow the City to identify mobility needs and strategies to meet them best. H-GAC is to fund \$155,000 to the study while the City contributes \$39,000. The study will be completed by August 30, 2020.

In September 2019, the City entered an agreement with a planning and design engineering firm to create a strategic plan that will effectively engage the community to act as a road map for guiding the City's growth and redevelopment, providing a long-range direction that is rooted in the desired vision expressed by the citizens, business owners, and community leaders that involves comprehensive planning, public engagement, community visioning, and practical implementation. The plan has a goal to be completed before December 31, 2020.

Hurricane Harvey came ashore of the Texas coast on August 25, 2017, as a Category 4 hurricane and then stalled over the Houston metro area through August 27, 2017. It dropped approximately 50 inches of rain in the Pasadena area and created major flooding to streets, neighborhoods, and businesses. The City applied for two disaster grants from the U.S. Department of Homeland Security: Federal Emergency Management Agency (FEMA) – (1) Public Assistant Grant – The City was awarded \$4.86M in the categories of debris removal, emergency protective measure, buildings and equipment, utilities, parks and recreation, and. (2) Hazard Mitigation Grant Program - The City put together a comprehensive grant application of \$106M aimed at flood mitigation. FEMA accepted the application at 75% Federal /25% Local Share, and awarded the City in November 2018 \$16M for phase I (Engineering design and environmental review) and is to award another \$90M for phase II (Construction) for a total of 21 street drainage projects located in the City's historic areas. The City is at thirty percent completion of phase I at the end of the fiscal year 2019.

The City was awarded \$1.89M in April 2019 under the 2016 Flood Allocation, U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Disaster Recovery (DR) Program. The City has the plan to excavate new detention ponds, install sewer pipe and maintenance hole, apply hydro-mulch, and to construct the walking trail at the Spencer Village and Bliss Meadows flood and drainage locations.

The City was awarded \$8.26M recently from the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Disaster Recovery (DR) Program. This grant passed from HUD to Harris County, then to the City as a sub-recipient. The City is to create a flood diversion channel along Red Bluff from south of Line Drive to Big Island Slough, which will reduce one hundred year water surface elevation in Armand Bayou Upper Reaches and create resilience and reduce potential flooding of low- and moderate-income residences north of Fairmont Parkway.

The U.S. Department of Housing and Urban Development (HUD), with the Texas General Land Office as the administrative agency, has awarded a total of \$34,821,321 Hurricane IKE disaster recovery grants, to improve the City drainage, water, and sewer system, in three phases. It consisted of Round (1) \$15,518,429 completed as of December 31, 2015, Round (2.1) \$4,710,307 completed as of December 31, 2018, and Round (2.2) \$14,592,495 completed but going thru the closeout process.

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) have successfully executed the majority of its 2019 initiatives. The Annual Action Plan goal was to improve the quality of life for Pasadena's low- to moderate-income residents. Highlights from the 2018 – 2019 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 for this project has been extended for the Wafer Street Paving and Drainage Improvements Project with an anticipated completion date of March 31st, 2020. CDBG funds totaling \$1,036,675 have been disbursed to date.
- 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 1,653 participants.

- The CDBG program has provided 8,225 nights of shelter and supportive services to 200 homeless women and children through the facilitation of services provided by Sarah's House.

Affordable housing, public facilities and improvements, homelessness, and public services were identified as high priority activities. The City partnered with local agencies and City departments to provide special needs services to foster community welfare, expand opportunity, and address essential needs. Public service activities have included a transportation program, administered through Madison Jobe Senior Center, 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, is continuing within the identified Low-to-Moderate Income Target Area, with construction anticipated to be completed by March 31, 2020. 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. Five (5) existing housing units were demolished and reconstructed to meet local codes and rehabilitation standards. Additionally, with the continued efforts of Habitat for Humanity, one (1) new home was constructed within the Freedom Place Subdivision and sold to a first-time low-income home buyer. 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 5,311 nights of shelter and supportive services to 168 homeless women and children, which include 69 victims of domestic violence or abuse. To further transition to permanent housing, rent and utility assistance were provided to eighteen (18) 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, 2018. 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 the 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**

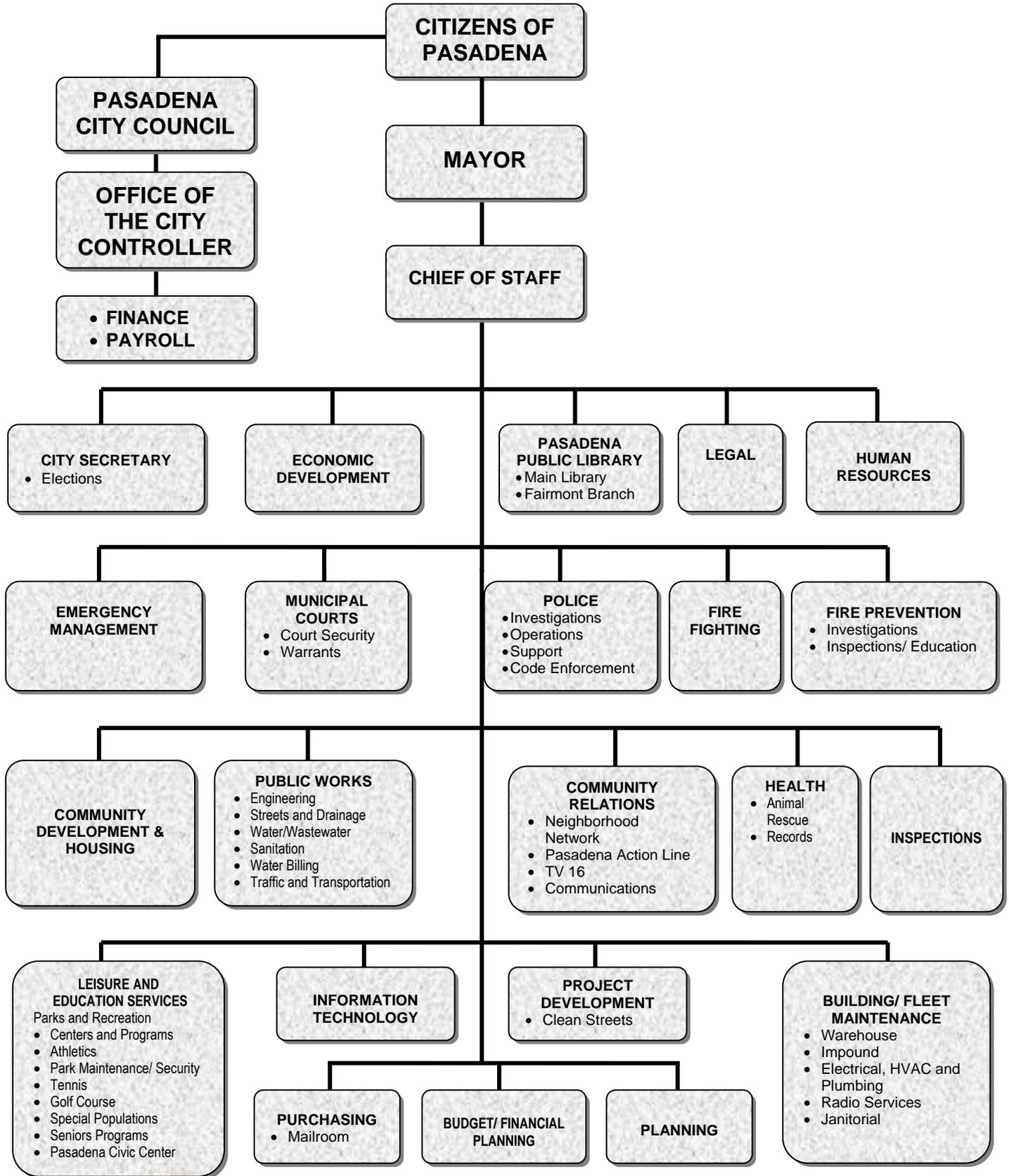
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*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	ORNALDO YBARRA
DISTRICT B	BRUCE LEAMON
DISTRICT C	DON HARRISON
DISTRICT D	SAMMY CASADOS
DISTRICT E	CODY RAY WHEELER
DISTRICT F	PHIL CAYTEN
DISTRICT G	CARY BASS
DISTRICT H	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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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



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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, 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. Departments of Justice and Treasury funds for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules, 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 9, 2020 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 9, 2020



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**



## 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, 2019. This discussion and analysis include comparative data for fiscal year 2018. 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, 2019 are as follows:

#### Government-Wide Financial Statements

The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$904,311,295 (net position), showing an increase of \$45,434,901 (5.3%) compared to the prior fiscal year of \$858,876,394. Total net position of the City is comprised of the following:

Net investment in capital assets of \$811,092,018 (89.7%) 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 \$80,507,577 (8.9%) is restricted by constraints imposed from outside the City such as debt covenants, laws, and regulations.

Net position of \$12,711,700 (1.4%) represents the unrestricted portion available to meet the City's ongoing obligations to citizens and creditors.

#### Fund Financial Statements

The City's governmental funds reported combined fund balances of \$196,668,820. This compares to the prior fiscal year combined fund balances of \$151,202,171, showing an increase of \$45,466,649 (30.1%). Approximately 33.2% of the fund balances, \$65,238,310, is available for spending at the City's discretion (unassigned); 61.4% of the fund balance, \$120,709,698 is restricted for court, law enforcement, economic development, housing services, capital construction, and debt service. The balance of \$9,412,939 (4.8%) is committed for capital construction in the amounts of \$2,891,834 for general governmental, \$6,506,105 for the grant HMGP the City's matching portion and \$15,000 for election, recall and charter revision. The \$2,891,834 is for various capital projects including drainage improvements and sidewalk replacement projects. Assigned is for purchases on order of \$976,270 and capital construction of \$331,603, totaling \$1,307,873 (0.6%).

At the end of fiscal year, the general fund had a total fund balance of \$66,229,580. The unassigned portion of the fund balance was \$65,238,310 or 62% of total general fund expenditures of \$104,852,477. The committed portion of the fund balance was \$15,000. The assigned portion of the fund balance was \$976,270. 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, 2019, the unassigned fund balance exceeded this required balance by \$47,762,897.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 Economic Development 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 Economic Development 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 63-106.

**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 109-115 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 \$904,311,295 at fiscal year ended September 30, 2019.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 244,901,301	\$ 192,844,565	\$ 57,160,045	\$ 55,186,154	\$ 302,061,346	\$ 248,030,719
Capital assets	631,570,549	602,545,470	298,138,143	286,725,632	929,708,692	889,271,102
<b>Total assets</b>	<b>876,471,850</b>	<b>795,390,035</b>	<b>355,298,188</b>	<b>341,911,786</b>	<b>1,231,770,038</b>	<b>1,137,301,821</b>
Deferred outflows of resources	33,080,567	14,612,993	5,544,968	4,139,115	38,625,535	18,752,108
<b>Total deferred outflows</b>	<b>33,080,567</b>	<b>14,612,993</b>	<b>5,544,968</b>	<b>4,139,115</b>	<b>38,625,535</b>	<b>18,752,108</b>
Long-term liabilities, outstanding	220,563,742	158,908,330	84,805,871	87,044,956	305,369,613	245,953,286
Other liabilities	31,462,579	24,093,851	25,205,582	15,386,930	56,668,161	39,480,781
<b>Total liabilities</b>	<b>252,026,321</b>	<b>183,002,181</b>	<b>110,011,453</b>	<b>102,431,886</b>	<b>362,037,774</b>	<b>285,434,067</b>
Deferred inflows of resources	3,602,046	10,963,612	444,458	779,856	4,046,504	11,743,468
<b>Total deferred inflows</b>	<b>3,602,046</b>	<b>10,963,612</b>	<b>444,458</b>	<b>779,856</b>	<b>4,046,504</b>	<b>11,743,468</b>
Net position:						
Net investment in capital assets	573,374,729	549,356,319	237,717,289	226,186,707	811,092,018	775,543,026
Restricted	77,672,948	72,167,450	2,834,629	2,602,184	80,507,577	74,769,634
Unrestricted	2,876,373	(5,486,534)	9,835,327	14,050,268	12,711,700	8,563,734
<b>Total net position</b>	<b>\$ 653,924,050</b>	<b>\$ 616,037,235</b>	<b>\$ 250,387,245</b>	<b>\$ 242,839,159</b>	<b>\$ 904,311,295</b>	<b>\$ 858,876,394</b>

By far, the largest portion of the City's net position, \$811,092,018 (89.7%), 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 \$35,548,992 compared to prior fiscal year of \$775,543,026. Capital assets had a net increase of \$40,437,590, with 72% net increase in the governmental activities and the remaining 28% net increase in the business-type activities. The governmental activities streets and drainage projects included Thornwood; Preston-Glenmore, improvement at different detention facilities, FEMA-HMGP, Pasadena Blvd; Pasadena Harris – 225 Richey Road, Fairway Plaza acquisition and extension, Richey St; 225-Southmore, and construction of a new Fire Station #8, Municipal Courts Building and Police Academy, to name a few. The major infrastructure projects in the business-type activities were Crenshaw Water Plant, various waterline projects, water storage tank rehab, 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 \$21,440,796, including a net increase totaling \$26,659,426 for the governmental activities and a decrease of \$5,218,630 for business-type activities. However, unspent bond proceeds increased over the prior year in the amount of \$19,844,373, of which \$25,321,330 was from the governmental activities (noting the City issued new bond debt in the amount of \$36,430,221, including the bond premium) and a decrease of \$5,476,957 in the business-type activities.

The second largest portion of the City's net position, \$80,507,577 (8.9%), represents resources that are subject to external restrictions on how they may be used. This compared to the prior fiscal year of \$74,769,634, showing an increase of \$5,737,943. Overall, the largest increase was in capital projects and economic development in the amount of \$1,436,451 from \$57,674,911 to \$59,111,362 partially because the Pasadena Economic Development Corporation's increase in sales tax revenue without being spent during the year. Debt service restricted net position increased by \$1,083,242 from \$5,048,877 to \$6,132,119.

Public safety restricted net position increased by \$981,282 from \$3,164,096 to \$4,145,378 due in part to the increase in grant management and non-major revenues. Housing and community development and cultural and recreation restricted net position had increases by \$389,690 and \$737,322 respectively. Other purpose restricted net position had an ending balance of \$2,720,376. These funds were from the non-major

governmental activity which includes restricted amounts for the municipal judicial efficiency and technology in the court funds.

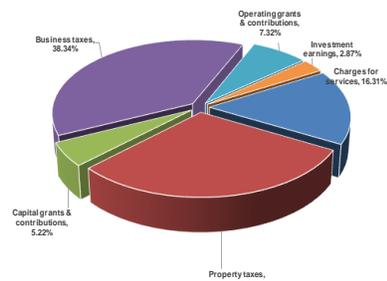
The third and final portion of the City's net position, \$12,711,700 (1.4%), represents unrestricted resources that can be used to meet the City's ongoing obligations to citizens and creditors. This portion of net position increased by \$4,147,966 compared to the prior fiscal year of \$8,563,734. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 30,931,940	\$ 32,597,628	\$ 45,862,291	\$ 44,569,349	\$ 76,794,231	\$ 77,166,977
Operating grants and contributions	13,880,327	11,735,785	-	-	13,880,327	11,735,785
Capital grants and contributions	9,908,321	3,811,672	-	-	9,908,321	3,811,672
General revenues:						
Property taxes	56,805,649	49,398,264	-	-	56,805,649	49,398,264
Business taxes	66,312,777	61,252,261	-	-	66,312,777	61,252,261
Other taxes/fees	6,413,158	2,117,329	-	-	6,413,158	2,117,329
Investment earnings	5,447,992	2,879,923	1,181,038	776,457	6,629,030	3,656,380
Gain on sale of capital assets	-	-	9,390	-	9,390	-
<b>Total Revenues</b>	<b>189,700,164</b>	<b>163,792,862</b>	<b>47,052,719</b>	<b>45,345,806</b>	<b>236,752,883</b>	<b>209,138,668</b>
<b>Expenses:</b>						
General government	24,232,165	22,314,761	-	-	24,232,165	22,314,761
Public safety	64,439,246	54,984,996	-	-	64,439,246	54,984,996
Public works	27,409,484	27,196,488	-	-	27,409,484	27,196,488
Health	5,814,364	4,956,796	-	-	5,814,364	4,956,796
Culture and recreation	20,570,645	19,670,659	-	-	20,570,645	19,670,659
Housing and community development	9,961,106	8,544,976	-	-	9,961,106	8,544,976
Interest on long-term debt	3,896,638	2,689,213	-	-	3,896,638	2,689,213
Water and sewer	-	-	34,994,334	33,635,459	34,994,334	33,635,459
<b>Total Expenses</b>	<b>156,323,648</b>	<b>140,357,889</b>	<b>34,994,334</b>	<b>33,635,459</b>	<b>191,317,982</b>	<b>173,993,348</b>
<b>Increase in net position before transfers</b>	<b>33,376,516</b>	<b>23,434,973</b>	<b>12,058,385</b>	<b>11,710,347</b>	<b>45,434,901</b>	<b>35,145,320</b>
<b>Transfers</b>	<b>4,510,299</b>	<b>3,302,789</b>	<b>(4,510,299)</b>	<b>(3,302,789)</b>	<b>-</b>	<b>-</b>
<b>Increase in net position</b>	<b>37,886,815</b>	<b>26,737,762</b>	<b>7,548,086</b>	<b>8,407,558</b>	<b>45,434,901</b>	<b>35,145,320</b>
<b>Net position - beginning</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>
<b>Net position - ending</b>	<b>\$ 653,924,050</b>	<b>\$ 616,037,235</b>	<b>\$ 250,387,245</b>	<b>\$ 242,839,159</b>	<b>\$ 904,311,295</b>	<b>\$ 858,876,394</b>

**Governmental Activities.**



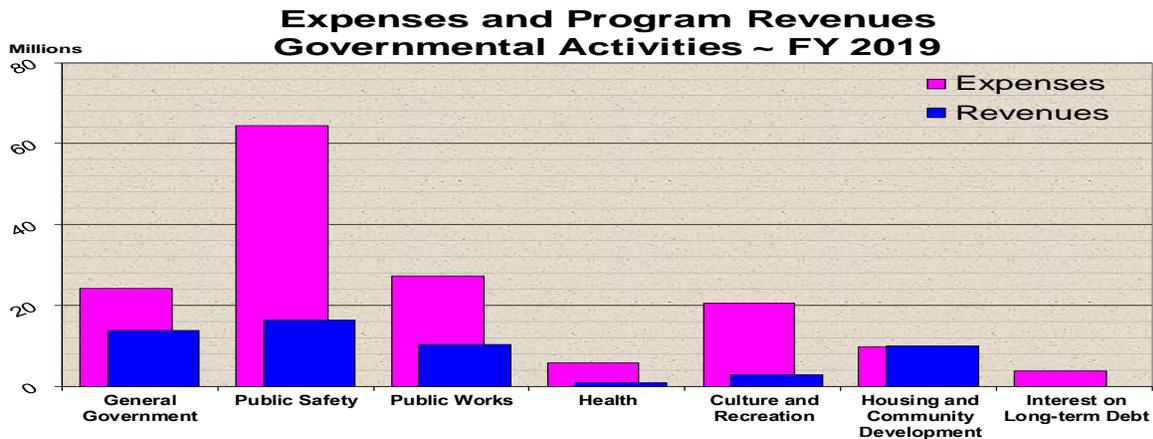
Governmental activities increased the City's net position by \$37,886,815 (6.1%). This was impacted by the good current economic conditions. The City saw overall revenues increase by \$25,907,302, excluding transfers. Program revenue increased by \$6,575,503 (13.6%) from \$48,145,085 to \$54,720,588. Charges for services decreased by \$1,665,688 from \$32,597,628 to \$30,931,940. Operating grants and contributions increased by \$2,144,542 and capital grants and contributions increased by \$6,096,649. General government charges for services increased by \$1,484,027 partially due to the increase of solid waste collections services, which increased by \$1,408,203 from \$7,604,510 to \$9,012,713 because of a new contract between the City and Waste Management. Public works charges for services decreased from \$8,791,756 to \$3,698,857 by the amount of \$5,092,899. The City received \$6,000,000 in the prior year from Harris County as their contribution for the Richey Street project which didn't happen this year. Public safety operating grants contribution increased by \$1,308,683 from \$3,238,345 to \$4,547,028 due to an increase in

operating grants contribution increased by \$1,308,683 from \$3,238,345 to \$4,547,028 due to an increase in

the amount of \$941,574 of reimbursement for Hurricane Harvey from FEMA and the State of Texas. The City has received a portion of the FEMA Public Assistance for Hurricane Harvey for \$1,976,431. This is for reimbursement of emergency costs during Hurricane Harvey, which made landfall on August 25, 2017.

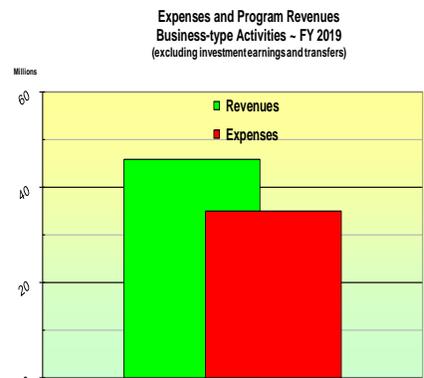
There was an \$19,331,799 (16.7%) increase in general revenues, excluding transfers but including investment earnings, in the governmental activities. General property taxes increased by \$7,407,385 due to increased property values and the approval by Council of the rollback tax rate and sales taxes increased by \$1,751,522 because of the economy growing in strength and consumer confidence. The City also earned an increase of \$2,568,069 in investment income due to the interest rates.

Expenses increased by \$15,965,759 (11.4%). Public safety expenses increased \$9,454,250 from \$54,984,996 to \$64,439,246 mostly due to the increase in the Police departments personnel services cost including a large termination payment, the increase in the number of police cadets being paid for in the governmental funds and a 3% cost of living increase. There was an increase in interest on long-term debt of \$1,207,425 again due to the issuance of Certificates of Obligation Bonds in the amount of \$33,945,000.



**Business-type Activities.** Business-type activities increased the City’s net position by \$7,548,086. The key elements of this increase include:

The business-type activities had seen an increase in expenses of \$1,358,875 (4.0%). Personnel services increased by \$740,890 (9.3%). Last year, personnel services were 26% of total operating expenses and currently they are at 27%. The business-type activities capital contribution from the Pasadena Economic Development Corporation (PEDC) capital projects fund was \$560,505. This is reported on the Statement of Activities as a net of \$4,510,299 including net \$560,505 capital contribution less net transfers of \$5,070,804. Capital assets purchased through the governmental activities fund were capitalized in the water and sewer funds. The projects included Fairmont waterline rehabilitation phase I and II and lift station rehabilitation. Interest expense on bonds included in water and sewer system expense on the Statement of Activities went from \$3,063,383 to \$2,939,142; a slight decrease due to the total bond debt in the water and sewer funds.



Revenues, including interest earnings and current year’s gain on sale of capital assets, had an increase of \$1,706,913. Charges for services increased by \$1,292,942 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 \$196,668,820. Approximately 33.2% of this amount, or \$65,238,310, 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 regulations (\$15,216,355 or 7.7%)
2. restricted to pay debt service (\$3,039,922 or 1.6%)
3. restricted to pay for certain capital construction (\$102,453,421 or 52%)
4. assigned to pay purchases on order (\$976,270 or 0.5%)
5. assigned to pay capital construction (\$331,603 or 0.2%)
6. committed to general government capital construction and recall, election, and charter revision (\$9,412,939 or 4.8%)

The general fund is the principal operating fund of the City of Pasadena. As of September 30, 2019, the general fund reported fund balance of \$66,229,580. This compared to the prior fiscal year of \$51,716,919, showing an increase of \$14,512,661 (28.1%).

The unassigned portion of the general fund's fund balance was \$65,238,310. 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 \$104,852,477 or 62%, an increase of 10% over last year's percentage of 52%.

The City's general fund has emerged from the recession with general property tax collection increasing by 9.8%. Industrial district fees had an increase by 9.3% 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 \$1,168,259 (5.1%) over last year. Expenditures, excluding transfers out, increased by \$6,206,680 or 6.3%. The general fund transferred \$9,876,193 more in fiscal year 2019 than the year before which included the transfer to the capital projects funds for projects in the amount of \$2,127,983, the transfer to the grant management fund in the amount of \$8,392,994, and \$1,975,000 to the internal service fund and transfers in stayed the same.

The debt service fund has a total fund balance of \$3,039,922, all of which is restricted for the payment of debt service. The increase in fund balance of \$700,157 compared to prior fiscal year fund balance of \$2,339,765 was mainly due to increased collection of property taxes.

The Pasadena Economic Development Corporation fund has a total fund balance of \$57,383,684, all of which is restricted for capital projects and economic development. The increase in fund balance of \$740,607, or 1.3%, compared to prior fiscal year of \$56,643,077, was attributed to an increase in sales taxes collected by 5.1% over last year, noting again the improving economy. There was an increase in expenditures of \$2,244,052. The majority of projects were in public works in the total amount of \$7,141,195. 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 \$48,293,174, with \$45,069,737 restricted for capital construction projects; \$2,891,834 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 \$20,981,569, compared to the prior fiscal year of \$27,311,605. The City issued

Certificates of Obligation Bonds, Series 2018 in the amount of \$33,945,000 (excluding the premium) to cover future capital projects. The capital outlay expenditures in the amount of \$18,533,118 had increased by \$8,733,012 compared to the prior fiscal year with the majority of expenditures concentrated on public works projects, totaling \$10,358,942 for street and drainage projects; public safety projects of \$4,892,175 for the majority used for deposit on a new pumper truck, construction of police academy, and construction of fire station #8; and the general government projects totaling \$2,720,780 for the construction of a new municipal court building.

The grant management fund has a total fund balance of \$10,961,218, of which \$4,455,113 is restricted and \$6,506,105 is committed for specific grant purposes. There was an increase in the fund balance of \$6,974,147 compared to \$709,117 last year. The fund balance increased due to the fact net funds in the amount of \$7,888,587 were transferred in from other funds. Grant management funds revenue and expenditures both increased in the amount of \$7,126,144 or 59.7% and \$8,749,701 or 77.9%, respectively, over the prior year amounts because of the new FEMA Hazard Mitigation Grant Program ("HMGP") awarded to the City in the amount of \$15,571,975 with FEMA paying 75% and the City matching the other 25%. Consequently, \$8,392,994 was transferred in from the general fund.

**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 \$124,192,948, including transfers out, was \$11,446,132 (10.2%) more than the original budget of \$112,746,816.

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

- \$787,905 decrease for General Government - included a decrease in personnel services of \$985,461 in other charges, due to the use of sick and vacation time transferred to various departments in a budget amendment.
- \$1,671,561 increase for Public Safety - included increased costs in various police salary accounts by \$1,372,621 due to the increase in the number of new cadets, a large termination pay of an officer employed by the City for 39 years, and a cost of living increase of 3% in personnel services.
- \$88,616 increase for Public Works - included an increase in the street and bridge department in the amount of \$139,550 for personnel services.
- \$174,650 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 \$176,750 or 56.5%.
- \$314,258 increase in Culture and Recreation – increases in golf course personnel services and maintenance charges due to the renovation of the facility.
- \$9,984,952 increase in Other Financing (uses) – this increase as stated above was because of the new FEMA Hazard Mitigation Grant Program ("HMGP") awarded to the City in the amount of \$15,571,975 with FEMA paying 75% and the City matching the other 25%. Consequently, that is why \$8,392,994 was transferred in from the general fund. Also, \$1,225,000 was transferred to the health insurance fund because of the additional large health claims during the year.

Even with the above-mentioned amendments, total actual expenditures, including transfers out totaling \$117,348,454, were \$6,844,494 (5.5%) below the final budget. The general government function had a variance of \$2,365,827, specifically in property management, City hall, and legal. Public safety had a variance of \$1,026,150, with the largest variance in the firefighting department from final budget to actual in the amount of \$412,280 in the material and supplies category which was expecting to have an increase. 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 \$2,132,643.

Actual revenues, including the transfers in and sale of capital assets, totaled \$131,861,115, which was over the final budgeted amount of \$124,139,375 by \$7,721,740 (6.2%). The largest favorable variance was in the amount of \$2,068,010 for sales taxes due to the City's increased collections and consumers' confidence in the economy.

## Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019 amounted to \$929,708,692 (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 \$40,437,590 (4.5%) compared to prior fiscal year of \$889,271,102. There was a \$29,025,079 (4.8%) increase for governmental activities and a \$11,412,511 (4.0%) increase for business-type activities.

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

- Continued Channel/Detention BW8-Crenshaw (D037) - \$17,111 with \$288,497 construction in progress at the end of the fiscal year.
- Continued Golden Acres Detention (D044) - \$9,031 with \$73,693 construction in progress at the end of the fiscal year.
- Began 2019 Drainage (D045) - \$202,419 in progress at the end of the fiscal year.
- Continued Fire Station #8 (F007) - \$347,077 with \$403,627 construction in progress at the end of the fiscal year.
- Began Fire Station #6 (F011) - \$4,500 in progress at the end of the fiscal year.
- Began Fire Station #7 (F014) - \$4,500 in progress at the end of the fiscal year.
- Continued Utility Development Projects (M018) - \$2,110,693 with \$2,540,293 construction in progress at the end of the fiscal year.
- Continued Municipal Court Building (M032) - \$2,036,091 with \$2,531,587 in progress at the end of the fiscal year.
- Continued Police/Fire Admin Building (M034) - \$2,688,221 with \$2,938,181 in progress at the end of the year.
- Continued Smithco (Joe V's) Incentive (M037) - \$247,466 with \$421,161 in progress at the end of the fiscal year.
- Began 1001 Southmore Abate/Demo (M039) - \$2,095,972 in progress at the end of the fiscal year.
- Began 1211 Southmore (M041) - \$180,737 in progress at the end of the fiscal year.
- Began Tyler Technologies (M043) - \$57,751 in progress at the end of the fiscal year.
- Continued Pansy St (Spencer-Old Vista) (S045) - \$1,663,500 with \$2,163,702 in progress at the end of the fiscal year.
- Began Wafer Improvements (S047) - \$118,414 in progress at the end of the fiscal year.
- Continued Lafferty St (S048) - \$245,938 with \$433,438 in progress at the end of the fiscal year.
- Continued Pasadena Blvd; Harris-225 (S077) - \$44,814 with \$4,184,805 in progress at the end of the fiscal year.
- Continued Richey St. Reconstruction (S101) - \$8,365,837 with \$11,413,846 in progress at the end of the fiscal year.
- Continued 2018 Annual Sidewalk Improv (S103) - \$203,462 with \$408,149 in progress at the end of the fiscal year.
- Continued Wafer Paving & Drainage (S104) - \$446,979 with \$1,710,343 in progress at the end of the fiscal year.
- Began 2019 Paving (S105) - \$181,548 in progress at the end of the fiscal year.

- Began 2019 Sidewalks (S106) - \$444,986 in progress at the end of the fiscal year.
- Began Shaw St (S107) - \$32,479 in progress at the end of the fiscal year.
- Began Red Bluff Paving & Drainage (S108) - \$490,500 in progress at the end of the fiscal year.
- Began Richey St II (S110) - \$14,782 in progress at the end of the fiscal year.
- Continued Traffic Mobility Improvement (T014) - \$98,032 with \$222,762 in progress at the end of the fiscal year.
- Began DM Area A1 FEMA (DMA1) - \$375,570 in progress at the end of the fiscal year.
- Began DM Area A2 FEMA (DMA2) - \$390,948 in progress at the end of the fiscal year.
- Began DM Area A3 FEMA (DMA3) - \$244,795 in progress at the end of the fiscal year.
- Began DM Area A4 FEMA (DMA4) - \$671,097 in progress at the end of the fiscal year.
- Began DM Area A5 FEMA (DMA5) - \$194,985 in progress at the end of the fiscal year.
- Began DM Area A6 FEMA (DMA6) - \$287,684 in progress at the end of the fiscal year.
- Began DM Area A7 FEMA (DMA7) - \$239,695 in progress at the end of the fiscal year.
- Began DM Area B1 FEMA (DMB1) - \$299,495 in progress at the end of the fiscal year.
- Began DM Area B2 FEMA (DMB2) - \$215,573 in progress at the end of the fiscal year.
- Began DM Area B3 FEMA (DMB3) - \$273,109 in progress at the end of the fiscal year.
- Began DM Area B4 FEMA (DMB4) - \$273,895 in progress at the end of the fiscal year.
- Began DM Area B5 FEMA (DMB5) - \$444,921 in progress at the end of the fiscal year.
- Began DM Area B6 FEMA (DMB6) - \$184,920 in progress at the end of the fiscal year.
- Began DM Area B7 FEMA (DMB7) - \$164,031 in progress at the end of the fiscal year.
- Began DM Area C1 FEMA (DMC1) - \$570,992 in progress at the end of the fiscal year.
- Began DM Area C2 FEMA (DMC2) - \$384,460 in progress at the end of the fiscal year.
- Began DM Area C3 FEMA (DMC3) - \$355,168 in progress at the end of the fiscal year.
- Began DM Area C4 FEMA (DMC4) - \$219,314 in progress at the end of the fiscal year.
- Began DM Area C5 FEMA (DMC5) - \$266,563 in progress at the end of the fiscal year.
- Began DM Area C6 FEMA (DMC6) - \$232,123 in progress at the end of the fiscal year.
- Began DM Area C7 FEMA (DMC1) - \$394,660 in progress at the end of the fiscal year.
- Began Environmental Services (DMEA) - \$179,892 in progress at the end of the fiscal year.
- Began DM Flood Warning System (DMFW) - \$22,314 in progress at the end of the fiscal year.
- Began Hydr/Hydlgy FEMA HMGP (DMHH) - \$567,840 in progress at the end of the fiscal year.
- Began SWPPP FEMA HMGP (DMSW) - \$93,500 in progress at the end of the fiscal year.
- Continued 225 Waterline Phase II (W035) - \$4,334 with \$197,340 in progress at the end of the fiscal year.
- Continued Water Storage Tank Rehab (W038) - \$722,079 with \$810,932 in progress at the end of the fiscal year.
- Continued Fairmont Pkwy 12" Watermain Phase III (W050) - \$529,583 with \$1,397,946 in progress at the end of the fiscal year.
- Continued Crenshaw Water Plant Expansion Phase II (W051) - \$3,365,979 with \$4,164,750 in progress at the end of the fiscal year.

- Continued 2018 Citywide Waterline Replacement (W052) - \$509,804 with \$825,913 in progress at the end of the fiscal year.
- Continued Preston 12" Waterline (W053) - \$53,255 with \$145,924 in progress at the end of the fiscal year.
- Continued Spencer 12" Waterline (W054) - \$101,399 with \$211,640 in progress at the end of the fiscal year.
- Continued Spencer 12" Waterline PH II (W055) - \$13,150 with \$53,650 in progress at the end of the fiscal year.
- Began 2019 Waterlines (W057) - \$641,111 in progress at the end of the fiscal year.
- Began Bay Area Water (W062) - \$9,557 in progress at the end of the fiscal year.
- Continued WWTP Consolidation Project PH I (WW031) - \$136,452 with \$2,677,591 in progress at the end of the fiscal year.
- Continued Burke Rd Lift Station Rehab (WW038) - \$49,254 with \$393,059 in progress at the end of the fiscal year.
- Continued WWTP Consolidation PH II (WW046) - \$214,468 with \$328,852 in progress at the end of the fiscal year.
- Continued 2018 Citywide Sanitary Sewer Rehab (WW047) - \$451,281 with \$735,381 in progress at the end of the fiscal year.
- Continued West Ellaine Lift Station Rehab (WW048) - \$271,516 with \$418,455 in progress at the end of the fiscal year.
- Began Golden Acres 23" Main (WW049) - \$146,250 in progress at the end of the fiscal year.
- Continued North Main Lift Station Rehab (WW060) - \$776,123 with \$959,597 in progress at the end of the fiscal year.
- Began Sewer Rehab (WW061) - \$14,500 in progress at the end of the fiscal year.
- Began 2019 Sewer Rehab (WW062) - \$745,206 in progress at the end of the fiscal year.
- Began Bay Area Industrial Park LS/Force Main (WW063) - \$12,333 in progress at the end of the fiscal year.

**CAPITAL ASSETS  
(net of depreciation)  
September 30, 2019**

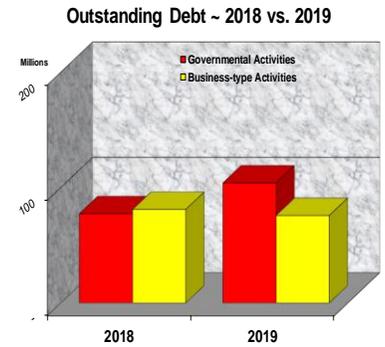
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land	\$ 144,701,946	\$ 143,657,006	\$ 1,624,352	\$ 1,624,352	\$ 146,326,298	\$ 145,281,358
Buildings and building improvements	64,518,179	59,582,073	1,667,095	1,755,679	66,185,274	61,337,752
Facilities and other improvements	18,286,279	17,968,848	9,893,696	9,996,007	28,179,975	27,964,855
Machinery and equipment	15,438,830	15,259,937	1,547,541	1,764,861	16,986,371	17,024,798
Infrastructure	319,155,428	319,611,954	255,244,894	250,665,185	574,400,322	570,277,139
Automotive equipment	18,682,981	13,279,049	10,188	11,477	18,693,169	13,290,526
Construction in progress	50,786,906	33,186,603	28,150,377	20,908,071	78,937,283	54,094,674
Totals	<u>\$ 631,570,549</u>	<u>\$ 602,545,470</u>	<u>\$ 298,138,143</u>	<u>\$ 286,725,632</u>	<u>\$ 929,708,692</u>	<u>\$ 889,271,102</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 \$179,767,000. Of this amount, \$103,994,230 represents debt backed and paid for by the full faith and credit of the City. The \$75,772,770 represents debt either secured by the net revenues of the City's water and sewer operations or by the full faith and credit of the City, but will be paid from the City's water and sewer operations.

The overall debt increased by \$21,440,796 (13.5%), attributable to issuance of Certificates of Obligation Bonds, Series 2018 during the current fiscal year and. Please refer to note IV, G on pages 85-88 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, 2019

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General, certificate, and other obligations including refunding	\$103,994,230	\$ 77,334,804	\$75,772,770	\$78,602,623	\$179,767,000	\$155,937,427
Revenue bonds including refunding	-	-	-	2,388,777	-	2,388,777
Total	\$103,994,230	\$ 77,334,804	\$75,772,770	\$80,991,400	\$179,767,000	\$158,326,204

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 \$826,164,546, 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 2019) was 5.2%, down from 5.5% for the previous December per the Bureau of Labor Statistics.

- The fiscal year 2020 adopted budget for the general fund revenue of \$126,316,230, included the transfer in and sales of capital assets, is expected to increase 1.20% or \$1,502,039 when compared to the estimated revenue \$124,814,191 for the current fiscal year. However, the actual revenue of \$131,861,115 for the fiscal year 2019 far exceeded the 2020 budgeted amount by 4.21% or \$5,544,885.
- The taxable value increased 11.85% or \$1.037B to \$9.796B in the fiscal year 2020 from \$8.759B in the fiscal year 2019. However, the Council adopted an effective tax rate of \$0.57042/\$100 for the fiscal year 2020, which is a decrease of 6.51% or \$.040058/\$100 than the fiscal year 2019 tax rate of \$0.615446/\$100. Since the effective tax rate is to generate the same amount of tax levy for properties

taxed in both fiscal years of 2020 and 2019, as a result, the tax levy would only increase slightly 2.08% and \$1.3M from new property.

- The assessed valuation of the Industrial District was not yet available when the 2020 budget was adopted in September 2019. Therefore, the fiscal year 2020 budgeted amount of \$19,403,000 remains the same as the estimated revenue for the fiscal year 2019. The assessed valuation for the fiscal year 2020 is now available, and the estimated billable revenue was \$21,805,422, an increase by 11% or \$2,179,219 when compared to the actual industrial fee revenue of \$19,626,203 for the fiscal year 2019.
- With the national economy remaining the same, the budgeted sales tax revenue of \$23,000,000 for the fiscal year 2020 remains the same as the estimated revenue for the fiscal year 2019. The actual sales tax revenue of \$24,068,010 turned out a bit stronger than expected by 4.44% or \$1,068,010.
- The water and sewer revenue is to cover the City's cost in providing water and sewer service and to make debt payments. The 2020 budget of \$43,465,650 under the modified accrual basis reflected a small decrease of 0.61% or \$267,160 when compared to the estimated revenue of \$43,732,180 for the fiscal year 2019.

These indicators were taken into account when adopting the general fund budget for fiscal year 2020. Revenues in the general fund are budgeted in the amount of \$126,316,230, including transfers and sales of capital assets, which is an increase of \$2,176,855 over the final fiscal year 2019 budget of \$124,139,375 (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 1.7%, or \$2,123,282, in comparison to the final budgeted expenditures of fiscal year 2019. 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.



## **BASIC FINANCIAL STATEMENTS**

**CITY OF PASADENA, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pasadena Crime Control and Prevention District
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,913,327	\$ 1,201,531	\$ 4,114,858	\$ -
Investments	100,464,840	35,240,053	135,704,893	6,620,172
Receivables (net of allowances for uncollectible)	8,943,021	8,876,603	17,819,624	1,995,175
Due from primary government	-	-	-	441,248
Internal balances	5,231,402	(5,231,402)	-	-
Inventories	540,054	17,059	557,113	-
Prepaid items	550,346	-	550,346	-
Deposits	374,000	-	374,000	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	539,114	-	539,114	-
Investments	121,366,222	17,056,201	138,422,423	-
Intergovernmental receivables	3,978,975	-	3,978,975	-
Capital assets not being depreciated:				
Land	144,701,946	1,624,352	146,326,298	-
Construction in progress	50,786,906	28,150,377	78,937,283	-
Capital assets net of accumulated depreciation:				
Buildings and building improvements	64,518,179	1,667,095	66,185,274	-
Facilities and other improvements	18,286,279	9,893,696	28,179,975	-
Machinery and equipment	15,438,830	1,547,541	16,986,371	-
Infrastructure	319,155,428	255,244,894	574,400,322	-
Automotive	18,682,981	10,188	18,693,169	-
<b>TOTAL ASSETS</b>	<b>876,471,850</b>	<b>355,298,188</b>	<b>1,231,770,038</b>	<b>9,056,595</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on:				
Refunding bonds	1,974,954	2,731,973	4,706,927	-
Deferred outflows on:				
TMRS pension	27,831,769	2,362,191	30,193,960	-
Fire pension	206,742	-	206,742	-
Healthcare OPEB	2,869,480	434,770	3,304,250	-
SDBF OPEB	197,622	16,034	213,656	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 33,080,567</b>	<b>\$ 5,544,968</b>	<b>\$ 38,625,535</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	\$ 6,480,601	\$ 13,793,463	\$ 20,274,064	\$ 988,244
Accrued payroll payable	1,857,074	171,896	2,028,970	155,134
Accrued interest payable	502,559	-	502,559	-
Due to component unit	441,248	-	441,248	-
Liabilities payable from restricted assets	9,521,986	1,601,629	11,123,615	-
Customer deposits	-	4,843,563	4,843,563	-
Unearned revenue	1,072,579	-	1,072,579	-
Noncurrent liabilities:				
Due within one year	11,586,532	4,795,031	16,381,563	-
Due in more than one year	220,563,742	84,805,871	305,369,613	-
<b>TOTAL LIABILITIES</b>	<b>252,026,321</b>	<b>110,011,453</b>	<b>362,037,774</b>	<b>1,143,378</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on:				
TMRS pension	1,305,817	125,949	1,431,766	-
Fire pension	55,708	-	55,708	-
Healthcare OPEB	1,942,875	294,375	2,237,250	-
SDBF OPEB	297,646	24,134	321,780	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,602,046</b>	<b>444,458</b>	<b>4,046,504</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	573,374,729	237,717,289	811,092,018	-
Restricted for:				
Debt service	3,297,490	2,834,629	6,132,119	-
Capital projects and economic development	59,111,362	-	59,111,362	-
Public safety	4,145,378	-	4,145,378	7,913,217
Housing and community development	2,464,223	-	2,464,223	-
Cultural and recreation	5,934,119	-	5,934,119	-
Other purpose	2,720,376	-	2,720,376	-
Unrestricted	2,876,373	9,835,327	12,711,700	-
<b>TOTAL NET POSITION</b>	<b>\$ 653,924,050</b>	<b>\$ 250,387,245</b>	<b>\$ 904,311,295</b>	<b>\$ 7,913,217</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, 2019**

<b><u>FUNCTIONS/PROGRAMS</u></b>	<b><u>Program Revenues</u></b>			
	<b><u>Expenses</u></b>	<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Capital Grants and Contributions</u></b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 24,232,165	\$ 13,907,080	\$ -	\$ -
Public safety	64,439,246	9,270,016	4,547,028	2,580,654
Public works	27,409,484	3,698,857	-	6,728,143
Health	5,814,364	954,632	-	-
Culture and recreation	20,570,645	2,992,395	28,928	-
Housing and community development	9,961,106	108,960	9,304,371	599,524
Interest on long-term debt	3,896,638	-	-	-
Total governmental activities	<u>156,323,648</u>	<u>30,931,940</u>	<u>13,880,327</u>	<u>9,908,321</u>
Business-type activities:				
Water and sewer system	34,994,334	45,862,291	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$ 191,317,982</u></b>	<b><u>\$ 76,794,231</u></b>	<b><u>\$ 13,880,327</u></b>	<b><u>\$ 9,908,321</u></b>
<b>Component unit:</b>				
Pasadena Crime Control and Prevention District	<b><u>\$ 11,160,338</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

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

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Pasadena Crime Control and Prevention District</b>
\$ (10,325,085)	\$ -	\$ (10,325,085)	\$ -
(48,041,548)	-	(48,041,548)	-
(16,982,484)	-	(16,982,484)	-
(4,859,732)	-	(4,859,732)	-
(17,549,322)	-	(17,549,322)	-
51,749	-	51,749	-
(3,896,638)	-	(3,896,638)	-
(101,603,060)	-	(101,603,060)	-
-	10,867,957	10,867,957	-
<b>(101,603,060)</b>	<b>10,867,957</b>	<b>(90,735,103)</b>	<b>-</b>
			<b>11,160,338</b>
56,805,649	-	56,805,649	-
19,592,150	-	19,592,150	-
36,102,015	-	36,102,015	11,674,917
10,618,612	-	10,618,612	-
6,413,158	-	6,413,158	-
72,725,935	-	72,725,935	11,674,917
2,451,017	1,181,038	3,632,055	-
2,996,975	-	2,996,975	168,393
-	9,390	9,390	-
4,510,299	(4,510,299)	-	-
<b>139,489,875</b>	<b>(3,319,871)</b>	<b>136,170,004</b>	<b>11,843,310</b>
<b>37,886,815</b>	<b>7,548,086</b>	<b>45,434,901</b>	<b>682,972</b>
<b>616,037,235</b>	<b>242,839,159</b>	<b>858,876,394</b>	<b>7,230,245</b>
<b>\$ 653,924,050</b>	<b>\$ 250,387,245</b>	<b>\$ 904,311,295</b>	<b>\$ 7,913,217</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	General	Debt Service	Pasadena Economic Development Corporation	Capital Projects
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,913,327	\$ -	\$ -	\$ -
Investments	79,751,818	-	-	-
Receivables (net of allowance for uncollectible)	6,258,903	220,669	2,054,900	400
Due from other funds	230,341	155,031	-	4,724,994
Restricted assets				
Cash and cash equivalents	-	-	20,091	-
Investments	-	2,921,791	56,203,844	49,061,857
Receivables (net of allowance for uncollectible)	47,789	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 89,202,178</b>	<b>\$ 3,297,491</b>	<b>\$ 58,278,835</b>	<b>\$ 53,787,251</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,582,804	\$ -	\$ -	\$ -
Accrued payroll payable	1,712,821	-	-	-
Due to other funds	15,418,638	-	-	-
Due to component unit	441,248	-	-	-
Compensated absences payable	-	-	-	-
Unearned revenue - other	85,637	-	-	-
Liabilities payable from restricted assets	-	-	895,151	5,494,077
<b>TOTAL LIABILITIES</b>	<b>22,241,148</b>	<b>-</b>	<b>895,151</b>	<b>5,494,077</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	678,851	257,569	-	-
Unavailable revenue - industrial district fees	52,599	-	-	-
Unavailable revenue - notes grant management	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>731,450</b>	<b>257,569</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted	-	3,039,922	57,383,684	45,069,737
Committed	15,000	-	-	2,891,834
Assigned	976,270	-	-	331,603
Unassigned	65,238,310	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>66,229,580</b>	<b>3,039,922</b>	<b>57,383,684</b>	<b>48,293,174</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 89,202,178</b>	<b>\$ 3,297,491</b>	<b>\$ 58,278,835</b>	<b>\$ 53,787,251</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>
\$ -	\$ -	\$ 2,913,327
-	-	79,751,818
-	-	8,534,872
7,297,247	1,121,330	13,528,943
465,944	53,079	539,114
3,912,176	9,266,554	121,366,222
3,371,651	748,995	4,168,435
<b><u>\$ 15,047,018</u></b>	<b><u>\$ 11,189,958</u></b>	<b><u>\$ 230,802,731</u></b>

\$ -	\$ -	\$ 4,582,804
-	-	1,712,821
-	15,250	15,433,888
-	-	441,248
190,106	-	190,106
935,412	51,530	1,072,579
2,770,822	361,936	9,521,986
<b><u>3,896,340</u></b>	<b><u>428,716</u></b>	<b><u>32,955,432</u></b>

-	-	936,420
-	-	52,599
189,460	-	189,460
<b><u>189,460</u></b>	<b><u>-</u></b>	<b><u>1,178,479</u></b>

4,455,113	10,761,242	120,709,698
6,506,105	-	9,412,939
-	-	1,307,873
-	-	65,238,310
<b><u>10,961,218</u></b>	<b><u>10,761,242</u></b>	<b><u>196,668,820</u></b>

**\$ 15,047,018**    **\$ 11,189,958**

606,171,448

1,178,479

45,746,707

(195,841,404)

**\$ 653,924,050**

**CITY OF PASADENA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Pasadena Economic Development Corporation</u>	<u>Capital Projects</u>
<b>REVENUES</b>				
General property taxes	\$ 44,006,886	\$ 12,302,034	\$ -	\$ -
Business taxes and fees				
Industrial district fees	19,626,203	-	-	-
Sales taxes	24,068,010	-	12,034,005	-
Franchise fees	10,360,998	-	-	-
Other taxes and fees	4,842,936	-	-	-
Total business taxes and fees	<u>58,898,147</u>	<u>-</u>	<u>12,034,005</u>	<u>-</u>
Licenses and permits	3,318,647	-	-	-
Municipal court fines	4,713,743	-	-	-
Charges for services	12,169,009	-	-	-
Intergovernmental	2,274,536	-	-	25,000
Program income	-	-	-	-
Contribution from outside sources	-	-	-	12,700
Miscellaneous	1,539,042	-	18,101	-
Investment income	1,938,104	80,089	1,313,924	1,306,793
<b>TOTAL REVENUES</b>	<b><u>128,858,114</u></b>	<b><u>12,382,123</u></b>	<b><u>13,366,030</u></b>	<b><u>1,344,493</u></b>
<b>EXPENDITURES</b>				
Current:				
General government	18,720,751	-	-	-
Public safety	49,634,083	-	-	-
Public works	15,722,625	-	1,764,611	-
Health	4,962,410	-	-	-
Culture and recreation	15,812,608	-	-	-
Housing and community development	-	-	-	-
Debt Service:				
Principal	-	7,757,613	1,000,000	-
Interest	-	3,924,353	25,900	-
Underwriter/issuance costs	-	-	-	430,221
Capital Outlay:				
General government	-	-	2,616,213	2,720,780
Public safety	-	-	-	4,892,175
Public works	-	-	7,141,195	10,358,942
Culture and recreation	-	-	77,504	326,642
Housing and community development	-	-	-	234,579
<b>TOTAL EXPENDITURES</b>	<b><u>104,852,477</u></b>	<b><u>11,681,966</u></b>	<b><u>12,625,423</u></b>	<b><u>18,963,339</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>24,005,637</u></b>	<b><u>700,157</u></b>	<b><u>740,607</u></b>	<b><u>(17,618,846)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,000,000	-	-	2,170,194
Transfers out	(12,495,977)	-	-	-
Bonds issued	-	-	-	33,945,000
Premiums on bonds issued	-	-	-	2,485,221
Sale of capital assets	3,001	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b><u>(9,492,976)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>38,600,415</u></b>
<b>NET CHANGE IN FUND BALANCES</b>	<b><u>14,512,661</u></b>	<b><u>700,157</u></b>	<b><u>740,607</u></b>	<b><u>20,981,569</u></b>
<b>FUND BALANCES, BEGINNING</b>	<b><u>51,716,919</u></b>	<b><u>2,339,765</u></b>	<b><u>56,643,077</u></b>	<b><u>27,311,605</u></b>
<b>FUND BALANCES, ENDING</b>	<b><u>\$ 66,229,580</u></b>	<b><u>\$ 3,039,922</u></b>	<b><u>\$ 57,383,684</u></b>	<b><u>\$ 48,293,174</u></b>

The accompanying notes are an integral part of the financial statements

<b>Grant Management</b>	<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 56,308,920
-	-	19,626,203
-	-	36,102,015
-	257,614	10,618,612
-	1,570,222	6,413,158
-	1,827,836	72,759,988
-	3,290	3,321,937
-	323,885	5,037,628
-	-	12,169,009
18,887,929	1,150,529	22,337,994
90,393	-	90,393
-	-	12,700
-	398,980	1,956,123
91,826	204,343	4,935,079
<b>19,070,148</b>	<b>3,908,863</b>	<b>178,929,771</b>
-	343,727	19,064,478
1,013,047	1,018,895	51,666,025
7,547,556	-	25,034,792
-	-	4,962,410
29,414	988,733	16,830,755
11,394,571	-	11,394,571
-	-	8,757,613
-	-	3,950,253
-	-	430,221
-	-	5,336,993
-	-	4,892,175
-	-	17,500,137
-	-	404,146
-	-	234,579
<b>19,984,588</b>	<b>2,351,355</b>	<b>170,459,148</b>
<b>(914,440)</b>	<b>1,557,508</b>	<b>8,470,623</b>
8,392,994	-	13,563,188
(504,407)	-	(13,000,384)
-	-	33,945,000
-	-	2,485,221
-	-	3,001
<b>7,888,587</b>	<b>-</b>	<b>36,996,026</b>
<b>6,974,147</b>	<b>1,557,508</b>	<b>45,466,649</b>
<b>3,987,071</b>	<b>9,203,734</b>	<b>151,202,171</b>
<b>\$ 10,961,218</b>	<b>\$ 10,761,242</b>	<b>\$ 196,668,820</b>



**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, 2019**

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)	\$ 45,466,649
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.	23,476,260
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, and donations) is an increase to net position.	(969,927)
Revenues in the statement of activities that do not provide current financial resources are deferred as revenues in the funds.	462,676
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.	(27,672,608)
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.	(7,306,529)
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.	4,430,294
<b>Change in net position of governmental activities (page 43)</b>	<b><u>\$ 37,886,815</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, 2019**

	<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	\$ 42,567,176	\$ 42,634,176	\$ 44,006,886	\$ 1,372,710
Business taxes and fees				
Industrial district fees	17,903,000	17,903,000	19,626,203	1,723,203
Sales taxes	22,000,000	22,000,000	24,068,010	2,068,010
Franchise fees	9,087,600	9,087,600	10,360,998	1,273,398
Other taxes and fees	340,000	340,000	342,936	2,936
Fees	-	4,500,000	4,500,000	-
Total business taxes and fees	<u>49,330,600</u>	<u>53,830,600</u>	<u>58,898,147</u>	<u>5,067,547</u>
Licenses and permits	2,292,650	2,635,450	3,318,647	683,197
Municipal court fines	4,904,000	4,904,000	4,713,743	(190,257)
Charges for services	11,994,880	11,994,880	12,169,009	174,129
Intergovernmental	220,946	2,349,650	2,274,536	(75,114)
Miscellaneous	1,156,055	1,895,619	1,539,042	(356,577)
Investment income	777,000	855,000	1,938,104	1,083,104
<b>TOTAL REVENUES</b>	<b><u>113,243,307</u></b>	<b><u>121,099,375</u></b>	<b><u>128,858,114</u></b>	<b><u>7,758,739</u></b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
City council	232,191	236,541	190,059	46,482
Mayor	640,935	638,135	618,947	19,188
Budget and financial planning	674,708	504,358	418,517	85,841
Municipal court	2,390,008	2,606,823	2,463,013	143,810
City controller	2,209,992	2,184,292	2,074,977	109,315
Tax	512,520	586,320	586,251	69
Purchasing	517,283	526,383	523,700	2,683
Legal	1,714,886	1,737,686	1,583,154	154,532
City secretary	473,474	481,574	441,226	40,348
Elections	67,150	67,150	63,342	3,808
Human resources	1,087,393	1,016,843	926,598	90,245
Civil service	58,400	58,400	54,642	3,758
City marshal	1,294,990	1,328,690	1,304,534	24,156
Community relations	1,252,595	1,236,510	1,239,944	56,566
Pasadena action line	436,074	443,574	433,179	10,395
Planning	661,747	693,959	610,252	83,707
Economic development liaison	612,857	565,808	563,349	2,459
Neighborhood network	624,835	629,082	530,599	98,483
Inspections	1,699,300	1,603,800	1,571,669	32,131
Property management	1,824,399	1,402,644	802,016	600,628
City hall	731,829	1,257,848	904,627	353,221
Facilities management	335,500	343,230	175,424	167,806
Impound/storage	396,088	337,905	331,785	6,120
Other charges	1,425,329	539,023	308,947	230,076
<b>Total General Government</b>	<b><u>21,874,483</u></b>	<b><u>21,086,578</u></b>	<b><u>18,720,751</u></b>	<b><u>2,365,827</u></b>
<b>Public Safety</b>				
Emergency preparedness	929,426	969,745	953,631	16,114
Fire fighting	3,689,512	3,762,461	3,103,395	659,066
Fire prevention	1,678,143	1,808,206	1,794,763	13,443
Police	41,876,178	43,287,688	43,041,530	246,158
Code enforcement	815,413	832,133	740,764	91,369
<b>Total Public Safety</b>	<b><u>48,988,672</u></b>	<b><u>50,660,233</u></b>	<b><u>49,634,083</u></b>	<b><u>1,026,150</u></b>
<b>Public Works</b>				
Public works administration	-	-	-	-
Engineering	2,093,064	2,189,758	2,162,593	27,165
Street lighting and signals	1,418,000	1,343,000	1,203,030	139,970
Sanitation	8,348,487	8,254,327	8,006,255	248,072
Street and bridge	2,952,799	3,096,164	2,919,125	177,039
Traffic and transportation	1,660,310	1,678,027	1,431,622	246,405
<b>Total Public Works</b>	<b><u>\$ 16,472,660</u></b>	<b><u>\$ 16,561,276</u></b>	<b><u>\$ 15,722,625</u></b>	<b><u>\$ 838,651</u></b>

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Health</b>				
Health	\$ 1,934,146	\$ 2,055,000	\$ 1,898,226	\$ 156,774
Animal rescue and assistance	3,334,837	3,388,633	3,064,184	324,449
<b>Total Health</b>	<b>5,268,983</b>	<b>5,443,633</b>	<b>4,962,410</b>	<b>481,223</b>
<b>Culture and Recreation</b>				
Parks	4,401,659	4,501,394	3,532,898	968,496
Recreation	4,084,811	4,143,629	3,548,209	595,420
Clean streets	1,951,141	1,929,441	1,801,148	128,293
Golf course	956,883	1,159,280	1,079,121	80,159
Multi-purpose center	583,386	612,864	603,654	9,210
Civic center	791,295	775,395	705,770	69,625
Senior center - Madison Jobe	756,222	724,397	664,666	59,731
Museum	70,238	134,331	106,852	27,479
Library	4,035,358	3,964,520	3,770,290	194,230
<b>Total Culture and Recreation</b>	<b>17,630,993</b>	<b>17,945,251</b>	<b>15,812,608</b>	<b>2,132,643</b>
<b>TOTAL EXPENDITURES</b>	<b>110,235,791</b>	<b>111,696,971</b>	<b>104,852,477</b>	<b>6,844,494</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>3,007,516</b>	<b>9,402,404</b>	<b>24,005,637</b>	<b>14,603,233</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,000,000	3,000,000	3,000,000	-
Transfers out	(2,511,025)	(12,495,977)	(12,495,977)	-
Sale of capital assets	40,000	40,000	3,001	(36,999)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>528,975</b>	<b>(9,455,977)</b>	<b>(9,492,976)</b>	<b>(36,999)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,536,491</b>	<b>(53,573)</b>	<b>14,512,661</b>	<b>14,566,234</b>
<b>FUND BALANCES - BEGINNING</b>	<b>41,641,746</b>	<b>51,716,919</b>	<b>51,716,919</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 45,178,237</b>	<b>\$ 51,663,346</b>	<b>\$ 66,229,580</b>	<b>\$ 14,566,234</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 266,861	\$ 266,861
Program income	10,000	10,000	30,758	20,758
<b>TOTAL REVENUES</b>	<b>10,000</b>	<b>10,000</b>	<b>297,619</b>	<b>287,619</b>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Contractual services	88,000	91,300	91,203	97
Materials and supplies	124,000	120,700	58,748	61,952
<b>TOTAL EXPENDITURES</b>	<b>212,000</b>	<b>212,000</b>	<b>149,951</b>	<b>62,049</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(202,000)</b>	<b>(202,000)</b>	<b>147,668</b>	<b>349,668</b>
<b>FUND (PROGRAM) BALANCE - BEGINNING</b>	<b>1,182,824</b>	<b>1,303,342</b>	<b>1,303,342</b>	<b>-</b>
<b>FUND (PROGRAM) BALANCE - ENDING</b>	<b>\$ 980,824</b>	<b>\$ 1,101,342</b>	<b>\$ 1,451,010</b>	<b>\$ 349,668</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 150,644	\$ 150,644
Program income	5,000	5,000	10,408	5,408
<b>TOTAL REVENUES</b>	<b>5,000</b>	<b>5,000</b>	<b>161,052</b>	<b>156,052</b>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Contractual services	52,000	52,000	8,624	43,376
Materials and supplies	73,000	73,000	4,728	68,272
<b>TOTAL EXPENDITURES</b>	<b>125,000</b>	<b>125,000</b>	<b>13,352</b>	<b>111,648</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(120,000)</b>	<b>(120,000)</b>	<b>147,700</b>	<b>267,700</b>
<b>FUND (PROGRAM) BALANCE - BEGINNING</b>	<b>310,458</b>	<b>392,181</b>	<b>392,181</b>	<b>-</b>
<b>FUND (PROGRAM) BALANCE - ENDING</b>	<b>\$ 190,458</b>	<b>\$ 272,181</b>	<b>\$ 539,881</b>	<b>\$ 267,700</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2019**

	<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	\$ 1,201,531		\$ -
Investments			
TexPool	35,192,700		-
CLASS	47,353		20,713,022
Receivables (net of allowances for uncollectible)	8,876,603		218,688
Due from other funds	537,538		1,694,211
Inventory, at cost	17,059		540,054
Prepaid items	-		550,346
Restricted assets			
Investments			
Texpool	3,194,124		-
CLASS	13,862,077		-
<b>Total Current Assets</b>	<b>62,928,985</b>		<b>23,716,321</b>
<b>Noncurrent Assets</b>			
Deposits	-		374,000
Capital assets			
Land	1,624,352		602
Buildings and building improvements	4,902,086		2,233,791
Accumulated depreciation - buildings and building improvements	(3,234,991)		(1,799,424)
Facilities and other improvements	13,573,587		188,004
Accumulated depreciation - facilities and other improvements	(3,679,891)		(80,912)
Machinery and equipment	11,209,917		10,405,591
Accumulated depreciation - machinery and equipment	(9,662,376)		(6,334,163)
Infrastructure	377,996,914		41,746
Accumulated depreciation - Infrastructure	(122,752,020)		(26,465)
Automotive	146,780		47,949,230
Accumulated depreciation - automotive	(136,592)		(29,266,249)
Construction in progress	28,150,377		2,087,350
Net capital assets	<b>298,138,143</b>		<b>25,399,101</b>
<b>Total Noncurrent Assets</b>	<b>298,138,143</b>		<b>25,773,101</b>
<b>TOTAL ASSETS</b>	<b>\$ 361,067,128</b>		<b>\$ 49,489,422</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred charges on:			
Refunding bonds	\$ 2,731,973		\$ -
Deferred outflows on:			
Contribution subsequent to the measurement date pension - TMRS	512,167		449,657
Deferred outflow on investment - pension	1,739,740		1,283,867
Changes in actuarial assumptions pension - TMRS	75,879		50,756
Changes in actuarial assumptions - OPEB	265,112		106,045
Contributions subsequent to the measurement date - OPEB	169,658		67,863
Changes in actuarial assumptions - OPEB-SDBF	13,714		13,247
Contribution subsequent to the measurement date - OPEB-SDBF	2,320		2,243
Difference between expected and actual economic experience pension - TMRS	34,405		26,646
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 5,544,968</b>		<b>\$ 2,000,324</b>

	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer System</u>	
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 13,793,463	\$ 1,897,796
Accrued payroll payable	171,896	144,253
Due to other funds	96,463	230,341
Claims payable	-	710,806
Compensated absences payable	268,173	154,502
Customer deposits	4,843,563	-
Liabilities payable from restricted assets		
Accounts payable	679,588	-
Retainage payable	562,546	-
Accrued interest payable	359,495	-
Bonds payable	4,526,858	-
<b>Total Current Liabilities</b>	<b><u>25,302,045</u></b>	<b><u>3,137,698</u></b>
<b>Noncurrent Liabilities</b>		
Bonds payable (including unamortized premiums)	71,245,912	-
Claims payable	-	473,871
Compensated absences payable	2,413,553	1,390,520
OPEB GASB 75 liability	6,819,155	2,727,662
SDBF OPEB liability	275,768	266,400
Net pension liability	4,051,483	3,189,019
<b>Total Noncurrent Liabilities</b>	<b><u>84,805,871</u></b>	<b><u>8,047,472</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>110,107,916</u></b>	<b><u>11,185,170</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred inflows on:		
Difference between expected and actual of pension - TMRS	125,949	89,267
Change in assumption SDBF	14,994	14,494
Difference between expected and actual experience SDBF	9,140	8,835
Assumption OPEB	257,067	102,827
Difference between expected and actual experience OPEB	37,308	14,923
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>444,458</u></b>	<b><u>230,346</u></b>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	237,717,289	25,399,101
Restricted for debt service	2,834,629	-
Unrestricted	15,507,804	14,675,129
<b>TOTAL NET POSITION</b>	<b><u>256,059,722</u></b>	<b><u>\$ 40,074,230</u></b>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise fund	(5,672,477)	
Net position of business-type activities	<b><u>\$ 250,387,245</u></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, 2019**

	<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>\$ 45,862,291</b>	<b>\$ 39,454,914</b>
<b>OPERATING EXPENSES</b>		
Personnel services	8,680,250	7,047,189
Contractual services	7,027,590	2,009,702
Material and supplies	2,827,255	4,497,843
Maintenance charges	1,192,453	1,773,973
Sewer and water payments - Clear Lake Water Authority and City of Seabrook	145,480	-
Operating, maintenance and water charges - Southeast Water Purification Plant	5,487,621	-
Insurance/reinsurance premiums	-	5,545,419
Claims and legal expenses	-	19,319,904
Administration fees	-	612,002
Miscellaneous	38,189	905,430
Depreciation	6,601,499	3,543,760
<b>TOTAL OPERATING EXPENSES</b>	<b>32,000,337</b>	<b>45,255,222</b>
<b>OPERATING INCOME (LOSS)</b>	<b>13,861,954</b>	<b>(5,800,308)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain (loss) on sale and retirement of capital assets	9,390	(20,985)
Investment income	1,181,038	512,913
Interest expense on bonds	(2,939,142)	-
Amortization	397,009	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(1,351,705)</b>	<b>491,928</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>12,510,249</b>	<b>(5,308,380)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>560,505</b>	<b>4,778,810</b>
<b>TRANSFERS IN</b>	<b>462,196</b>	<b>4,508,000</b>
<b>TRANSFERS (OUT)</b>	<b>(5,533,000)</b>	<b>-</b>
<b>CHANGES IN NET POSITION</b>	<b>7,999,950</b>	<b>3,978,430</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>248,059,772</b>	<b>36,095,800</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 256,059,722</b>	<b>\$ 40,074,230</b>
<b>CHANGES IN NET POSITION</b>	<b>\$ 7,999,950</b>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	<b>(451,864)</b>	
Change in net position of business-type activities (page 43)	<b>\$ 7,548,086</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, 2019**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from interfund services	\$ -	\$ 29,574,660
Cash received from customers and users	44,286,236	8,952,718
Cash payments to suppliers for goods and services	(6,855,873)	(7,076,556)
Cash payments to employees for services	(7,681,747)	(6,383,326)
Cash payments for insurance premiums, liability claims, and administration	-	(26,349,905)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>29,748,616</b>	<b>(1,282,409)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>		
Transfers (to)/from other funds		
Grant management fund	462,196	-
General fund	-	1,975,000
General fund	(3,000,000)	-
Health insurance fund	(262,000)	-
Water and sewer system fund	-	2,533,000
Maintenance fund	(1,271,000)	-
General liability insurance fund	(1,000,000)	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(5,070,804)</b>	<b>4,508,000</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Proceeds from sale of capital assets	28,500	302,180
Acquisition and construction of capital assets	(17,472,615)	(5,030,846)
Principal paid on capital debt	(4,627,387)	-
Interest paid on capital debt	(2,948,429)	-
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(25,019,931)</b>	<b>(4,728,666)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of investments	(29,791,121)	(22,696,872)
Proceeds from sale and maturities of investments	28,174,198	23,687,034
Investment income received	1,181,038	512,913
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(435,885)</b>	<b>1,503,075</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(778,004)</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>1,979,535</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 1,201,531</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>\$ 13,861,954</b>	<b>\$ (5,800,308)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>		
Depreciation	6,601,499	3,543,760
Changes in assets and liabilities		
(Increase) decrease in accounts receivables	(1,884,475)	(54,450)
Decrease (increase) in due from other funds	227,307	(869,132)
Decrease in prepaid item	-	1,687
Decrease in inventory	9,261	23,947
Decrease in deposits	-	1,000
(Increase) in pension related deferred outflows	(2,277,747)	(1,978,094)
Increase in accounts and claims payable	9,567,700	1,136,277
Increase in accrued payroll liabilities	36,370	16,057
Increase in compensated absences payable	159,780	33,479
Increase in net pension payable	2,805,533	2,463,122
Increase in due to other funds	58,447	70,947
(Decrease) in other post employment benefits	(70,319)	(34,938)
Increase in customer deposits	308,420	-
Increase in pension related deferred inflows	344,886	164,237
<b>Total Adjustments</b>	<b>15,886,662</b>	<b>4,517,899</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 29,748,616</b>	<b>\$ (1,282,409)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Contribution of capital assets from the government	\$ 560,505	\$ 4,778,810

The accompanying notes are an integral part of the financial statements



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

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**CITY OF PASADENA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**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 Economic Development 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 Economic Development 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 Economic Development 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 major fund for reporting purposes.

### **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.

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.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/OPEB activities are amortized over the average of the expected service lives of pension/OPEB, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the pension liability during the measurement period in which the contributions were made.

A deferred change on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or refunding debt.

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 straight-line 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, 2019 is as follows:

	Governmental Fund Balances										
	General	Debt Service	Pasadena Economic Development	Capital Projects	Grant Management	Special Charge Allocation	State Forfeited Property	Hotel and Motel Tax	Abandoned Motor Vehicles and Property	Total Non major Special Revenue	Total
<b>Fund balances:</b>											
<b>Restricted for:</b>											
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ 2,724,294	\$ 1,350,527	\$ 1,575,626	\$ -	\$ 447,926	\$ 3,374,079	\$ 6,098,373
Economic development and other purposes	-	-	-	-	-	1,377,105	-	5,934,062	-	7,311,167	7,311,167
Housing services	-	-	-	-	1,730,819	-	-	-	-	-	1,730,819
Capital construction and economic development	-	-	57,383,684	45,069,737	-	75,996	-	-	-	75,996	102,529,417
Debt service	-	3,039,922	-	-	-	-	-	-	-	-	3,039,922
<b>Total restricted</b>	-	3,039,922	57,383,684	45,069,737	4,455,113	2,803,628	1,575,626	5,934,062	447,926	10,761,242	120,709,698
<b>Committed to:</b>											
Election, recall and charter revision	15,000	-	-	-	-	-	-	-	-	-	15,000
Capital construction	-	-	-	2,891,834	6,506,105	-	-	-	-	-	9,397,939
<b>Total committed</b>	15,000	-	-	2,891,834	6,506,105	-	-	-	-	-	9,412,939
<b>Assigned to:</b>											
Capital construction	-	-	-	331,603	-	-	-	-	-	-	331,603
Purchases on order for:											
General facilities	519,374	-	-	-	-	-	-	-	-	-	519,374
Law enforcement	133,362	-	-	-	-	-	-	-	-	-	133,362
Public recreation	227,625	-	-	-	-	-	-	-	-	-	227,625
Other purposes	95,909	-	-	-	-	-	-	-	-	-	95,909
<b>Total assigned</b>	976,270	-	-	331,603	-	-	-	-	-	-	1,307,873
Unassigned	65,238,310	-	-	-	-	-	-	-	-	-	65,238,310
<b>Total</b>	<b>\$ 66,229,580</b>	<b>\$ 3,039,922</b>	<b>\$ 57,383,684</b>	<b>\$ 48,293,174</b>	<b>\$ 10,961,218</b>	<b>\$ 2,803,628</b>	<b>\$ 1,575,626</b>	<b>\$ 5,934,062</b>	<b>\$ 447,926</b>	<b>\$ 10,761,242</b>	<b>\$ 196,668,820</b>

The amount restricted by enabling legislation was \$10,761,242.

**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 \$195,841,404 difference are as follows:

Bonds and other payables	\$ 96,160,612
Other long-term debt	
Add: bond premiums	7,833,618
Less: deferred charges on refunded bonds	(1,974,954)
Accrued interest payable	502,559
Compensated absences	28,440,705
Net pension liability	45,201,112
Less: Deferred outflows on pension	(26,227,585)
Plus: Deferred inflows on pension	1,272,258
Other post employment benefits	45,411,341
Less: Deferred outflows on OPEB	(2,877,704)
Plus: Deferred inflows on OPEB	2,099,442
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities.	<u>\$ 195,841,404</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 \$45,746,707 difference are as follows:

Net position of the internal service funds	\$ 40,525,979
Add: Internal receivable representing charges less the cost to business-type activities - prior year	5,220,613
Add: Internal receivable representing charges less the cost to business-type activities - current year	<u>115</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities.	<u><u>\$ 45,746,707</u></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 \$23,476,260 difference is as follows:

Capital outlay	\$ 35,768,691
Depreciation expense	<u>(12,292,431)</u>
Net adjustment to an increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>\$ 23,476,260</u></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 \$969,927 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.	<u>\$ (969,927)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>\$ (969,927)</u></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 \$27,672,608 difference is as follows:

Debt issued or incurred:	
Certificates of obligation bonds	\$ (33,945,000)
Plus: premium	(2,485,221)
Principal repayments:	
General obligation debt	6,992,613
Sales tax revenue debt	1,000,000
Certificates of obligation debt	<u>765,000</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (27,672,608)</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 \$7,306,529 difference is as follows:

Compensated absences	\$ (2,705)
Other post employment benefits	498,075
Deferred outflows from OPEB	(323,358)
Deferred inflows from OPEB	(2,099,442)
Pensions	(32,686,123)
Deferred outflows from pension	27,186,489
Deferred inflows from pension	(363,301)
Accrued interest	(144,241)
Amortization of bond premiums	1,013,182
Amortization of deferred amounts on refunding	<u>(385,105)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (7,306,529)</u>

Another element of that reconciliation states that “internal service funds are used by management to charge the costs of technical services, warehouse, fleet, facilities operations, mail room, and risk management in regards to workers’ compensation claims, general liabilities, and health care benefits to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.” The detail of this \$4,430,294 difference is as follows:

Change in net position of the internal service funds	\$ 3,978,430
Add: Loss from charges from business-type activities	<u>451,864</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 4,430,294</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. Encumbrances assigned to purchases on order can be found in note I. D. 10b, Fund Balance Summary.

During the current fiscal year, the general fund expenditure budget increased in the amount of \$1,461,180. The general fund revenue budget increase in the amount of \$7,856,068. Which included an increase of \$1,976,431 for revenue received from FEMA for Hurricane Harvey and the receipt of \$4,500,000 for the renewal of an agreement with the Port of Houston. Transfers out under the other financing sources was increased from \$2,511,025 to \$12,495,977. The total increase of \$9,984,952 includes the amount of \$366,958 was budgeted and transferred to the capital projects fund for capital projects, \$8,392,994 was transferred to the grant management fund which consisted of the 25% matching portion of a \$15,571,975 grant from FEMA HMGP Phase I which totaled \$3,892,994 and the \$4,500,000 received from the Port of Houston to be committed to be used for the City matching portion of the FEMA HMGP Phase II. The City also transferred from the general fund \$1,225,000 to the health increase fund because of the higher

than normal healthcare costs due to several large claims. These items had not been budgeted under the original budget. There was an increase in public safety in the amount of \$1,671,561 or 3.4% with an increase in the police department in the amount of \$1,411,510, with the largest increase in personnel services in the amount of \$1,372,621 due to an increase for public safety personnel. Public works' original budget increased only \$88,616 or 0.54%. Engineering personnel services increased by \$32,400 due to salary increases. The general government original budget decreased by \$787,905 or 3.6% with a decrease in other charges, partially because of the use of sick and vacation time transferred to various departments in a budget amendment and a decrease of \$886,306 in other charges.

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 2019 results for both budgeted and non-budgeted grant programs under the grant management fund:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfer in/(out)</u>
Budgeted grant programs:			
Federal equitable sharing of forfeited property:			
Justice Department	\$ 297,619	\$ 149,951	\$ -
Treasury Department	161,052	13,352	-
Nonbudgeted grant programs:			
Various grants	1,383,565	879,158	(504,407)
HUD Section 8 housing choice vouchers	9,049,771	8,902,020	-
FEMA DHAP program	8,162	-	-
FEMA DHAP IKE	16,761	-	-
FEMA HMGP	5,660,667	7,547,556	8,392,994
HUD CDBG entitlement program	1,700,170	1,700,170	-
HUD HOME investment partnerships program	653,952	653,952	-
HUD emergency shelter program	138,429	138,429	-
Total grant management fund - actual	<u>\$19,070,148</u>	<u>\$ 19,984,588</u>	<u>\$ 7,888,587</u>

**C. Excess of Expenditures over Appropriations**

For the fiscal year ended September 30, 2019, 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, 2019, the carrying amount of the City's deposits with financial institutions, including blended component units, is \$4,530,077, excluding \$123,895 for petty cash and tax holding. The City's bank balance is the sum of all accounts, which totals \$6,216,683, and the market values of pledged securities, excluding FDIC, were \$11,835,964. The pledged securities are held by a third party custodian in the City's name.

## Investments

As of September 30, 2019, the City had the following investments:

Investment Type	Fair Value			Weighted Average Maturity (Years)
	Primary Government	Blended Component Unit	Discretely Presented Component Unit	
		Pasadena Economic Development Corporation	Pasadena Crime Control and Prevention District	
TexPool Local Government Investment Pools	\$ 112,612,402	\$ 55,046,993	\$ 6,620,172	0.09
LOGIC Local Government Investment Pools	1,273,319	-	-	0.13
CLASS Local Government Investment Pools	104,037,751	1,156,851	-	0.14
Total Fair Value	<u>\$ 217,923,472</u>	<u>\$ 56,203,844</u>	<u>\$ 6,620,172</u>	
Portfolio Weighted Average Maturity				0.11

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 2018 in the amount of \$9,271,188,543. The City Council adopted the following tax rate per \$100 of 2018 taxable value for the current fiscal year ended September 30, 2019.

<u>Purpose</u>	<u>Tax Rate</u>
General government	\$ 0.480529
Debt service	0.134917
	<u>\$ 0.615446</u>

## 2. Receivables

Receivables as of September 30, 2019 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 Economic Development Corporation	Capital Projects	Grant Management	Nonmajor Governmental Funds	Water and Sewer System Maintenance	General Liability Insurance	Health Insurance	Total	
Receivables											
Property taxes	\$ 1,773,058	\$ 680,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,453,727	
Sales taxes	4,102,278	-	2,051,139	-	-	-	-	-	-	6,153,417	
Accounts	2,401,318	-	3,761	400	-	-	9,321,590	243	10,405	208,040	11,945,757
Less: allowance for uncollectible	(2,017,751)	(460,000)	-	-	-	-	(444,987)	-	-	-	(2,922,738)
	6,258,903	220,669	2,054,900	400	-	-	8,876,603	243	10,405	208,040	17,630,163
Intergovernmental - restricted	47,789	-	-	-	3,169,531	391,065	-	-	-	-	3,608,385
Accounts restricted	-	-	-	-	202,120	357,930	-	-	-	-	560,050
Net total receivables	\$ 6,306,692	\$ 220,669	\$ 2,054,900	\$ 400	\$ 3,371,651	\$ 748,995	\$ 8,876,603	\$ 243	\$ 10,405	\$ 208,040	\$ 21,798,598

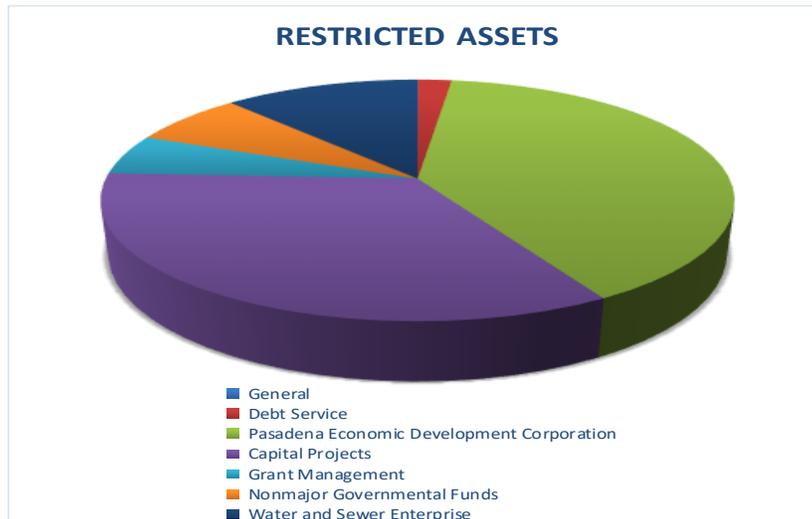
Governmental funds report unearned revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	Unearned
Unearned revenue (FEMA Grant)	\$ 85,637
Unearned revenue (Grant management)	935,412
Unearned revenue (Nonmajor governmental)	51,530
Total unearned revenue for governmental funds	\$1,072,579

## 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 Economic Development Corporation	Capital Projects	Grant Management	Nonmajor Governmental Funds	Water and Sewer Enterprise	Total
Cash and cash equivalents	\$ -	\$ -	\$ 20,091	\$ -	\$ 465,944	\$ 53,079	\$ -	\$ 539,114
Investments	-	2,921,791	56,203,844	49,061,857	3,912,176	9,266,554	17,056,201	138,422,423
Intergovernmental receivables	47,789	-	-	-	3,169,531	391,065	-	3,608,385
Accounts receivables	-	-	-	-	202,120	357,930	-	560,050
	\$ 47,789	\$ 2,921,791	\$ 56,223,935	\$ 49,061,857	\$ 7,749,771	\$ 10,068,628	\$ 17,056,201	\$ 143,129,972
	(2)	(1)	(3)	(3)	(2)	(2)	(1) and (3)	



**D. Capital Assets**

Capital asset activity of the City (the primary government) for the fiscal year ended September 30, 2019 was as follows:

**1. Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$143,657,006	\$ 1,044,940	\$ -	\$144,701,946
Construction in progress	33,186,603	35,662,376	(18,062,073)	50,786,906
Total capital assets, not being depreciated	<u>176,843,609</u>	<u>36,707,316</u>	<u>(18,062,073)</u>	<u>195,488,852</u>
Capital assets, being depreciated:				
Buildings and building improvements	87,992,939	6,539,128	-	94,532,067
Facilities and other improvements	22,145,614	1,085,376	(18,532)	23,212,458
Machinery and equipment	44,199,840	2,390,526	(423,280)	46,167,086
Infrastructure	523,107,230	8,006,048	-	531,113,278
Automotive equipment	41,323,936	8,424,666	(1,799,372)	47,949,230
Total capital assets being depreciated	<u>718,769,559</u>	<u>26,445,744</u>	<u>(2,241,184)</u>	<u>742,974,119</u>
Less accumulated depreciation for:				
Building and building improvements	(28,410,866)	(1,603,022)	-	(30,013,888)
Facilities and other improvements	(4,176,766)	(764,584)	15,171	(4,926,179)
Machinery and equipment	(28,939,903)	(2,047,307)	258,954	(30,728,256)
Infrastructure	(203,495,276)	(8,462,574)	-	(211,957,850)
Automotive equipment	(28,044,887)	(2,958,701)	1,737,339	(29,266,249)
Total accumulated depreciation	<u>(293,067,698)</u>	<u>(15,836,188)</u>	<u>2,011,464</u>	<u>(306,892,422)</u>
Total capital assets, being depreciated, net	<u>425,701,861</u>	<u>10,609,556</u>	<u>(229,720)</u>	<u>436,081,697</u>
Governmental activities capital assets, net	<u><u>\$602,545,470</u></u>	<u><u>\$ 47,316,872</u></u>	<u><u>\$ (18,291,793)</u></u>	<u><u>\$631,570,549</u></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	20,908,071	12,856,010	(5,613,704)	28,150,377
Total capital assets, not being depreciated	<u>22,532,423</u>	<u>12,856,010</u>	<u>(5,613,704)</u>	<u>29,774,729</u>
Capital assets, being depreciated:				
Buildings and building improvements	4,902,086	-	-	4,902,086
Facilities and other improvements	13,436,556	137,031	-	13,573,587
Machinery and equipment	11,317,602	233,417	(341,102)	11,209,917
Infrastructure	367,576,548	10,420,366	-	377,996,914
Automotive equipment	174,165	-	(27,385)	146,780
Total capital assets being depreciated	<u>397,406,957</u>	<u>10,790,814</u>	<u>(368,487)</u>	<u>407,829,284</u>
Less accumulated depreciation for:				
Building and building improvements	(3,146,407)	(88,584)	-	(3,234,991)
Facilities and other improvements	(3,440,549)	(239,342)	-	(3,679,891)
Machinery and equipment	(9,552,741)	(431,627)	321,992	(9,662,376)
Infrastructure	(116,911,363)	(5,840,657)	-	(122,752,020)
Automotive equipment	(162,688)	(1,289)	27,385	(136,592)
Total accumulated depreciation	<u>(133,213,748)</u>	<u>(6,601,499)</u>	<u>349,377</u>	<u>(139,465,870)</u>
Total capital assets, being depreciated, net	<u>264,193,209</u>	<u>4,189,315</u>	<u>(19,110)</u>	<u>268,363,414</u>
Business-type activities capital assets, net	<u>\$ 286,725,632</u>	<u>\$ 17,045,325</u>	<u>\$ (5,632,814)</u>	<u>\$ 298,138,143</u>

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

### Governmental activities:

General Government	\$ 434,249
Public Safety	1,981,562
Public Works	8,070,090
Health	45,095
Culture and Recreation	1,761,432
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>3,543,760</u>
	<u>\$ 15,836,188</u>

### Business-type activities

Water and Sewer System	<u>\$ 6,601,499</u>
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## E. Construction Commitments

The City's commitments with contractors as of September 30, 2019 are as follows:

Projects	Project Appropriation	Spent-to-Date	
<u>Drainage</u>			
D018	Thornwood Drainage; Preston-Glenmore	\$ 1,328,991	\$ 1,270,813
D037	Channel Imp & Detention Facility	1,269,856	288,498
D039	Partnership Park Drainage	180,000	129,109
D043	2018 Annual Drainage Improvements	393,120	374,337
D044	Golden Acres Detention	180,842	73,693
D045	2019 Annual Drainage Improvments	377,475	202,419
DMA1	DM Area A1 FEMA HMGP	487,566	375,571
DMA2	DM Area A2 FEMA HMGP	701,441	390,949
DMA3	DM Area A3 FEMA HMGP	373,935	244,796
DMA4	DM Area A4 FEMA HMGP	800,000	671,098
DMA5	DM Area A5 FEMA HMGP	328,555	194,985
DMA6	DM Area A6 FEMA HMGP	668,153	287,684
DMA7	DM Area A7 FEMA HMGP	343,805	239,697
DMB1	DM Area B1 FEMA HMGP	496,227	299,496
DMB2	DM Area B2 FEMA HMGP	355,776	215,573
DMB3	DM Area B3 FEMA HMGP	435,746	273,110
DMB4	DM Area B4 FEMA HMGP	442,698	273,895
DMB5	DM Area B5 FEMA HMGP	613,643	444,921
DMB6	DM Area B6 FEMA HMGP	257,059	184,921
DMB6	DM Area B7 FEMA HMGP	263,565	164,032
DMC1	DM Area C1 FEMA HMGP	963,116	570,993
DMC2	DM Area C2 FEMA HMGP	666,065	384,460
DMC3	DM Area C3 FEMA HMGP	525,089	355,168
DMC4	DM Area C4 FEMA HMGP	1,150,383	219,315
DMC5	DM Area C5 FEMA HMGP	396,634	266,564
DMC6	DM Area C6 FEMA HMGP	344,156	232,123
DMC7	DM Area C7 FEMA HMGP	737,924	394,661
DMCI	Comm Involvmt FEMA HMGP	50,000	-
DMEA	Enviro Svcs HMGP	299,295	179,892
DMFW	DM Flood Warning Sys Prj	60,000	22,315
DMHH	Hydr/Hydlgy FEMA HMGP	1,364,670	567,840
DMSW	SWPPP FEMA HMGP	110,000	93,500
		<u>16,965,785</u>	<u>9,886,428</u>
<u>Fire Services</u>			
F007	Fire Station #8	6,048,743	403,327
F011	Fire Station #6	40,000	4,500
F014	Fire Station #7	40,000	4,500
		<u>6,128,743</u>	<u>412,327</u>
<u>Police</u>			
P009	Police Utility Building	<u>290,000</u>	<u>-</u>
<u>Parks</u>			
R037	Sunset Pool Renovations	495,164	450,827
R038	Golf Course Renov PH I	95,995	91,424
R044	PetSafe Bark for your Park	32,500	32,488
R062	Queens Park Playground	127,427	121,359
		<u>\$ 751,086</u>	<u>\$ 696,098</u>

Projects		Project Appropriation	Spent-to-Date
<u>Library Services</u>			
L003 Branch Doors/ADA Checkout		\$ 28,665	\$ -
<u>Municipal Facilities</u>			
M008	North Pasadena Receptelment	980,124	6,724
M016	Animal Adoption Center	2,970,000	2,969,972
M018	Utility Development Projects	3,240,452	2,540,294
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	3,211,377
M031	Old City Hall-Court Build Out	371,058	117,183
M032	Muni Court Bldg-1114 Davis	12,868,734	2,531,588
M033	Pomeroy House Renovation	94,336	65,731
M034	Police Academy/Fire Svcs Admin Bldg	9,792,057	2,938,181
M036	Restaurant Depot Incentive	700,000	-
M037	Smithco (Joe V's)	443,327	421,161
M038	Land Acquisition	2,000,000	527,991
M039	Bank Bldg Abatement/Demo	2,500,000	2,095,972
M041	Demolition/Development-Old City Hall	445,593	180,738
M042	City Hall Replace Electrical Svc Equip	362,654	349,395
M043	Municipal Court Software	425,960	57,751
M044	City Hall Improvements	547,800	-
		<u>54,442,095</u>	<u>18,645,925</u>
<u>Streets</u>			
S032	Bearle St; SH225 to Thomas	2,667,661	2,622,451
S045	Pansy St (Spencer-Old Vista)	2,422,466	2,163,702
S047	Wafer Pave & Drain PH II	210,150	118,414
S048	Lafferty St (Freesa-Spencer)	3,336,086	433,439
S054	Fairway Plaza Acquisition/Extension	4,180,000	128,229
S074	Gateway Sign	300,000	130,885
S077	Pasadena Blvd; Harris - 225	7,750,000	4,184,805
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	1,637,228
S100	West Lane Reconstruction	596,377	561,060
S101	Richey St; 225-Southmore	15,000,000	11,413,846
S102	2018 Annual Paving Improvements	1,041,278	1,000,986
S103	2018 Annual Sidewalk Improvements	409,345	408,150
S104	Wafer Paving & Drainage Improvements	2,621,842	1,710,343
S109	Thomas Ave Paving & Drainage PH II	94,467	-
S110	Richey II	26,600	14,782
		<u>50,969,099</u>	<u>30,680,433</u>
<u>Traffic</u>			
T014	Traffic Mobility Improvements	2,000,000	222,763
T017	Spencer Hwy Signal Imprv PH II	416,796	416,489
		<u>\$ 2,416,796</u>	<u>\$ 639,252</u>

Projects	Project Appropriation	Spent-to-Date
<u>Water</u>		
W027 Bay Area Blvd/Port Rd Inter Improv	\$ 188,401	\$ 105,342
W028 Crenshaw Water Plant	6,911,474	6,434,421
W034 Scarborough Waterline	1,273,968	1,197,241
W035 225 Waterline	246,047	197,340
W038 Water Storage Tank Rehab	1,197,725	810,933
W039 Fairmont Pkwy 12" Waterline PH II	995,136	986,792
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	1,397,947
W051 Crenshaw Water Plant PH II	4,932,550	4,164,751
W052 2018 Citywide Waterline Replacement	985,935	825,914
W053 Preston 12" Waterline	1,165,840	145,925
W054 Spencer 12" Waterline Ph I	253,000	211,640
W055 Spencer 12" Waterline Ph II	142,950	53,650
W056 Sycamore Well Improvements	129,948	114,760
W057 2019 Citywide Waterline Replacement	1,088,374	641,112
W058 SE Meter Sta PH II	901,314	-
W059 SE Water Transmission Line	46,748	-
W062 Bay Area Blvd Water System Press Imp	141,670	9,557
W063 Red Bluff 24" Waterline	171,688	-
	<u>22,926,498</u>	<u>17,635,702</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	1,720,797
WW031 WWTP Consolidation Project	2,912,918	2,677,591
WW038 Burke Rd Lift Sta Rehab	448,350	393,059
WW045 Citywide SS Rehab Program PH II	1,658,707	1,314,201
WW046 WWTP Consolidation Project PH II	509,605	328,852
WW047 2018 Citywide Sanitary Sewer Rehab	1,429,723	735,382
WW048 West Ellaine Lift Station Rehab	483,525	418,456
WW049 Golden Acres 24' Force Main	232,505	146,250
WW059 Bay Area LS/SS Line Ext	358,650	-
WW060 North Main Lift Station Rehab	1,068,900	959,598
WW062 2019 Cityside Sanitary Sewer Rehab	1,103,617	745,207
WW063 Bay Area Ind Pk WW LS/Forcemain	224,350	12,334
	<u>\$ 11,554,469</u>	<u>\$ 9,228,118</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, 2019 is as follows:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>General</b>	* General liability insurance	56,049
	* Health Insurance	<u>174,292</u>
		\$ 230,341
<b>Debt service</b>	General	155,031
<b>Capital projects</b>	General	4,724,994
<b>Grant Management</b>	General	7,297,247
** <b>Special charge allocation</b>	General	994,449
** <b>State Forfeited Property</b>	General	12,152
** <b>Abandoned Motor Vehicles</b>	General	64,523
** <b>Hotel and Motel Tax</b>	General	50,206
<b>Water and sewer</b>	General	537,538
* <b>Maintenance</b>	General	1,581,751
	** State forfeited property	15,250
	Water and sewer	<u>96,463</u>
		1,693,464
* <b>Workers' Compensation</b>	General	747
	Total	<u>\$ 15,760,692</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>\$ 441,248</u>

**3. Interfund Transfers:**

**Fund Financial Statements**

Transfer out:	Transfer In:							Total
	General	Capital Projects	Grant Management	Water and Sewer System	* Maintenance	* General Liability Insurance	* Health Insurance	
General	\$ -	\$ 2,127,983	\$ 8,392,994	\$ -	\$ -	\$ 750,000	\$ 1,225,000	\$ 12,495,977
Grant Management	-	42,211	-	462,196	-	-	-	504,407
Water and Sewer System	3,000,000	-	-	-	1,271,000	1,000,000	262,000	5,533,000
<b>Total</b>	<u>\$ 3,000,000</u>	<u>\$ 2,170,194</u>	<u>\$ 8,392,994</u>	<u>\$ 462,196</u>	<u>\$ 1,271,000</u>	<u>\$ 1,750,000</u>	<u>\$ 1,487,000</u>	<u>\$ 18,533,384</u>

\* Internal service funds

Transfers are used to move unrestricted and restricted funds from the general, grant management, and water and sewer system 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.

The \$504,407 transfer out in the grant management governmental fund resulted from the General Land Office (GLO) approval of the City's final budget revision to DRS220212, GLO#12-483-000-6649 grant. There was significant cost savings due to bidding multiple projects together which resulted on the expenditures to be less than the estimated grant budget. This allowed the reallocation of certain expenditures to be GLO funding versus City local funds.

**Government-Wide Financial Statements**

During the fiscal year, the transfer activities between the governmental and business-type activities totaled \$4,510,299 and can be summarized as follows:

- The amount of \$5,070,804 was transferred out to the governmental activities from the business-type activities.
- Capital assets in the amount of \$560,505 were transferred into the business-type activities from the governmental activities.

**G. Long-Term Debt**

**1. Governmental Activities**

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

The City issues general obligation bonds and certificates of obligation to provide funds for the construction and improvement of the City's infrastructure (i.e., streets, drainage, water and sewer systems, public safety, recreation, and culture facilities). In the past, the City has also refunded certain issues of general obligation bonds to take advantage of lower interest rates and even out debt payments. The original amounts issued in current and prior years were \$33,945,000 and \$88,946,063, 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:

	Interest %	Maturity	Purpose	Installments	Amount
\$20,030,000 GO Refunding, 2012	2.50 - 4.00	2/15/2023	Governmental type	\$435,000 to \$2,385,000	\$ 8,405,000
\$16,690,000 GO Refunding, 2012A	2.00 - 5.00	2/15/2025	Governmental type	\$145,000 to \$1,840,000	9,690,000
\$3,121,063 GO Refunding, 2014	3.00 - 4.00	2/15/2022	Governmental type	\$103,639 to \$778,142	1,170,612
\$12,525,000 GO Refunding, 2015	2.00 - 5.00	2/15/2027	Governmental type	\$755,000 to \$1,830,000	9,575,000
\$17,405,000 GO Refunding, 2016A	2.00 - 5.00	2/15/2028	Governmental type	\$265,000 to \$2,065,000	15,235,000
\$19,175,000 COB, 2017	2.00 - 4.00	2/15/2037	Governmental type	\$195,000 to \$1,635,000	18,710,000
\$33,945,000 COB, 2018	2.00 - 5.00	2/15/2038	Governmental type	\$400,000 to \$2,765,000	33,375,000
					\$ 96,160,612

During the current fiscal year, the City issued a \$33,945,000 Combination Tax and Revenue Certificates of Obligation, Series 2018 to pay for (i) costs to 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, (ii) pay all or a portion of the legal, fiscal, and engineering fees in connection with the Projects, (iii) and

purchase land related to any of such projects and (iv) 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
2020	\$ 7,858,142	\$ 3,861,712	\$ 11,719,854
2021	8,183,830	3,537,119	11,720,949
2022	7,803,640	3,196,001	10,999,641
2023	6,930,000	2,868,863	9,798,863
2024	6,930,000	2,546,713	9,476,713
2025-2029	25,365,000	8,669,588	34,034,588
2030-2034	17,895,000	4,477,563	22,372,563
2035-2038	15,195,000	1,056,463	16,251,463
	<u>\$ 96,160,612</u>	<u>\$ 30,214,022</u>	<u>\$ 126,374,634</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
\$ 5,885,000 GO Refunding Bonds, 2012A	2.00 - 5.00	2/15/2022	Refunding	\$275,000 to \$1,840,000	\$ 4,420,000
\$ 6,063,937 GO Refunding Bonds, 2014	3.00 - 4.00	2/15/2022	Refunding	\$201,361 to \$1,511,858	2,274,389
\$ 50,210,000 GO Refunding Bonds, 2016	2.00 - 5.00	2/15/2033	Refunding	\$440,000 to \$4,755,000	48,090,000
\$ 16,305,000 COB, 2017	2.00 - 4.00	2/15/2037	Water and sewer	\$195,000 to \$1,635,000	15,175,000
					<u>\$ 69,959,389</u>

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
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	3,915,000	2,061,494	5,976,494
2025-2029	22,600,000	7,286,269	29,886,269
2030-2034	22,895,000	2,296,978	25,191,978
2035-2037	3,665,000	173,400	3,838,400
	<u>\$ 69,959,389</u>	<u>\$ 21,846,009</u>	<u>\$ 91,805,398</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, 2019, \$1,090,000 of general obligation bonds and \$1,370,000 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 \$2,270,000 and \$1,445,000, respectively, 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, 2019, the City's legal debt margin was \$826,164,546, which equates to 10% of City's property taxable value, totaling \$927,118,854 less \$100,954,308 (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, 2019, 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, 2019 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
<b><u>Governmental Activities:</u></b>					
<b>Bonds payable supported by property taxes:</b>					
General obligation and refunding bonds	\$ 51,068,225	\$ -	\$ (6,992,613)	\$ 44,075,612	\$ 7,263,142
Certificates of obligation bonds	18,905,000	33,945,000	(765,000)	52,085,000	595,000
	69,973,225	33,945,000	(7,757,613)	96,160,612	7,858,142
Add: Premiums on debt issuances	6,361,579	2,485,221	(1,013,182)	7,833,618	-
	<b>76,334,804</b>	<b>36,430,221</b>	<b>(8,770,795)</b>	<b>103,994,230</b>	<b>7,858,142</b>
<b>Other Long-Term Debt</b>					
Sales taxes revenue bonds payable	1,000,000	-	(1,000,000)	-	-
	<b>1,000,000</b>	<b>-</b>	<b>(1,000,000)</b>	<b>-</b>	<b>-</b>
<b>Total Bonds Payable</b>	<b>77,334,804</b>	<b>36,430,221</b>	<b>(9,770,795)</b>	<b>103,994,230</b>	<b>7,858,142</b>
<b>Claims</b>	<b>1,136,209</b>	<b>13,448,389</b>	<b>(13,399,921)</b>	<b>1,184,677</b>	<b>710,806</b>
<b>Compensated absences</b>	<b>30,141,503</b>	<b>10,408,857</b>	<b>(10,374,525)</b>	<b>30,175,835</b>	<b>3,017,584</b>
<b>Total OPEB Liability</b>					
Healthcare	45,391,208	3,294,281	(3,679,067)	45,006,422	-
SDBF	3,547,208	249,714	(397,943)	3,398,979	-
<b>Net pension liability</b>					
TMRS	12,252,430	36,904,701	(1,725,032)	47,432,099	-
TESRS	988,456	181,502	(211,926)	958,032	-
<b>Governmental activities</b>					
<b>Long-term liabilities</b>	<b>\$ 170,791,818</b>	<b>\$ 100,917,665</b>	<b>\$ (39,559,209)</b>	<b>\$ 232,150,274</b>	<b>\$ 11,586,532</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, 2019, \$1,545,022 of internal service funds' compensated absences, \$2,994,062 of other post-employment benefits, \$1,184,677 in claims payable, and \$3,189,019 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, 2019 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	\$ 2,355,000	\$ -	\$ (2,355,000)	\$ -	\$ -
General obligation refunding bonds	56,446,776	-	(1,662,387)	54,784,389	3,906,858
Certificates of Obligation Bonds	15,785,000	-	(610,000)	15,175,000	620,000
Add: Premiums on debt issuances	6,404,624	-	(591,243)	5,813,381	-
<b>Total bonds payable</b>	<b>80,991,400</b>	<b>-</b>	<b>(5,218,630)</b>	<b>75,772,770</b>	<b>4,526,858</b>
<b>Compensated absences</b>	<b>2,521,946</b>	<b>797,072</b>	<b>(637,292)</b>	<b>2,681,726</b>	<b>268,173</b>
<b>Total OPEB Liability</b>					
Healthcare	6,877,456	499,225	(557,526)	6,819,155	-
SDBF	287,786	19,926	(31,944)	275,768	-
<b>Net pension liability</b>	<b>1,245,950</b>	<b>2,944,884</b>	<b>(139,351)</b>	<b>4,051,483</b>	<b>-</b>
<b>Business-type activities</b>					
<b>Long-term liabilities</b>	<b>\$ 91,924,538</b>	<b>\$ 4,261,107</b>	<b>\$ (6,584,743)</b>	<b>\$ 89,600,902</b>	<b>\$ 4,795,031</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		
	Broad Plan A and B	Memorial and Kelsey Plan B	Plan C
Individual	\$1,500	\$1,500	\$3,000
Family	\$3,000	\$3,000	\$6,000
Out of Pocket Max (Individual/Family)	\$5,750/\$12,500	\$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 accidental 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'</u> <u>Compensation</u>	<u>Health/Dental</u> <u>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>	\$ 41,712	\$ 1,094,497
<b>Incurred claims and claim adjustment expenses:</b>		
Provisions for insured events of the current fiscal year	-	15,200,329
years	-	(1,751,940)
Total incurred claims and claim adjustment expenses	-	13,448,389
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to insured events-		
Current fiscal year	-	14,046,329
Prior fiscal years	11,032	(657,440)
Total payments	11,032	13,388,889
<b>Total unpaid claims and claim adjustment expenses at end of current fiscal year</b>	<b>\$ 30,680</b>	<b>\$ 1,153,997</b>
<b><u>Prior Fiscal Year</u></b>		
<b>Unpaid claims and claim adjustment expenses at the beginning of the prior 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 prior fiscal year</b>	<b>\$ 41,712</b>	<b>\$ 1,094,497</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, 2018:

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

**Total OPEB Liability**

The City’s total healthcare OPEB liability of \$51,825,577 was measured as of December 31, 2018. The actuarial valuation was performed as of December 31, 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2018.

## Actuarial Assumptions and Other Inputs

The total healthcare OPEB liability in the December 31, 2017 actuarial valuation, rolled forward to December 31, 2018, 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	3.71% as of December 31, 2018
Actuarial Cost Method	Individual entry-age normal
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 Morality 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 post-65 retirees.

\* The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

## Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 2,056,979
Interest on the total OPEB Liability	1,736,527
Difference between expected and actual experience	(325,506)
Changes of assumptions	(2,242,884)
Benefit payments	<u>(1,668,203)</u>
<b>Net Changes</b>	<b>(443,087)</b>
Beginning Balance	<u>52,268,664</u>
<b>Ending Balance</b>	<b><u>\$ 51,825,577</u></b>

The discount rate changed from 3.31% to 3.71%. There were no other 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 3.71%, 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 (2.71%)</u>	<u>Discount Rate (3.71%)</u>	<u>1% Increase in Discount Rate (4.71%)</u>
City's total healthcare OPEB liability	\$ 57,673,246	\$ 51,825,577	\$ 46,728,889

**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 rate 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	\$ 47,427,455	\$ 51,825,577	\$ 57,094,565

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

For the year ended September 30, 2019, the City recognized healthcare OPEB expense of \$3,812,398. 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>
Difference between expected and actual experience	\$ -	\$ 283,539
Changes in actuarial assumptions	2,014,853	\$ 1,953,711
Contributions subsequent to the measurement date	1,289,397	-
<b>Total</b>	<u>\$ 3,304,250</u>	<u>\$ 2,237,250</u>

\$1,289,397 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, 2020. 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>
2020	\$ 18,892
2021	18,892
2022	18,892
2023	18,892
2024	18,892
Thereafter	(316,857)
<b>Total</b>	<u>\$ (222,397)</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, 2018 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	578
Inactive employees entitled to, but not yet receiving, benefits	111
Active employees	<u>1,020</u>
Total	<u><u>1,709</u></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 \$3,674,749 was measured as of December 31, 2018 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, 2018 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	3.71%*
Retirees' share of benefit-related costs	\$0
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, 2018.

The actuarial assumptions used in the December 31, 2018 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

	<u>Total SDBF OPEB Liability</u>
Changes for the year:	
Service cost	\$ 141,005
Interest on total SDBF/OPEB liability	128,635
Difference between expected and actual experience	(148,237)
Changes of assumptions	(243,192)
Benefit payments*	(38,456)
	<b>Net Changes</b>
	(160,245)
Beginning Balance	3,834,994
	<b>Ending Balance</b> <u>\$ 3,674,749</u>

\* 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.

The discount rate changed from 3.31% to 3.71%. There were no other 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 (2.71%)</b>	<b>Discount Rate (3.71%)</b>	<b>1% Increase in Discount Rate (4.71%)</b>
City's Total SDBF OPEB Liability	<u>\$ 4,328,870</u>	<u>\$ 3,674,749</u>	<u>\$ 3,157,725</u>

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

For the year ended September 30, 2019, the City recognized SDBF OPEB expense of \$250,465. The City reported deferred outflows/inflows of resources related to SDBF OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ -	\$ 121,860
Changes in actuarial assumptions	182,723	199,920
Contributions subsequent to the measurement date	30,933	-
	<u>\$ 213,656</u>	<u>\$ 321,780</u>

\$30,933 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, 2020. Amounts reported as deferred outflows/inflows of resources related to SDBF OPEB will be recognized in SDBF OPEB expense as follows:

<u>Year Ended September 30</u>	<u>SDBF OPEB Expense Amount</u>
2020	\$ (19,175)
2021	(19,175)
2022	(19,175)
2023	(38,353)
2024	(43,179)
Thereafter	-
<b>Total</b>	<u>\$ (139,057)</u>

**3. Aggregate Total Other Post Employment Expenses/Expenditures**

The City recognized aggregate total OPEB expenses/expenditures of \$4,062,863 during the fiscal year ending September 30, 2019 related to the City's Healthcare and SDBF OPEB plans.

## **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 887 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, 2018 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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	748
Inactive employees entitled to, but not yet receiving, benefits	303
Active employees	<u>1,020</u>
	<u><u>2,071</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 14.11% and 13.68%, including 0.26% and 0.23% of supplemental death benefits, (which is reported in this report as OPEB) respectively, in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$9,114,228, and were equal to the required contributions.

### **Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 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, 2018 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 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	<u>5.0%</u>	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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	\$ 440,835,210	\$ 427,336,831	\$ 13,498,379
Changes for the year:			
Service cost	10,395,914	-	10,395,914
Interest	29,453,672	-	29,453,672
Difference between expected and actual experience	(1,510,678)	-	(1,510,678)
Contributions - employer	-	8,917,844	(8,917,844)
Contributions - employee	-	4,493,236	(4,493,236)
Net investment income	-	(12,797,053)	12,797,053
Benefit payments, including refunds of employee contributions	(19,364,953)	(19,364,953)	-
Administrative expense	-	(247,396)	247,396
Other changes	-	(12,926)	12,926
Net changes	18,973,955	(19,011,248)	37,985,203
Balance at 12/31/2018	<u>\$ 459,809,165</u>	<u>\$ 408,325,583</u>	<u>\$ 51,483,582</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)	\$ 111,077,416	\$ 51,483,582	\$ 2,062,921

## Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the City recognized pension expense of \$15,830,561.

At September 30, 2019, 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	\$ 442,572	\$ 1,431,766
Changes in actuarial assumptions	720,152	-
Difference between projected and actual investment earnings	22,096,815	-
Contributions subsequent to the measurement date	6,934,421	-
Total	<u>\$ 30,193,960</u>	<u>\$ 1,431,766</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$6,934,421 will be recognized as a reduction to the net position liability for the year ended September 30, 2020. 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>
2020	\$ 8,351,763
2021	2,760,120
2022	2,612,424
2023	8,103,466
2024	-
Thereafter	-
Total	<u>\$ 21,827,773</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, 2018, there were 238 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, 2018, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,533
Terminated members entitled but not yet receiving them	1,927
Current active members (vested and nonvested)	<u>3,927</u>
	<u>9,387</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 percentage 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 date 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, 2018, 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, 2018, total contributions (dues, prior service, and interest on prior service financing) of \$211,926 were paid by the City. The State appropriated \$1,329,219 for the fiscal year ending August 31, 2018 to TESRS as a whole.

**Actuarial Assumptions**

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2018
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 5.01%) 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 0.26% 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%	5.81%
Small cap domestic	15%	5.92%
Developed international	15%	6.21%
Emerging markets	5%	7.18%
Master limited partnership	5%	7.61%
Real Estate	5%	4.46%
Fixed income	23%	1.61%
Cash	<u>0.0%</u>	0.00%
Total	100.0%	
Weighted Average		5.01%

**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, 2018 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		1% Increase in	
	<u>Discount Rate (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>Discount Rate (8.75%)</u>	
City's net TESRS pension liability	<u>\$ 1,903,905</u>	<u>\$ 958,032</u>	<u>\$ 320,069</u>	

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

At August 31, 2018, the City reported a liability of \$958,032 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	\$ 958,032
State's proportionate share that is associated with the City*	<u>265,888</u>
Total	<u>\$ 1,223,920</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, 2018. 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, 2018. The City used the assumption that any differences in the net pension liability measured as of August 31, 2018 versus September 30, 2018 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, 2017 through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 4.425%, which was an increase of 0.307% from its proportion measured as of August 31, 2017.

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, 2018, the City recognized pension expense of \$303,701. The City recognized on-behalf revenues of \$84,288 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At September 30, 2019, 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	\$ 260	\$ 2,759
Changes in actuarial assumptions	3,580	-
Net difference between projected and actual investment earnings	-	52,949
Contributions subsequent to the measurement date	202,902	-
Total	<u>\$ 206,742</u>	<u>\$ 55,708</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$202,902 will be recognized as a reduction to the net position liability for the year ended September 30, 2020. 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>
2020	\$ 61,729
2021	(34,347)
2022	(50,546)
2023	(28,704)
2024	-
Thereafter	-
Total	<u>\$ (51,868)</u>

### **3. Aggregate Total Employee Retirement Systems and Pension Plans**

The City recognized aggregate total pension expenses/expenditures of \$16,134,260 during the fiscal year ending September 30, 2019 related to the City's TMRS and TESRS pension plans.

#### **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, 2019, the program reserve in the amount of \$30.00 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.

**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, 2019 (1)**

	<b>September 30,</b>	
	<b>2018</b>	<b>2019</b>
<b>Total OPEB Liability</b>		
Service cost	\$ 1,780,094	\$ 2,056,979
Interest (on the total OPEB liability)	1,825,079	1,736,527
Difference between expected and actual experience	-	(325,506)
Change of assumptions	2,714,917	(2,242,884)
Benefit payments	(2,127,408)	(1,668,203)
<b>Net Change in Total OPEB Liability</b>	<b>\$ 4,192,682</b>	<b>\$ (443,087)</b>
Beginning total OPEB liability	48,075,982	52,268,664
<b>Ending Total OPEB Liability</b>	<b>\$ 52,268,664</b>	<b>\$ 51,825,577</b>
<b>Covered Payroll</b>	<b>\$ 53,078,074</b>	<b>\$ 57,776,646</b>
Total OPEB Liability as a Percentage of Covered Payroll	98.48%	89.70%

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

**Notes to Required Supplementary Information:**

Changes of assumptions reflect a change in the discount rate each period 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

**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	2019
Actuarially determined contribution	\$ 7,605,747	\$ 7,622,892	\$ 8,512,614	\$ 8,700,395	\$ 9,114,228
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>	<u>\$ 9,114,228</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 55,384,915	\$ 58,987,632	\$ 63,307,908	\$ 63,001,076	\$ 67,171,083
Contributions as a percentage of covered payroll	13.73%	12.92%	13.45%	13.81%	13.57%

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

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

	Measurement Year (1)				
	2014	2015	2016	2017	2018
<b>Total pension liability</b>					
Service cost	\$ 7,815,620	\$ 8,664,210	\$ 9,425,461	\$ 10,336,600	\$ 10,395,914
Interest (on the total pension liability)	25,468,655	26,426,824	26,908,444	28,169,848	29,453,672
Change of benefits terms	-	-	-	-	-
Difference between expected and actual experience	(2,817,613)	(1,734,873)	879,833	203,789	(1,510,678)
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)	(19,364,953)
<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>18,973,955</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>440,835,210</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>\$ 459,809,165</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 7,624,193	\$ 7,531,271	\$ 7,339,257	\$ 8,685,783	\$ 8,917,844
Contributions - employee	3,761,701	3,892,097	4,045,262	4,452,307	4,493,236
Net investment income	20,317,406	545,817	24,588,550	52,889,591	(12,797,053)
Benefit payments, including refund of employee contributions	(16,751,526)	(17,654,124)	(17,888,068)	(20,075,608)	(19,364,953)
Administrative expense	(212,141)	(332,466)	(277,733)	(274,143)	(247,396)
Other	(17,442)	(16,421)	(14,963)	(13,893)	(12,926)
<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>(19,011,248)</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>427,336,831</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>\$ 408,325,583</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>\$ 51,483,582</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>88.80%</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>\$ 64,093,184</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>22.53%</b>	<b>70.25%</b>	<b>70.13%</b>	<b>21.23%</b>	<b>80.33%</b>

(1) GASB 68 requires ten fiscal years of data to be provided in this schedule; only five 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	27 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>2018</b>
<b>Total OPEB Liability</b>		
Service cost	\$ 120,784	\$ 141,005
Interest (on the total OPEB liability)	127,845	128,635
Difference between expected and actual experience	-	(148,237)
Change of assumptions	283,672	(243,192)
Benefit payments	(38,142)	(38,456)
<b>Net Change in Total OPEB Liability</b>	<b>\$ 494,159</b>	<b>\$ (160,245)</b>
Beginning total OPEB liability	3,340,835	3,834,994
<b>Ending Total OPEB Liability</b>	<b>\$ 3,834,994</b>	<b>\$ 3,674,749</b>
<b>Covered Payroll</b>	<b>\$ 63,570,724</b>	<b>\$ 64,093,184</b>
Total OPEB Liability as a Percentage of Covered Payroll	6.03%	5.73%

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

**Notes to Required Supplementary Information:**

**Changes in Assumptions**

The discount rate changed from 3.31% to 3.71%.

There were no other 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	2019
Contractually required contribution	\$ 214,235	\$ 202,225	\$ 184,932	\$ 199,188	\$ 211,926	\$ 202,902
Contributions in relation to the contractually required contribution	214,235	202,225	184,932	199,188	211,926	202,902
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members (2)	106	106	114	134	118	111
Contributions per active member	\$ 2,021	\$ 1,907	\$ 1,622	\$ 1,486	\$ 1,796	\$ 1,828

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

(2) There is no compensation for active members. Number of active members is used as of August 2019 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	2019
City's proportion of the net pension liability	4.706%	4.281%	4.037%	4.118%	4.425%
City's proportionate share of the net pension liability	\$ 855,158	\$ 1,142,706	\$ 1,175,787	\$ 988,456	\$ 958,032
State's proportionate share of the net pension liability	287,462	396,097	406,481	323,681	265,888
Total	<u>\$ 1,142,620</u>	<u>\$ 1,538,803</u>	<u>\$ 1,582,268</u>	<u>\$ 1,312,137</u>	<u>\$ 1,223,920</u>
Number of active members (2)	106	114	134	111	111
City's Net Pension Liability per Active Member	\$ 8,068	\$ 10,024	\$ 8,775	\$ 8,932	\$ 8,631
Plan fiduciary net position as a percentage of the total pension liability	83.50%	76.90%	76.30%	81.40%	84.26%

(1) Only five years of information is currently 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.

**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 measurement period.



**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.**



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**CITY OF PASADENA, TEXAS  
GENERAL FUND  
BALANCE SHEET  
SEPTEMBER 30, 2019**

**ASSETS**

Cash and cash equivalents	\$	2,913,327
Investments		
TexPool		38,303,567
LOGIC CLASS A		580,154
CLASS		40,868,097
		79,751,818
Receivables (net, where applicable, of allowances for uncollectible)		
General property taxes		543,058
Accounts receivable		5,715,845
		6,258,903
Due from other funds		230,341
Restricted assets		
Receivables (net, where applicable, of allowances for uncollectible)		47,789
		47,789
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>89,202,178</b>

**LIABILITIES**

Accounts payable	\$	4,582,804
Accrued payroll payable		1,712,821
Due to other funds		15,418,638
Due to component unit		441,248
Unearned revenue		85,637
		85,637
<b>TOTAL LIABILITIES</b>		<b>22,241,148</b>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue - property taxes		678,851
Unavailable revenue - industrial district fees		52,599
		52,599
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<b>731,450</b>

**FUND BALANCES**

Committed		15,000
Assigned		976,270
Unassigned		65,238,310
		65,238,310
<b>TOTAL FUND BALANCES</b>		<b>66,229,580</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$</b>	<b>89,202,178</b>



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**CITY OF PASADENA, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**REVENUES**

General property taxes	\$ 44,006,886
Business taxes and fees	
Industrial district fees	19,626,203
Sales taxes	24,068,010
Franchise fees	10,360,998
Other taxes and fees	4,842,936
Total business taxes and fees	58,898,147
Licenses and permits	3,318,647
Municipal court fines	4,713,743
Charges for services	12,169,009
Intergovernmental	2,274,536
Miscellaneous	1,539,042
Investment income	1,938,104
<b>TOTAL REVENUES</b>	<b>128,858,114</b>

**EXPENDITURES**

Current	
General government	18,720,751
Public safety	49,634,083
Public works	15,722,625
Health	4,962,410
Culture and recreation	15,812,608
<b>TOTAL EXPENDITURES</b>	<b>104,852,477</b>

**EXCESS OF REVENUES OVER  
EXPENDITURES**

**24,005,637**

**OTHER FINANCING SOURCES (USES)**

Operating transfers in (out)	
Maintenance fund	(1,225,000)
Capital projects fund	(2,127,983)
Water and sewer system	3,000,000
General liability insurance fund	(750,000)
Grant management fund	(8,392,994)
Sale of capital assets	3,001
<b>TOTAL OTHER FINANCING (USES)</b>	<b>(9,492,976)</b>

**NET CHANGE IN FUND BALANCE**

**14,512,661**

**FUND BALANCE - BEGINNING**

**51,716,919**

**FUND BALANCE - ENDING**

**\$ 66,229,580**

**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, 2019**

	<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	\$ 42,097,176	\$ 42,164,176	\$ 43,227,439	\$ 1,063,263
Penalty and interest	470,000	470,000	779,447	309,447
<b>Total General Property Taxes</b>	<b>42,567,176</b>	<b>42,634,176</b>	<b>44,006,886</b>	<b>1,372,710</b>
<b>Business Taxes and Fees</b>				
Industrial district fees	17,903,000	17,903,000	19,626,203	1,723,203
Sales tax	22,000,000	22,000,000	24,068,010	2,068,010
Franchise fees	9,087,600	9,087,600	10,360,998	1,273,398
Other taxes				
Mixed drink tax	340,000	340,000	342,933	2,933
Bingo tax	-	-	3	3
Fees	-	4,500,000	4,500,000	-
<b>Total Business Taxes and Fees</b>	<b>49,330,600</b>	<b>53,830,600</b>	<b>58,898,147</b>	<b>5,067,547</b>
<b>Licenses and Permits</b>				
Business types	2,134,500	2,468,000	3,128,833	660,833
Occupational types	87,350	96,650	118,628	21,978
Non-business types	70,800	70,800	71,186	386
<b>Total Licenses and Permits</b>	<b>2,292,650</b>	<b>2,635,450</b>	<b>3,318,647</b>	<b>683,197</b>
<b>Municipal Court Fines and Fees</b>				
	<b>4,904,000</b>	<b>4,904,000</b>	<b>4,713,743</b>	<b>(190,257)</b>
<b>Charges for Services</b>				
Ellington municipal golf course	563,000	563,000	580,145	17,145
Recreational activities	187,200	187,200	211,815	24,615
Swimming pool	272,000	272,000	300,245	28,245
Tennis court	10,000	10,000	7,804	(2,196)
Civic center	301,000	301,000	415,509	114,509
Other centers	64,100	64,100	66,269	2,169
Miscellaneous	784,600	784,600	767,542	(17,058)
Solid waste collection	9,037,300	9,037,300	9,012,713	(24,587)
Health services	393,000	393,000	432,028	39,028
Library services	45,000	45,000	29,955	(15,045)
Property management	337,680	337,680	344,984	7,304
<b>Total Charges for Services</b>	<b>11,994,880</b>	<b>11,994,880</b>	<b>12,169,009</b>	<b>174,129</b>
<b>Intergovernmental</b>				
Fire protection	80,000	80,000	84,319	4,319
Harvey - Disaster Grant	-	2,128,704	2,043,068	(85,636)
Reimbursement from other agencies	53,000	53,000	67,401	14,401
TxDOT - traffic signal maintenance	30,946	30,946	30,495	(451)
Emergency management performance grant	55,000	55,000	47,789	(7,211)
Restitution - Harris County	2,000	2,000	1,464	(536)
<b>Total Intergovernmental</b>	<b>220,946</b>	<b>2,349,650</b>	<b>2,274,536</b>	<b>(75,114)</b>
<b>Miscellaneous</b>				
	<b>1,156,055</b>	<b>1,895,619</b>	<b>1,539,042</b>	<b>(356,577)</b>
<b>Investment Income</b>				
	<b>777,000</b>	<b>855,000</b>	<b>1,938,104</b>	<b>1,083,104</b>
<b>TOTAL REVENUES</b>	<b>\$ 113,243,307</b>	<b>\$ 121,099,375</b>	<b>\$ 128,858,114</b>	<b>\$ 7,758,739</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	\$ 105,237	\$ 109,587	\$ 109,576	\$ 11
Contractual services	53,700	53,700	27,500	26,200
Materials and supplies	14,750	14,750	7,205	7,545
Maintenance charges	58,504	58,504	45,778	12,726
	<b>232,191</b>	<b>236,541</b>	<b>190,059</b>	<b>46,482</b>
<b>Mayor</b>				
Personnel services	549,898	557,098	549,649	7,449
Contractual services	25,000	25,000	19,393	5,607
Materials and supplies	9,800	9,800	3,691	6,109
Maintenance charges	56,237	46,237	46,214	23
	<b>640,935</b>	<b>638,135</b>	<b>618,947</b>	<b>19,188</b>
<b>Budget and Financial Planning</b>				
Personnel services	562,660	392,310	392,308	2
Contractual services	90,000	90,000	12,743	77,257
Materials and supplies	7,950	7,950	645	7,305
Maintenance charges	14,098	14,098	12,821	1,277
	<b>674,708</b>	<b>504,358</b>	<b>418,517</b>	<b>85,841</b>
<b>Municipal Court</b>				
Personnel services	1,827,072	2,039,972	2,039,903	69
Contractual services	244,048	244,048	133,171	110,877
Materials and supplies	96,341	96,341	63,802	32,539
Maintenance charges	222,547	226,462	226,137	325
	<b>2,390,008</b>	<b>2,606,823</b>	<b>2,463,013</b>	<b>143,810</b>
<b>City Controller</b>				
Personnel services	1,885,832	1,860,132	1,859,947	185
Contractual services	200,300	200,300	109,388	90,912
Materials and supplies	44,075	44,075	29,356	14,719
Maintenance charges	79,785	79,785	76,286	3,499
	<b>\$ 2,209,992</b>	<b>\$ 2,184,292</b>	<b>\$ 2,074,977</b>	<b>\$ 109,315</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, 2019**

<b>EXPENDITURES</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>General Government, Continued</b>				
<b>Tax</b>				
Contractual services	\$ 512,500	\$ 586,300	\$ 586,251	\$ 49
Materials and supplies	20	20	-	20
	<b>512,520</b>	<b>586,320</b>	<b>586,251</b>	<b>69</b>
<b>Purchasing</b>				
Personnel services	457,398	466,498	465,854	644
Contractual services	13,838	13,838	13,483	355
Materials and supplies	7,345	7,345	6,788	557
Maintenance charges	38,702	38,702	37,575	1,127
	<b>517,283</b>	<b>526,383</b>	<b>523,700</b>	<b>2,683</b>
<b>Legal</b>				
Personnel services	1,109,250	1,132,050	1,124,646	7,404
Contractual services	222,375	222,375	98,123	124,252
Materials and supplies	38,453	38,453	31,573	6,880
Maintenance charges	69,808	69,808	64,542	5,266
Other charges	275,000	275,000	264,270	10,730
	<b>1,714,886</b>	<b>1,737,686</b>	<b>1,583,154</b>	<b>154,532</b>
<b>City Secretary</b>				
Personnel services	372,444	380,544	372,212	8,332
Contractual services	47,950	47,950	25,180	22,770
Materials and supplies	7,000	7,000	3,739	3,261
Maintenance charges	46,080	46,080	40,095	5,985
	<b>473,474</b>	<b>481,574</b>	<b>441,226</b>	<b>40,348</b>
<b>Elections</b>				
Contractual services	65,200	65,200	62,846	2,354
Materials and supplies	1,950	1,950	496	1,454
	<b>67,150</b>	<b>67,150</b>	<b>63,342</b>	<b>3,808</b>
<b>Human Resources</b>				
Personnel services	824,873	748,373	748,138	235
Contractual services	135,750	135,750	52,892	82,858
Materials and supplies	56,950	56,950	49,802	7,148
Maintenance charges	69,820	75,770	75,766	4
	<b>1,087,393</b>	<b>1,016,843</b>	<b>926,598</b>	<b>90,245</b>
<b>Civil Service</b>				
Personnel services	-	-	-	-
Contractual services	54,400	54,400	54,102	298
Materials and supplies	4,000	4,000	540	3,460
	<b>\$ 58,400</b>	<b>\$ 58,400</b>	<b>\$ 54,642</b>	<b>\$ 3,758</b>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>City Marshall</b>				
Personnel services	\$ 1,063,214	\$ 1,096,914	\$ 1,096,880	\$ 34
Contractual services	26,000	26,809	19,613	7,196
Materials and supplies	43,635	45,884	29,662	16,222
Maintenance charges	162,141	159,083	158,379	704
	<b>1,294,990</b>	<b>1,328,690</b>	<b>1,304,534</b>	<b>24,156</b>
<b>Community Relations</b>				
Personnel services	916,484	951,399	951,399	-
Contractual services	135,600	144,600	120,335	24,265
Materials and supplies	51,850	51,850	21,254	30,596
Maintenance charges	148,661	148,661	146,956	1,705
	<b>1,252,595</b>	<b>1,296,510</b>	<b>1,239,944</b>	<b>56,566</b>
<b>Pasadena Action Line</b>				
Personnel services	405,255	412,755	410,538	2,217
Contractual services	2,100	2,100	802	1,298
Materials and supplies	6,600	6,600	439	6,161
Maintenance charges	22,119	22,119	21,400	719
	<b>436,074</b>	<b>443,574</b>	<b>433,179</b>	<b>10,395</b>
<b>Planning</b>				
Personnel services	433,489	441,201	441,201	-
Contractual services	148,091	185,091	110,468	74,623
Materials and supplies	18,000	18,000	8,944	9,056
Maintenance charges	62,167	49,667	49,639	28
	<b>661,747</b>	<b>693,959</b>	<b>610,252</b>	<b>83,707</b>
<b>Economic Development Liaison</b>				
Personnel services	577,063	507,763	507,691	72
Contractual services	7,000	7,000	4,618	2,382
Materials and supplies	2,000	4,775	4,771	4
Maintenance charges	26,794	46,270	46,269	1
	<b>\$ 612,857</b>	<b>\$ 565,808</b>	<b>\$ 563,349</b>	<b>\$ 2,459</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, 2019**

<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	\$ 347,352	\$ 348,552	\$ 348,194	\$ 358
Contractual services	224,263	227,263	150,848	76,415
Materials and supplies	28,771	28,771	7,062	21,709
Maintenance charges	24,449	24,496	24,495	1
	<b>624,835</b>	<b>629,082</b>	<b>530,599</b>	<b>98,483</b>
<b>Inspections</b>				
Personnel services	1,453,573	1,358,073	1,358,019	54
Contractual services	62,950	53,950	39,664	14,286
Materials and supplies	22,120	30,905	14,989	15,916
Maintenance charges	160,657	160,872	158,997	1,875
	<b>1,699,300</b>	<b>1,603,800</b>	<b>1,571,669</b>	<b>32,131</b>
<b>Property Management</b>				
Personnel services	337,806	344,606	341,758	2,848
Contractual services	766,989	711,434	382,027	329,407
Materials and supplies	182,827	182,827	14,594	168,233
Maintenance charges	436,777	63,777	63,637	140
Capital outlay	100,000	100,000	-	100,000
	<b>1,824,399</b>	<b>1,402,644</b>	<b>802,016</b>	<b>600,628</b>
<b>City Hall</b>				
Contractual services	375,000	758,019	622,920	135,099
Materials and supplies	86,397	86,397	43,007	43,390
Maintenance charges	110,432	228,432	228,402	30
Capital outlay	160,000	185,000	10,298	174,702
	<b>731,829</b>	<b>1,257,848</b>	<b>904,627</b>	<b>353,221</b>
<b>Facilities Management</b>				
Personnel services	-	-	-	-
Contractual services	293,000	293,000	145,004	147,996
Materials and supplies	42,500	42,500	22,694	19,806
Other charges	-	7,730	7,726	4
	<b>335,500</b>	<b>343,230</b>	<b>175,424</b>	<b>167,806</b>
<b>Impound/Storage</b>				
Personnel services	381,026	320,326	320,297	29
Contractual services	6,600	6,600	3,735	2,865
Materials and supplies	6,500	6,500	3,274	3,226
Maintenance charges	1,962	4,479	4,479	-
	<b>396,088</b>	<b>337,905</b>	<b>331,785</b>	<b>6,120</b>
<b>Other Charges</b>				
Personnel services	986,329	868	-	868
Contractual services	290,000	330,000	153,612	176,388
Materials and supplies	-	59,930	59,930	-
Other charges	56,500	55,725	30,591	25,134
Other uses	92,500	92,500	64,814	27,686
	<b>1,425,329</b>	<b>539,023</b>	<b>308,947</b>	<b>230,076</b>
<b>Total General Government</b>	<b>\$ 21,874,483</b>	<b>\$ 21,086,578</b>	<b>\$ 18,720,751</b>	<b>\$ 2,365,827</b>

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Public Safety</b>				
<b>Emergency Preparedness</b>				
Personnel services	\$ 624,147	\$ 647,000	\$ 646,999	\$ 1
Contractual services	83,730	96,196	92,418	3,778
Materials and supplies	23,350	28,350	18,422	9,928
Maintenance charges	198,199	198,199	195,792	2,407
	<b>929,426</b>	<b>969,745</b>	<b>953,631</b>	<b>16,114</b>
<b>Fire Fighting</b>				
Personnel services	718,888	738,288	738,254	34
Contractual services	1,191,908	1,241,408	1,052,772	188,636
Materials and supplies	731,486	731,485	319,205	412,280
Maintenance charges	944,334	948,384	948,373	11
Capital outlay	102,896	102,896	44,791	58,105
	<b>3,689,512</b>	<b>3,762,461</b>	<b>3,103,395</b>	<b>659,066</b>
<b>Fire Prevention</b>				
Personnel services	1,197,253	1,332,753	1,332,150	603
Contractual services	97,600	105,860	105,860	-
Materials and supplies	61,228	61,228	50,974	10,254
Maintenance charges	322,062	308,365	305,779	2,586
	<b>1,678,143</b>	<b>1,808,206</b>	<b>1,794,763</b>	<b>13,443</b>
<b>Police</b>				
Personnel services	36,588,417	37,961,038	37,954,496	6,542
Contractual services	551,135	553,085	432,557	120,528
Materials and supplies	348,490	354,354	309,327	45,027
Maintenance charges	4,335,777	4,366,842	4,292,781	74,061
Capital outlay	52,359	52,369	52,369	-
	<b>41,876,178</b>	<b>43,287,688</b>	<b>43,041,530</b>	<b>246,158</b>
<b>Code Enforcement</b>				
Personnel services	305,663	320,563	320,501	62
Contractual services	254,512	254,512	176,770	77,742
Materials and supplies	62,638	62,638	49,173	13,465
Maintenance charges	192,600	194,420	194,320	100
	<b>815,413</b>	<b>832,133</b>	<b>740,764</b>	<b>91,369</b>
<b>Total Public Safety</b>	<b>\$ 48,988,672</b>	<b>\$ 50,660,233</b>	<b>\$ 49,634,083</b>	<b>\$ 1,026,150</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, 2019**

<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	\$ 1,615,796	\$ 1,648,196	\$ 1,646,087	\$ 2,109
Contractual services	279,100	343,394	326,856	16,538
Materials and supplies	33,800	33,800	28,198	5,602
Maintenance charges	164,368	164,368	161,452	2,916
	<b>2,093,064</b>	<b>2,189,758</b>	<b>2,162,593</b>	<b>27,165</b>
<b>Street Lighting and Signals</b>				
Contractual services	1,418,000	1,343,000	1,203,030	139,970
	<b>1,418,000</b>	<b>1,343,000</b>	<b>1,203,030</b>	<b>139,970</b>
<b>Sanitation</b>				
Personnel services	2,665,377	2,489,677	2,489,630	47
Contractual services	5,071,194	5,146,194	5,094,058	52,136
Materials and supplies	330,563	330,563	134,698	195,865
Maintenance charges	281,353	287,893	287,869	24
	<b>8,348,487</b>	<b>8,254,327</b>	<b>8,006,255</b>	<b>248,072</b>
<b>Street and Bridge</b>				
Personnel services	2,047,465	2,187,015	2,186,985	30
Contractual services	65,650	65,650	26,948	38,702
Materials and supplies	465,594	465,594	330,279	135,315
Maintenance charges	359,090	362,915	362,913	2
Capital outlay	15,000	14,990	12,000	2,990
	<b>2,952,799</b>	<b>3,096,164</b>	<b>2,919,125</b>	<b>177,039</b>
<b>Traffic and Transportation</b>				
Personnel services	908,781	925,181	914,330	10,851
Contractual services	298,300	298,300	169,416	128,884
Materials and supplies	269,644	319,644	235,638	84,006
Maintenance charges	105,585	106,902	106,902	-
Capital outlay	78,000	28,000	5,336	22,664
	<b>1,660,310</b>	<b>1,678,027</b>	<b>1,431,622</b>	<b>246,405</b>
<b>Total Public Works</b>	<b>\$ 16,472,660</b>	<b>\$ 16,561,276</b>	<b>\$ 15,722,625</b>	<b>\$ 838,651</b>

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Personnel services	\$ 1,070,533	\$ 1,064,433	\$ 1,031,696	\$ 32,737
Contractual services	737,550	733,950	613,013	120,937
Materials and supplies	18,650	149,204	146,925	2,279
Maintenance charges	107,413	107,413	106,592	821
	<b>1,934,146</b>	<b>2,055,000</b>	<b>1,898,226</b>	<b>156,774</b>

**Animal Rescue and Assistance**

Personnel services	2,393,368	2,340,968	2,128,436	212,532
Contractual services	317,989	377,989	343,329	34,660
Materials and supplies	294,110	340,306	280,082	60,224
Maintenance charges	329,370	329,370	312,337	17,033
Capital outlay	-	-	-	-
	<b>3,334,837</b>	<b>3,388,633</b>	<b>3,064,184</b>	<b>324,449</b>

**Total Health**

	<b>5,268,983</b>	<b>5,443,633</b>	<b>4,962,410</b>	<b>481,223</b>
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**Culture and Recreation****Parks**

Personnel services	2,263,949	2,191,949	2,058,159	133,790
Contractual services	492,300	492,300	341,628	150,672
Materials and supplies	248,031	359,116	278,624	80,492
Maintenance charges	771,620	771,620	732,312	39,308
Capital outlay	625,759	686,409	122,175	564,234
	<b>4,401,659</b>	<b>4,501,394</b>	<b>3,532,898</b>	<b>968,496</b>

**Recreation**

Personnel services	2,438,574	2,536,324	2,354,521	181,803
Contractual services	510,745	514,146	323,046	191,100
Materials and supplies	526,322	524,322	394,014	130,308
Maintenance charges	394,520	414,837	401,311	13,526
Other charges	94,000	94,000	75,317	18,683
Capital outlay	120,650	60,000	-	60,000
	<b>\$ 4,084,811</b>	<b>\$ 4,143,629</b>	<b>\$ 3,548,209</b>	<b>\$ 595,420</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, 2019**

<b>EXPENDITURES</b> <b>Culture and Recreation, Continued</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Clean Streets</b>				
Personnel services	\$ 1,369,194	\$ 1,339,294	\$ 1,276,696	\$ 62,598
Contractual services	247,200	247,200	222,747	24,453
Materials and supplies	80,155	80,155	38,979	41,176
Maintenance charges	254,592	262,792	262,726	66
	<b>1,951,141</b>	<b>1,929,441</b>	<b>1,801,148</b>	<b>128,293</b>
<b>Golf Course</b>				
Personnel services	529,659	597,056	596,992	64
Contractual services	111,800	111,800	84,951	26,849
Materials and supplies	194,900	194,900	142,408	52,492
Maintenance charges	120,524	255,524	254,770	754
	<b>956,883</b>	<b>1,159,280</b>	<b>1,079,121</b>	<b>80,159</b>
<b>Multi-Purpose Center</b>				
Personnel services	423,802	436,252	436,248	4
Contractual services	40,800	40,800	36,047	4,753
Materials and supplies	47,156	47,156	42,791	4,365
Maintenance charges	56,128	72,728	72,646	82
Other charges	15,500	15,928	15,922	6
	<b>583,386</b>	<b>612,864</b>	<b>603,654</b>	<b>9,210</b>
<b>Civic Center</b>				
Personnel services	404,736	388,836	358,205	30,631
Contractual services	127,000	127,000	110,568	16,432
Materials and supplies	11,575	11,575	9,583	1,992
Maintenance charges	247,984	247,984	227,414	20,570
	<b>791,295</b>	<b>775,395</b>	<b>705,770</b>	<b>69,625</b>
<b>Senior Center - Madison Jobe</b>				
Personnel services	511,605	479,505	433,949	45,556
Contractual services	52,900	52,900	46,121	6,779
Materials and supplies	54,489	54,489	53,836	653
Maintenance charges	87,728	88,003	88,003	-
Other charges	34,500	34,500	34,396	104
Capital outlay	15,000	15,000	8,361	6,639
	<b>756,222</b>	<b>724,397</b>	<b>664,666</b>	<b>59,731</b>
<b>Museum</b>				
Personnel services	32,348	96,441	71,519	24,922
Contractual services	8,500	8,500	8,014	486
Materials and supplies	11,600	11,600	9,789	1,811
Maintenance charges	15,790	15,790	15,535	255
Other charges	2,000	2,000	1,995	5
	<b>\$ 70,238</b>	<b>\$ 134,331</b>	<b>\$ 106,852</b>	<b>\$ 27,479</b>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Library</b>				
Personnel services	\$ 2,833,162	\$ 2,738,047	\$ 2,647,258	\$ 90,789
Contractual services	329,465	329,465	293,151	36,314
Materials and supplies	173,980	190,357	129,448	60,909
Maintenance charges	452,751	475,651	475,484	167
Capital outlay	246,000	231,000	224,949	6,051
	<b>4,035,358</b>	<b>3,964,520</b>	<b>3,770,290</b>	<b>194,230</b>
<b>Total Culture and Recreation</b>	<b>17,630,993</b>	<b>17,945,251</b>	<b>15,812,608</b>	<b>2,132,643</b>
<b>TOTAL EXPENDITURES</b>	<b>110,235,791</b>	<b>111,696,971</b>	<b>104,852,477</b>	<b>6,844,494</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,007,516</b>	<b>9,402,404</b>	<b>24,005,637</b>	<b>14,603,233</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)				
Health insurance fund	-	(1,225,000)	(1,225,000)	-
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	(1,761,025)	(2,127,983)	(2,127,983)	-
Grant management fund	-	(8,392,994)	(8,392,994)	-
Sale of capital assets	40,000	40,000	3,001	(36,999)
	<b>528,975</b>	<b>(9,455,977)</b>	<b>(9,492,976)</b>	<b>(36,999)</b>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>528,975</b>	<b>(9,455,977)</b>	<b>(9,492,976)</b>	<b>(36,999)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,536,491</b>	<b>(53,573)</b>	<b>14,512,661</b>	<b>14,566,234</b>
<b>FUND BALANCE - BEGINNING</b>	<b>41,641,746</b>	<b>51,716,919</b>	<b>51,716,919</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 45,178,237</b>	<b>\$ 51,663,346</b>	<b>\$ 66,229,580</b>	<b>\$ 14,566,234</b>



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## **MAJOR FUND**

### **DEBT SERVICE FUND**

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



**CITY OF PASADENA, TEXAS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<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	\$ 11,978,701	\$ 11,978,701	\$ 12,302,034	\$ 323,333
Investment income	12,000	12,000	80,089	68,089
<b>TOTAL REVENUES</b>	<b>11,990,701</b>	<b>11,990,701</b>	<b>12,382,123</b>	<b>391,422</b>
<b>EXPENDITURES</b>				
Debt service				
Principal	8,022,613	7,786,709	7,757,613	29,096
Interest	3,725,088	3,960,992	3,924,353	36,639
Fiscal charges	5,000	5,000	-	5,000
Other charges	12,000	12,000	-	12,000
<b>TOTAL EXPENDITURES</b>	<b>11,764,701</b>	<b>11,764,701</b>	<b>11,681,966</b>	<b>82,735</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>226,000</b>	<b>226,000</b>	<b>700,157</b>	<b>474,157</b>
<b>NET CHANGE IN FUND BALANCE</b>	226,000	226,000	700,157	474,157
<b>FUND BALANCES - BEGINNING</b>	1,846,662	2,339,765	2,339,765	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 2,072,662</b>	<b>\$ 2,565,765</b>	<b>\$ 3,039,922</b>	<b>\$ 474,157</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  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2019**

	Special Revenue				
	Special Charge Allocation Fund	State Forfeited Property	Hotel and Motel Tax	Abandoned Motor Vehicles and Property	Total Funds
<b><u>ASSETS</u></b>					
Due from other funds	\$ 994,449	\$ 12,152	\$ 50,206	\$ 64,523	\$ 1,121,330
Restricted assets					
Cash and cash equivalents	-	53,079	-	-	53,079
Investments	1,809,952	1,332,027	5,704,313	420,262	9,266,554
Receivables (net of allowances of uncollectibles)					
Intergovernmental	122,844	268,221	-	-	391,065
Accounts	-	-	357,930	-	357,930
<b>TOTAL ASSETS</b>	<b>\$ 2,927,245</b>	<b>\$ 1,665,479</b>	<b>\$ 6,112,449</b>	<b>\$ 484,785</b>	<b>\$ 11,189,958</b>
<b><u>LIABILITIES</u></b>					
Due to other funds	\$ -	\$ 15,250	\$ -	\$ -	\$ 15,250
Liabilities payable from restricted assets					
Accounts payable	66,063	74,603	175,178	33,599	349,443
Accrued payroll payable	6,024	-	3,209	3,260	12,493
Unearned revenue	51,530	-	-	-	51,530
	123,617	74,603	178,387	36,859	413,466
<b>TOTAL LIABILITIES</b>	<b>123,617</b>	<b>89,853</b>	<b>178,387</b>	<b>36,859</b>	<b>428,716</b>
<b><u>FUND BALANCES</u></b>					
Restricted	2,803,628	1,575,626	5,934,062	447,926	10,761,242
<b>TOTAL FUND BALANCES</b>	<b>2,803,628</b>	<b>1,575,626</b>	<b>5,934,062</b>	<b>447,926</b>	<b>10,761,242</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,927,245</b>	<b>\$ 1,665,479</b>	<b>\$ 6,112,449</b>	<b>\$ 484,785</b>	<b>\$ 11,189,958</b>

**CITY OF PASADENA, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	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	\$ 257,614	\$ -	\$ -	\$ -	\$ 257,614
Other taxes	-	-	1,570,222	-	1,570,222
Licenses and permits	3,290	-	-	-	3,290
Municipal court fines	323,885	-	-	-	323,885
Intergovernmental	263,220	887,309	-	-	1,150,529
Miscellaneous	5,719	15,250	-	378,011	398,980
Investment income	39,191	25,346	128,236	11,570	204,343
<b>TOTAL REVENUES</b>	<b>892,919</b>	<b>927,905</b>	<b>1,698,458</b>	<b>389,581</b>	<b>3,908,863</b>
<b>EXPENDITURES</b>					
Current					
General government					
Personnel services	130,921	-	-	-	130,921
Contractual services	130,764	-	-	-	130,764
Materials and supplies	26,120	-	-	-	26,120
Capital outlay	55,922	-	-	-	55,922
Public safety					
Personnel services	143,224	-	-	104,176	247,400
Contractual services	87,682	73,123	-	238,381	399,186
Materials and supplies	46,116	77,497	-	34,798	158,411
Other charges	-	154,753	-	43,895	198,648
Capital outlay	-	15,250	-	-	15,250
Culture and recreation					
Personnel services	-	-	154,580	-	154,580
Contractual services	-	-	158,814	-	158,814
Materials and supplies	-	-	116,308	-	116,308
Other charges	-	-	152,908	-	152,908
Capital outlay	-	-	406,123	-	406,123
<b>TOTAL EXPENDITURES</b>	<b>620,749</b>	<b>320,623</b>	<b>988,733</b>	<b>421,250</b>	<b>2,351,355</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>272,170</b>	<b>607,282</b>	<b>709,725</b>	<b>(31,669)</b>	<b>1,557,508</b>
<b>FUND BALANCES - BEGINNING</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>FUND BALANCES - ENDING</b>	<b>\$2,803,628</b>	<b>\$1,575,626</b>	<b>\$5,934,062</b>	<b>\$ 447,926</b>	<b>\$10,761,242</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Franchise fees	\$ 275,000	\$ 275,000	\$ 257,614	\$ (17,386)
Licenses and permits	3,000	3,000	3,290	290
Municipal court fines	338,000	338,000	323,885	(14,115)
Intergovernmental	293,000	293,000	263,220	(29,780)
Miscellaneous	5,000	5,000	5,719	719
Investment income	18,200	18,200	39,191	20,991
<b>TOTAL REVENUES</b>	<b><u>932,200</u></b>	<b><u>932,200</u></b>	<b><u>892,919</u></b>	<b><u>(39,281)</u></b>
<b>EXPENDITURES</b>				
Current				
General government				
Personnel services	129,060	138,975	130,921	8,054
Contractual services	217,803	217,803	130,764	87,039
Materials and supplies	131,400	131,400	26,120	105,280
Capital outlay	250,000	250,000	55,922	194,078
Public safety				
Personnel services	153,321	154,901	143,224	11,677
Contractual services	163,620	163,620	87,682	75,938
Materials and supplies	57,600	56,020	46,116	9,904
Capital outlay	45,000	45,000	-	45,000
<b>TOTAL EXPENDITURES</b>	<b><u>1,147,804</u></b>	<b><u>1,157,719</u></b>	<b><u>620,749</u></b>	<b><u>536,970</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(215,604)</b>	<b>(225,519)</b>	<b>272,170</b>	<b>497,689</b>
<b>FUND BALANCES - BEGINNING</b>	<b><u>2,379,974</u></b>	<b><u>2,531,458</u></b>	<b><u>2,531,458</u></b>	<b><u>-</u></b>
<b>FUND BALANCES - ENDING</b>	<b><u>\$ 2,164,370</u></b>	<b><u>\$ 2,305,939</u></b>	<b><u>\$ 2,803,628</u></b>	<b><u>\$ 497,689</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 902,559	\$ 902,559
Investment income	7,800	7,800	25,346	17,546
<b>TOTAL REVENUES</b>	<b>7,800</b>	<b>7,800</b>	<b>927,905</b>	<b>920,105</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Contractual services	97,265	97,265	73,123	24,142
Materials and supplies	120,978	86,178	77,497	8,681
Other charges	70,000	154,800	154,753	47
Capital outlay	-	50,000	15,250	34,750
<b>TOTAL EXPENDITURES</b>	<b>288,243</b>	<b>388,243</b>	<b>320,623</b>	<b>67,620</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(280,443)</b>	<b>(380,443)</b>	<b>607,282</b>	<b>987,725</b>
<b>FUND BALANCES - BEGINNING</b>	<b>429,277</b>	<b>968,344</b>	<b>968,344</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 148,834</b>	<b>\$ 587,901</b>	<b>\$ 1,575,626</b>	<b>\$ 987,725</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, 2019**

	<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	\$ 1,500,000	\$ 1,500,000	\$ 1,570,222	\$ 70,222
Investment income	52,000	52,000	128,236	76,236
<b>TOTAL REVENUES</b>	<b><u>1,552,000</u></b>	<b><u>1,552,000</u></b>	<b><u>1,698,458</u></b>	<b><u>146,458</u></b>
<b>EXPENDITURES</b>				
Current				
Culture and recreation				
Personnel services	149,232	154,632	154,580	52
Contractual services	159,670	227,270	158,814	68,456
Materials and supplies	100,900	172,900	116,308	56,592
Other charges	157,500	157,500	152,908	4,592
Capital outlay	624,011	479,011	406,123	72,888
<b>TOTAL EXPENDITURES</b>	<b><u>1,191,313</u></b>	<b><u>1,191,313</u></b>	<b><u>988,733</u></b>	<b><u>202,580</u></b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>360,687</b>	<b>360,687</b>	<b>709,725</b>	<b>349,038</b>
<b>FUND BALANCES - BEGINNING</b>	<b><u>5,245,850</u></b>	<b><u>5,224,337</u></b>	<b><u>5,224,337</u></b>	<b><u>-</u></b>
<b>FUND BALANCES - ENDING</b>	<b><u>\$ 5,606,537</u></b>	<b><u>\$ 5,585,024</u></b>	<b><u>\$ 5,934,062</u></b>	<b><u>\$ 349,038</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 300,000	\$ 300,000	\$ 378,011	\$ 78,011
Investment income	4,000	4,000	11,570	7,570
<b>TOTAL REVENUES</b>	<b><u>304,000</u></b>	<b><u>304,000</u></b>	<b><u>389,581</u></b>	<b><u>85,581</u></b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	141,394	141,394	104,176	37,218
Contractual services	250,200	250,200	238,381	11,819
Materials and supplies	39,500	39,500	34,798	4,702
Other charges	45,000	45,000	43,895	1,105
<b>TOTAL EXPENDITURES</b>	<b><u>476,094</u></b>	<b><u>476,094</u></b>	<b><u>421,250</u></b>	<b><u>54,844</u></b>
<b>(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(172,094)</b>	<b>(172,094)</b>	<b>(31,669)</b>	<b>140,425</b>
<b>FUND BALANCES - BEGINNING</b>	<b><u>559,066</u></b>	<b><u>479,595</u></b>	<b><u>479,595</u></b>	<b><u>-</u></b>
<b>FUND BALANCES - ENDING</b>	<b><u>\$ 386,972</u></b>	<b><u>\$ 307,501</u></b>	<b><u>\$ 447,926</u></b>	<b><u>\$ 140,425</u></b>

## **INTERNAL SERVICE FUNDS**

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

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

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

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

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

**CITY OF PASADENA, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
<b>ASSETS</b>					
<b>Current Assets</b>					
Investments - TexPool	\$ 7,921,131	\$ 2,977,558	\$ 5,766,995	\$ 4,047,338	\$ 20,713,022
Accounts receivable	243	-	10,405	208,040	218,688
Due from other funds					
General	1,581,751	747	-	-	1,582,498
Special revenue	15,250	-	-	-	15,250
Water and sewer system	96,463	-	-	-	96,463
Inventory, at cost	540,054	-	-	-	540,054
Prepaid items	-	-	550,346	-	550,346
<b>Total Current Assets</b>	<b>10,154,892</b>	<b>2,978,305</b>	<b>6,327,746</b>	<b>4,255,378</b>	<b>23,716,321</b>
<b>Noncurrent Assets</b>					
<b>Deposits</b>					
	-	4,000	-	370,000	374,000
<b>Capital Assets</b>					
Land	602	-	-	-	602
Buildings and building improvements	2,233,791	-	-	-	2,233,791
Accumulated depreciation - buildings and building improvements	(1,799,424)	-	-	-	(1,799,424)
Facilities and other improvements	188,004	-	-	-	188,004
Accumulated depreciation - facilities and other improvements	(80,912)	-	-	-	(80,912)
Machinery and equipment	10,405,591	-	-	-	10,405,591
Accumulated depreciation - machinery and equipment	(6,334,163)	-	-	-	(6,334,163)
Infrastructure	41,746	-	-	-	41,746
Accumulated depreciation - infrastructure	(26,465)	-	-	-	(26,465)
Automotive equipment	47,949,230	-	-	-	47,949,230
Accumulated depreciation - automotive equipment	(29,266,249)	-	-	-	(29,266,249)
Work in progress	2,087,350	-	-	-	2,087,350
<b>Net Capital Assets</b>	<b>25,399,101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,399,101</b>
<b>Total Noncurrent Assets</b>	<b>25,399,101</b>	<b>4,000</b>	<b>-</b>	<b>370,000</b>	<b>25,773,101</b>
<b>TOTAL ASSETS</b>	<b>35,553,993</b>	<b>2,982,305</b>	<b>6,327,746</b>	<b>4,625,378</b>	<b>49,489,422</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows on:					
Contribution subsequent to the measurement date pension - TMRS	449,657	-	-	-	449,657
Deferred outflow on investment - pension	1,283,867	-	-	-	1,283,867
Changes in actuarial assumptions pension - TMRS	50,756	-	-	-	50,756
Changes in actuarial assumptions - OPEB	106,045	-	-	-	106,045
Contributions subsequent to the measurement date - OPEB	67,863	-	-	-	67,863
Changes in actuarial assumptions - OPEB-SDBF	13,247	-	-	-	13,247
Contribution subsequent to the measurement date - OPEB-SDBF	2,243	-	-	-	2,243
Difference between expected and actual economic experience pension - TMRS	26,646	-	-	-	26,646
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,000,324</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,000,324</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	\$ 1,639,269	\$ 900	\$ 86,276	\$ 171,351	\$ 1,897,796
Accrued payroll payable	138,286	2,618	-	3,349	144,253
Due to other funds					
General	-	-	56,049	174,292	230,341
Claims payable	-	18,408	-	692,398	710,806
Compensated absences payable	154,502	-	-	-	154,502
<b>Total Current Liabilities</b>	<b>1,932,057</b>	<b>21,926</b>	<b>142,325</b>	<b>1,041,390</b>	<b>3,137,698</b>
<b>Noncurrent Liabilities</b>					
Claims payable	-	12,272	-	461,599	473,871
Compensated absences payable	1,390,520	-	-	-	1,390,520
OPEB GASB 75 liability	2,727,662	-	-	-	2,727,662
SDBF OPEB liability	266,400	-	-	-	266,400
Net pension liability	3,189,019	-	-	-	3,189,019
<b>Total Noncurrent Liabilities</b>	<b>7,573,601</b>	<b>12,272</b>	<b>-</b>	<b>461,599</b>	<b>8,047,472</b>
<b>TOTAL LIABILITIES</b>	<b>9,505,658</b>	<b>34,198</b>	<b>142,325</b>	<b>1,502,989</b>	<b>11,185,170</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred inflows on:					
Investment on pension TMRS	89,267	-	-	-	89,267
Change in assumption SDBF	14,494	-	-	-	14,494
Difference between expected and actual experience SDBF	8,835	-	-	-	8,835
Assumption OPEB	102,827	-	-	-	102,827
Difference between expected actual experience OPEB	14,923	-	-	-	14,923
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>230,346</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>230,346</b>
<b><u>NET POSITION</u></b>					
Net investment in capital assets	25,399,101	-	-	-	25,399,101
Unrestricted	2,419,212	2,948,107	6,185,421	3,122,389	14,675,129
<b>TOTAL NET POSITION</b>	<b>\$ 27,818,313</b>	<b>\$ 2,948,107</b>	<b>\$ 6,185,421</b>	<b>\$ 3,122,389</b>	<b>\$ 40,074,230</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, 2019

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 15,500,076	\$ 1,087,213	\$ 157,621	\$ 22,710,004	\$ 39,454,914
<b>OPERATING EXPENSES</b>					
Personnel services	6,867,983	179,206	-	-	7,047,189
Contractual services	1,860,816	22,882	-	126,004	2,009,702
Materials and supplies	4,468,603	29,240	-	-	4,497,843
Maintenance charges	1,773,973	-	-	-	1,773,973
Insurance/reinsurance premiums	-	679,760	1,443,614	3,422,045	5,545,419
Claim and legal expenses	-	12,843	454,324	18,852,737	19,319,904
Administration fees	-	-	-	612,002	612,002
Miscellaneous	-	-	-	905,430	905,430
Depreciation	3,543,760	-	-	-	3,543,760
<b>TOTAL OPERATING EXPENSES</b>	<b>18,515,135</b>	<b>923,931</b>	<b>1,897,938</b>	<b>23,918,218</b>	<b>45,255,222</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(3,015,059)</b>	<b>163,282</b>	<b>(1,740,317)</b>	<b>(1,208,214)</b>	<b>(5,800,308)</b>
<b>NONOPERATING REVENUES</b>					
(Loss) on sale of capital assets	(20,985)	-	-	-	(20,985)
Investment income	233,592	56,144	127,062	96,115	512,913
<b>TOTAL NONOPERATING REVENUES</b>	<b>212,607</b>	<b>56,144</b>	<b>127,062</b>	<b>96,115</b>	<b>491,928</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(2,802,452)</b>	<b>219,426</b>	<b>(1,613,255)</b>	<b>(1,112,099)</b>	<b>(5,308,380)</b>
Capital contributions	4,778,810	-	-	-	4,778,810
Transfers in	1,271,000	-	1,750,000	1,487,000	4,508,000
<b>CHANGES IN NET POSITION</b>	<b>3,247,358</b>	<b>219,426</b>	<b>136,745</b>	<b>374,901</b>	<b>3,978,430</b>
<b>TOTAL NET POSITION - BEGINNING</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>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 27,818,313</b>	<b>\$ 2,948,107</b>	<b>\$ 6,185,421</b>	<b>\$ 3,122,389</b>	<b>\$ 40,074,230</b>

**CITY OF PASADENA, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<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	\$ 14,338,157	\$ 1,358,190	\$ 157,621	\$ 13,720,692	\$ 29,574,660
Cash received from customers and users	21,567	-	-	8,931,151	8,952,718
Cash payments to suppliers for goods and services	(7,076,556)	-	-	-	(7,076,556)
Cash payments to employees for services	(6,195,885)	(179,080)	-	(8,361)	(6,383,326)
Cash payments for insurance premiums, liability claims, and administration	-	(754,872)	(1,921,666)	(23,673,367)	(26,349,905)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>1,087,283</b>	<b>424,238</b>	<b>(1,764,045)</b>	<b>(1,029,885)</b>	<b>(1,282,409)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>					
Transfers from other funds					
General	-	-	750,000	1,225,000	1,975,000
Water and sewer system	1,271,000	-	1,000,000	262,000	2,533,000
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>1,271,000</b>	<b>-</b>	<b>1,750,000</b>	<b>1,487,000</b>	<b>4,508,000</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>					
Proceeds from sale of capital assets	302,180	-	-	-	302,180
Acquisition and construction of capital assets	(5,030,846)	-	-	-	(5,030,846)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(4,728,666)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,728,666)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Purchase of investments	(2,923,539)	(1,116,309)	(1,919,268)	(16,737,756)	(22,696,872)
Proceeds from sale and maturities of investments	5,060,330	635,927	1,806,251	16,184,526	23,687,034
Investment income received	233,592	56,144	127,062	96,115	512,913
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>2,370,383</b>	<b>(424,238)</b>	<b>14,045</b>	<b>(457,115)</b>	<b>1,503,075</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>

	<b>Maintenance</b>	<b>Workers' Compensation Insurance</b>	<b>General Liability Insurance</b>	<b>Health Insurance</b>	<b>Total Funds</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	<b>\$ (3,015,059)</b>	<b>\$ 163,282</b>	<b>\$ (1,740,317)</b>	<b>\$ (1,208,214)</b>	<b>\$ (5,800,308)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>					
Depreciation	3,543,760	-	-	-	3,543,760
Changes in assets and liabilities					
(Increase) decrease in accounts receivable	(243)	-	3,954	(58,161)	(54,450)
Decrease in prepaids	-	-	1,687	-	1,687
(Increase) decrease in due from other funds	(1,140,109)	270,977	-	-	(869,132)
(Increase) in pension related deferred outflows	(1,978,094)	-	-	-	(1,978,094)
Decrease in inventory	23,947	-	-	-	23,947
Decrease in deposits	-	1,000	-	-	1,000
Increase (decrease) in accounts and claims payable	1,019,530	(11,147)	11,764	116,130	1,136,277
Increase (decrease) in accrued payroll payable	24,292	126	-	(8,361)	16,057
Increase in compensated absences payable	33,479	-	-	-	33,479
Increase in net pension liability	2,463,122	-	-	-	2,463,122
(Decrease) in OPEB liability	(34,938)	-	-	-	(34,938)
(Decrease) Increase in due to other funds	(16,641)	-	(41,133)	128,721	70,947
Increase in pension related deferred inflows	164,237	-	-	-	164,237
<b>Total Adjustments</b>	<b>4,102,342</b>	<b>260,956</b>	<b>(23,728)</b>	<b>178,329</b>	<b>4,517,899</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
	<b>\$ 1,087,283</b>	<b>\$ 424,238</b>	<b>\$ (1,764,045)</b>	<b>\$ (1,029,885)</b>	<b>\$ (1,282,409)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Contribution of capital assets from the government	\$ 4,778,810	\$ -	\$ -	\$ -	\$ 4,778,810



# STATISTICAL SECTION

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

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### I. Financial Trends

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

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### II. Revenue Capacity

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

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**IV. Demographic and Economic Information**

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

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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			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 463,105,305	\$ 472,614,231	\$ 478,211,050	\$ 483,252,803
Restricted	36,063,307	35,271,243	40,271,155	46,905,633
Unrestricted	16,138,845	14,744,816	22,491,388	23,545,604
Total governmental activities net position	<u>\$ 515,307,457</u>	<u>\$ 522,630,290</u>	<u>\$ 540,973,593</u>	<u>\$ 553,704,040</u>
Business-type activities				
Net investment in capital assets	\$ 157,245,239	\$ 159,525,608	\$ 160,991,697	\$ 163,652,579
Restricted	1,929,345	2,020,890	2,241,698	2,339,483
Unrestricted	13,307,492	17,664,879	28,726,466	30,178,589
Total business-type activities net position	<u>\$ 172,482,076</u>	<u>\$ 179,211,377</u>	<u>\$ 191,959,861</u>	<u>\$ 196,170,651</u>
Primary government				
Net investment in capital assets	\$ 620,350,544	\$ 632,139,839	\$ 639,202,747	\$ 646,905,382
Restricted	37,992,652	37,292,133	42,512,853	49,245,116
Unrestricted	29,446,337	32,409,695	51,217,854	53,724,193
Total primary government net position	<u>\$ 687,789,533</u>	<u>\$ 701,841,667</u>	<u>\$ 732,933,454</u>	<u>\$ 749,874,691</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 2010 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 2010 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 2010 to 2016.

**Fiscal Year**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 481,756,248	\$ 499,187,584	\$ 520,604,774	\$ 538,867,914	\$ 549,356,319	\$ 573,374,729
55,218,439	55,408,353	55,591,891	62,927,934	72,167,450	77,672,948
25,026,501	24,391,603	21,560,862	(12,496,375)	(5,486,534)	2,876,373
<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>	<u>\$ 653,924,050</u>
\$ 176,526,854	\$ 207,484,738	\$ 215,490,421	\$ 220,294,968	\$ 226,186,707	\$ 237,717,289
2,298,834	2,108,767	2,053,361	2,267,462	2,602,184	2,834,629
28,113,976	11,952,768	12,859,321	11,869,171	14,050,268	9,835,327
<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>	<u>\$ 250,387,245</u>
\$ 658,283,102	\$ 706,672,322	\$ 736,095,195	\$ 759,162,882	\$ 775,543,026	\$ 811,092,018
57,517,273	57,517,120	57,645,252	65,195,396	74,769,634	80,507,577
53,140,477	36,344,371	34,420,183	(627,204)	8,563,734	12,711,700
<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>	<u>\$ 904,311,295</u>

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

	Fiscal Year			
	2010	2011	2012	2013
<b>Expenses</b>				
Governmental activities				
General government	\$ 16,369,013	\$ 17,498,400	\$ 15,344,585	\$ 17,825,589
Public safety	46,743,243	45,242,538	44,094,055	48,354,722
Public works	22,194,436	21,049,209	19,734,083	21,579,683
Health	3,543,536	3,419,292	3,385,069	3,493,148
Culture and recreation	15,533,525	14,629,653	13,999,948	15,492,340
Housing and community development	10,102,166	10,672,024	9,976,482	9,324,100
Interest and fiscal agent fees on long-term debt	5,002,086	4,832,227	4,123,021	3,877,613
Total governmental activities expenses	<u>119,488,005</u>	<u>117,343,343</u>	<u>110,657,243</u>	<u>119,947,195</u>
Business-type activities				
Water and sewer	29,274,247	29,982,837	29,019,663	30,765,422
Total business-type activities expenses	<u>29,274,247</u>	<u>29,982,837</u>	<u>29,019,663</u>	<u>30,765,422</u>
Total primary government expenses	<u>\$ 148,762,252</u>	<u>\$ 147,326,180</u>	<u>\$ 139,676,906</u>	<u>\$ 150,712,617</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for service				
General government	\$ 11,802,432	\$ 9,431,596	\$ 9,411,401	\$ 9,022,279
Public safety	7,685,606	7,757,395	7,891,097	7,880,922
Other activities	4,220,825	4,134,589	4,139,681	5,058,845
Operating grants and contributions	13,576,536	12,087,315	12,370,427	11,579,631
Capital grants and contributions	4,999,237	8,610,718	12,799,735	7,769,209
Total governmental activities program revenues	<u>42,284,636</u>	<u>42,021,613</u>	<u>46,612,341</u>	<u>41,310,886</u>
Business-type activities:				
Charges for services:				
Water and sewer	33,419,961	36,894,886	36,790,596	37,235,536
Capital grants and contributions	-	-	212,675	147,596
Total business-type activities program revenues	<u>33,419,961</u>	<u>36,894,886</u>	<u>37,003,271</u>	<u>37,383,132</u>
Total primary government program revenues	<u>\$ 75,704,597</u>	<u>\$ 78,916,499</u>	<u>\$ 83,615,612</u>	<u>\$ 78,694,018</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (77,203,369)	\$ (75,321,730)	\$ (64,044,902)	\$ (78,636,309)
Business-type activities	4,145,714	6,912,049	7,983,608	6,617,710
Total primary government net expense	<u>\$ (73,057,655)</u>	<u>\$ (68,409,681)</u>	<u>\$ (56,061,294)</u>	<u>\$ (72,018,599)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
General property taxes	\$ 32,609,811	\$ 33,224,390	\$ 34,997,328	\$ 35,501,359
Industrial district fees	15,777,475	15,980,044	16,773,145	17,548,408
Sales taxes	23,213,061	23,954,810	25,789,345	27,938,085
Utility taxes	7,948,433	8,550,770	8,704,878	8,932,383
Other taxes/fees	5,523,330	544,183	671,036	716,284
Investment earnings				
Unrestricted	125,652	84,799	96,098	89,748
Restricted	154,475	89,411	86,079	65,620
Gain on sale of capital assets	-	-	-	63,864
Transfers	298,328	216,156	(4,729,704)	1,668,346
Total governmental activities	<u>85,650,565</u>	<u>82,644,563</u>	<u>82,388,205</u>	<u>92,524,097</u>
Business-type activities:				
Investment earnings				
Unrestricted	26,823	22,636	25,510	23,752
Restricted	24,997	10,772	9,662	3,947
Gain on sale of capital assets	-	-	-	-
Transfers	(298,328)	(216,156)	4,729,704	(1,668,346)
Total business-type activities	<u>(246,508)</u>	<u>(182,748)</u>	<u>4,764,876</u>	<u>(1,640,647)</u>
Total primary government	<u>\$ 85,404,057</u>	<u>\$ 82,461,815</u>	<u>\$ 87,153,081</u>	<u>\$ 90,883,450</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 8,447,196	\$ 7,322,833	\$ 18,343,303	\$ 13,887,788
Business-type activities	3,899,206	6,729,301	12,748,484	4,977,063
Total primary government	<u>\$ 12,346,402</u>	<u>\$ 14,052,134</u>	<u>\$ 31,091,787</u>	<u>\$ 18,864,851</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 2010 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 2010 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 2010 to 2016.

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 20,070,338	\$ 17,122,766	\$ 20,888,643	\$ 22,756,730	\$ 22,314,761	\$ 24,232,165	
47,153,867	48,403,071	51,631,147	55,497,066	54,984,996	64,439,246	
23,789,663	23,367,837	23,608,280	25,898,493	27,196,488	27,409,484	
3,873,409	4,013,432	4,209,705	4,901,819	4,956,796	5,814,364	
15,853,285	16,579,672	17,650,996	19,232,324	19,670,659	20,570,645	
7,922,281	7,512,375	7,985,634	8,804,281	8,544,976	9,961,106	
3,564,479	3,439,836	2,627,998	2,097,954	2,689,213	3,896,638	
<u>122,227,322</u>	<u>120,438,989</u>	<u>128,602,403</u>	<u>139,188,667</u>	<u>140,357,889</u>	<u>156,323,648</u>	
31,443,569	30,561,782	30,062,074	32,993,854	33,635,459	34,994,334	
<u>31,443,569</u>	<u>30,561,782</u>	<u>30,062,074</u>	<u>32,993,854</u>	<u>33,635,459</u>	<u>34,994,334</u>	
<u>\$ 153,670,891</u>	<u>\$ 151,000,771</u>	<u>\$ 158,664,477</u>	<u>\$ 172,182,521</u>	<u>\$ 173,993,348</u>	<u>\$ 191,317,982</u>	
\$ 11,987,529	\$ 10,021,968	\$ 10,003,780	\$ 10,185,899	\$ 12,423,053	\$ 13,907,080	
8,355,481	8,236,938	8,368,016	7,893,379	8,065,867	9,270,016	
4,858,171	5,653,162	5,781,731	5,316,136	12,108,708	7,754,844	
10,491,952	8,214,522	9,158,177	9,852,748	11,735,785	13,880,327	
13,955,703	11,569,987	9,563,828	5,282,526	3,811,672	9,908,321	
<u>49,648,836</u>	<u>43,696,577</u>	<u>42,875,532</u>	<u>38,530,688</u>	<u>48,145,085</u>	<u>54,720,588</u>	
36,618,566	39,079,938	39,681,159	41,915,812	44,569,349	45,862,291	
-	-	-	-	-	-	
<u>36,618,566</u>	<u>39,079,938</u>	<u>39,681,159</u>	<u>41,915,812</u>	<u>44,569,349</u>	<u>45,862,291</u>	
<u>\$ 86,267,402</u>	<u>\$ 82,776,515</u>	<u>\$ 82,556,691</u>	<u>\$ 80,446,500</u>	<u>\$ 92,714,434</u>	<u>\$ 100,582,879</u>	
\$ (72,578,486)	\$ (76,742,412)	\$ (85,726,871)	\$ (100,657,979)	\$ (92,212,804)	\$ (101,603,060)	
5,174,997	8,518,156	9,619,085	8,921,958	10,933,890	10,867,957	
<u>\$ (67,403,489)</u>	<u>\$ (68,224,256)</u>	<u>\$ (76,107,786)</u>	<u>\$ (91,736,021)</u>	<u>\$ (81,278,914)</u>	<u>\$ (90,735,103)</u>	
\$ 36,899,872	\$ 38,799,792	\$ 42,155,738	\$ 45,677,186	\$ 49,398,264	\$ 56,805,649	
17,177,327	17,284,062	17,774,342	16,936,513	17,936,515	19,592,150	
30,472,024	31,439,633	32,350,927	31,811,860	34,350,493	36,102,015	
9,270,311	9,260,543	9,609,456	9,322,212	8,965,253	10,618,612	
1,000,102	1,059,717	1,227,928	1,641,838	2,117,329	6,413,158	
46,788	73,803	344,184	737,464	1,440,976	2,451,017	
30,622	44,421	192,234	497,892	1,438,947	2,996,975	
-	1,826,646	-	149,093	-	-	
(6,011,207)	(6,059,853)	842,049	1,912,789	3,302,789	4,510,299	
<u>88,885,839</u>	<u>93,728,764</u>	<u>104,496,858</u>	<u>108,686,847</u>	<u>118,950,566</u>	<u>139,489,875</u>	
9,763	12,802	62,105	164,287	414,341	1,181,038	
1,486	3,657	17,689	34,578	362,116	-	
200,325	12,141	-	17,950	-	9,390	
6,011,207	6,059,853	(842,049)	(1,912,789)	(3,302,789)	(4,510,299)	
6,222,781	6,088,453	(762,255)	(1,695,974)	(2,526,332)	(3,319,871)	
<u>\$ 95,108,620</u>	<u>\$ 99,817,217</u>	<u>\$ 103,734,603</u>	<u>\$ 106,990,873</u>	<u>\$ 116,424,234</u>	<u>\$ 136,170,004</u>	
\$ 16,307,353	\$ 16,986,352	\$ 18,769,987	\$ 8,028,868	\$ 26,737,762	\$ 37,886,815	
11,397,778	14,606,609	8,856,830	7,225,984	8,407,558	7,548,086	
<u>\$ 27,705,131</u>	<u>\$ 31,592,961</u>	<u>\$ 27,626,817</u>	<u>\$ 15,254,852</u>	<u>\$ 35,145,320</u>	<u>\$ 45,434,901</u>	

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

<u>Source</u>	<u>Fiscal Year</u>			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General property taxes	\$ 32,609,811	\$ 33,224,390	\$ 34,997,328	\$ 35,501,359
Industrial district fees	15,777,475	15,980,044	16,773,145	17,548,408
Sales taxes	23,213,061	23,954,810	25,789,345	27,938,085
Franchise fees	7,948,433	8,550,770 (2)	8,704,878	8,932,383
Other taxes/fees	5,523,330 (1)	544,183	671,036	716,284
	<u>\$ 85,072,110</u>	<u>\$ 82,254,197</u>	<u>\$ 86,935,732</u>	<u>\$ 90,636,519</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.

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 36,899,872	\$ 38,799,792	\$ 42,155,738	\$ 45,677,186	\$ 49,398,264	\$ 56,805,649
17,177,327	17,284,062	17,774,342	16,936,513	17,936,515	19,592,150
30,472,024	31,439,633	32,350,927	31,811,860	34,350,493	36,102,015
9,270,311	9,260,543	9,609,456	9,322,212	8,965,253	10,618,612
1,000,102	1,059,717	1,227,928	1,641,838	2,117,329	6,413,158
<b>\$ 94,819,636</b>	<b>\$ 97,843,747</b>	<b>\$ 103,118,391</b>	<b>\$ 105,389,609</b>	<b>\$ 112,767,854</b>	<b>\$ 129,531,584</b>

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Unreserved, designated for:				
Encumbrances	\$ 1,567,841	\$ -	\$ -	\$ -
Capital and technology improvements	1,591,361	-	-	-
Recall, election, and charter revisions	15,000	-	-	-
Unreserved	21,511,101	-	-	-
Committed	-	257,462	388,622	1,733,497
Assigned	-	1,430,771	13,954,260	605,417
Unassigned	-	30,129,675	28,392,323	47,741,413
Total general fund	<u>\$ 24,685,303</u>	<u>\$ 31,817,908</u>	<u>\$ 42,735,205</u>	<u>\$ 50,080,327</u>
All Other Governmental Funds				
Reserved	\$ 2,284,607	\$ -	\$ -	\$ -
Unreserved, designated for:				
Encumbrances	1,414,244	-	-	-
Encumbrances for special revenue funds	18,712	-	-	-
Unreserved, reported in:				
Pasadena Second Century Corp fund	13,421,401	-	-	-
Capital project fund	32,358,730	-	-	-
Grant management fund	5,330,596	-	-	-
Special revenue funds	2,939,272	-	-	-
Restricted	-	52,165,350	55,763,123	58,940,029
Committed	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 57,767,562</u>	<u>\$ 52,165,350</u>	<u>\$ 55,763,123</u>	<u>\$ 58,940,029</u>

(1) GASB Statement No. 54 requirement for statistical data is ten years with retroactive implementation encouraged. The City chose not to restate 2010.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,000	15,000	15,000	15,000	15,000	15,000
23,915,771	199,868	516,191	466,821	459,491	976,270
27,382,553	44,276,264	46,689,035	36,958,917	51,242,428	65,238,310
<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>	<u>\$ 66,229,580</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
65,238,024	60,624,443	63,469,227	69,931,255	95,728,413	120,709,698
10,034,023	15,328,098	7,254,969	5,592,139	3,425,236	9,397,939
-	-	4,035,135	331,603	331,603	331,603
<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>	<u>\$ 130,439,240</u>

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

	Fiscal Year			
	2010	2011	2012	2013
<b>Revenues</b>				
Taxes	\$ 85,021,762	\$ 82,200,858	\$ 86,974,148	\$ 90,787,936
Licenses and permits	2,048,459	2,144,525	2,075,020	2,317,936
Municipal court fines	6,083,691	6,459,457	6,312,595	5,992,141
Charges for services	9,241,590	9,680,697	9,595,662	9,507,936
Intergovernmental	15,940,787	20,202,246	23,875,081	16,291,635
Investment earnings	249,214	149,265	162,330	137,918
Contribution from outside sources	-	-	18,621	1,362,099
Program income	-	165,174	176,537	145,534
Miscellaneous	2,973,015	808,983	910,662	1,375,816
<b>Total revenues</b>	<b>121,558,518</b>	<b>121,811,205</b>	<b>130,100,656</b>	<b>127,918,951</b>
<b>Expenditures</b>				
General government	13,876,473	14,325,552	13,364,086	15,001,760
Public safety	40,670,046	38,619,020	40,228,303	42,780,930
Public works	17,217,317	18,912,137	21,354,811	15,081,752
Health	3,343,040	3,446,535	3,168,772	3,109,669
Culture and recreation	14,336,405	12,611,085	12,096,056	12,632,871
Housing and community development	10,544,584	11,208,701	10,496,692	9,699,937
Capital outlay	23,824,715	16,876,471	5,917,040	7,265,134
Debt service				
Principal	7,653,050	7,480,000	8,020,000	7,565,000
Interest	5,114,584	4,774,501	4,135,448	3,952,598
Payment to refunding bond escrow agent	-	-	-	-
Other charges	5,016	143,075	299,426	242,921
<b>Total expenditures</b>	<b>136,585,230</b>	<b>128,397,077</b>	<b>119,080,634</b>	<b>117,332,572</b>
Excess (deficiency) of revenues over (under) expenditures	(15,026,712)	(6,585,872)	11,020,022	10,586,379
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	-	-	20,030,000	16,690,000
Payment to refunding bond escrow agent	-	-	(21,356,307)	(18,931,383)
Bonds issued	-	4,960,000	-	-
Premiums on bonds issued	-	183,075	1,631,546	2,493,667
Transfers in	16,564,533	3,870,996	4,971,697	2,942,518
Transfers out	(19,636,533)	(1,350,256)	(2,446,697)	(4,622,319)
Sale of capital assets	390,749	43,495	239,875	139,788
Insurance recovery	1,102,601	408,955	424,934	1,223,378
<b>Total other financing sources (uses)</b>	<b>(1,578,650)</b>	<b>8,116,265</b>	<b>3,495,048</b>	<b>(64,351)</b>
<b>Net change in fund balances</b>	<b>\$ (16,605,362)</b>	<b>\$ 1,530,393</b>	<b>\$ 14,515,070</b>	<b>\$ 10,522,028</b>
Debt service as a percentage of noncapital expenditures	11.54%	11.49%	11.12%	10.78%

Fiscal Year						
	2014	2015	2016	2017	2018	2019
\$	95,059,433	\$ 97,786,566	\$ 102,187,545	\$ 105,371,432	\$ 113,950,666	\$ 129,068,908
	2,428,726	2,498,776	3,008,170	2,555,428	2,592,498	3,321,937
	6,505,416	6,148,378	6,030,277	5,558,805	4,715,725	5,037,628
	9,586,071	9,755,077	9,734,403	9,849,361	10,678,209	12,169,009
	22,518,118	19,032,196	12,643,378	12,830,088	20,056,516	22,337,994
	71,505	109,206	480,439	1,068,122	2,506,938	4,935,079
	871,137	218,727	717,303	14,100	17,800	12,700
	327,540	176,096	153,963	64,977	94,809	90,393
	902,691	1,145,954	1,050,477	1,310,868	2,004,351	1,956,123
	<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>	<u>178,929,771</u>
	15,386,204	15,414,838	16,769,769	21,385,858	17,881,609	19,064,478
	41,719,857	43,153,975	43,695,603	47,275,723	46,187,874	51,666,025
	25,086,686	23,878,916	17,148,365	16,757,188	17,720,250	25,034,792
	3,520,728	3,734,963	3,753,196	4,561,561	4,542,989	4,962,410
	13,467,999	14,171,327	14,753,557	16,622,709	16,463,245	16,830,755
	11,247,201	8,567,002	8,948,301	10,745,960	10,187,469	11,394,571
	4,712,504	21,173,978	19,932,875	22,002,333	18,758,668	28,368,030
	7,650,000	7,880,000	8,864,312	7,822,613	7,015,914	8,757,613
	3,785,622	3,345,373	2,722,813	2,571,489	2,864,605	3,950,253
	-	4,829,110	1,822,973	-	-	-
	-	301,303	269,693	-	273,307	430,221
	<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>	<u>170,459,148</u>
	11,693,836	(9,579,809)	(2,675,502)	(11,122,253)	14,721,582	8,470,623
	-	15,646,063	17,405,000	-	-	-
	-	(13,627,529)	(18,378,549)	-	-	-
	-	-	-	1,000,000	19,175,000	33,945,000
	-	1,614,726	3,070,454	-	1,098,280	2,485,221
	2,259,026	18,501,785	10,036,352	15,619,883	4,869,790	13,563,188
	(4,415,553)	(21,316,745)	(8,717,352)	(14,316,038)	(2,619,790)	(13,000,384)
	5,845,152	2,619,811	795,481	134,586	52,806	3,001
	2,182,554	-	-	-	608,768	-
	<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>36,996,026</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>	<u>\$ 45,466,649</u>
	9.86%	9.17%	9.84%	8.21%	8.06%	9.43%

**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>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General property taxes	\$ 32,559,463	\$ 33,171,051	\$ 35,195,121	\$ 35,262,542
Industrial district fees	15,777,475	15,980,044	16,549,164	17,755,534
Sales taxes	23,213,061	23,954,810	25,789,345	27,938,085
Franchise fees	7,948,433	8,550,770 (2)	8,751,762	9,030,691
Other taxes	5,523,330 (1)	544,183	688,756	801,084
	<u>\$ 85,021,762</u>	<u>\$ 82,200,858</u>	<u>\$ 86,974,148</u>	<u>\$ 90,787,936</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.

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 37,144,601	\$ 38,755,245	\$ 42,039,511	\$ 45,307,747	\$ 50,169,950	\$ 56,308,920
17,172,395	17,271,428	17,364,338	17,283,049	17,947,752	19,626,203
30,472,024	31,439,633	32,350,927	31,811,860	34,350,493	36,102,015
9,270,311	9,260,543	9,204,841	9,326,938	9,365,142	10,618,612
1,000,102	1,059,717	1,227,928	1,641,838	2,117,329	6,413,158
<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>	<u>\$ 129,068,908</u>

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

Consumers	2019					
	Consumption (per month)	Annualized Consumption	Billed Amount	Rank	% of Water/Sewer Revenues	% of All System Fund Revenues
City of Seabrook	49,421.2	593,054.2	\$ 530,012	1	1.13%	1.12%
Nestle Waters North America	9,524.5	114,294.4	380,429	2	0.81%	0.80%
Pasadena Independent School District	8,260.2	99,122.6	675,775	3	1.44%	1.42%
Peroxy Chem	8,116.6	97,399.5	312,109	4	0.66%	0.66%
Victoria Village Apartments	6,128.8	73,545.5	479,904	5	1.02%	1.01%
Chevron Phillips	5,042.3	60,507.7	589,232	6	1.25%	1.24%
Columbia Bayshore Hospital	4,861.1	58,333.1	504,175	7	1.07%	1.06%
Brighton Hill Manor Apartments	3,966.5	47,598.0	372,431	8	0.79%	0.78%
Equistar	3,563.1	42,756.6	183,968	9	-	-
San Jacinto College	3,482.1	41,785.8	349,220	10	0.74%	0.74%
Brandywood Housing Corporation	-	-	-	-	-	-
Minh Food Company	-	-	-	-	-	-
Sandstone Apartments	-	-	-	-	-	-
Air Products	-	-	-	-	-	-
Phillips Chemical	-	-	-	-	-	-
<b>Total</b>	<b>102,366.4</b>	<b>1,228,397.3</b>	<b>\$ 4,377,255</b>		<b>8.91%</b>	<b>8.83%</b>

Source: Prepared by the City's Water Department.

**2010**

<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>
11,163.8	133,965.0	\$ 333,082	1	1.00%	1.00%
-	-	-	-	-	-
5,241.0	62,891.5	540,636	2	1.62%	1.62%
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,319.2	27,830.8	258,033	7	0.77%	0.77%
4,882.3	58,587.8	249,556	3	0.75%	0.75%
-	-	-	-	-	-
3,304.4	39,653.1	420,837	5	1.26%	1.26%
3,367.0	40,404.2	267,133	4	0.80%	0.80%
2,328.8	27,945.2	455,931	6	1.36%	1.36%
1,779.6	21,354.8	156,595	8	0.47%	0.47%
1,289.3	15,471.4	83,882	9	0.25%	0.25%
1,231.4	14,776.2	62,715	10	0.19%	0.19%
<u>36,906.8</u>	<u>442,880.0</u>	<u>\$ 2,828,400</u>		<u>8.47%</u>	<u>8.47%</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,							
			2010		2011		2012		2013	
			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	\$10.50	\$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	6.59	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	3.00
	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	8.59	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	8.50	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	-	9.59	-	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,**

2014		2015		2016		2017		2018		2019	
Water Rates	Sewer Rates										
\$ 10.50	\$ 8.00	\$ 10.50	\$ 8.00	\$ 10.75	\$ 10.75	\$ 10.75	\$ 10.75	\$ 10.97	\$ 10.97	\$ 11.22	\$ 11.22
2.75	2.75	2.75	2.75	3.00	3.00	3.00	3.00	3.06	3.06	3.13	3.13
3.00	3.00	3.00	3.00	3.50	3.50	3.50	3.50	3.57	3.57	3.65	3.65
3.25	3.50	3.25	3.50	4.00	4.00	4.00	4.00	4.08	4.08	4.17	4.17
4.00	3.50	4.00	3.50	5.00	4.00	5.00	4.00	5.10	5.10	5.10	4.17
4.50	3.50	4.50	3.50	5.50	4.00	5.50	4.00	5.61	5.61	5.61	4.17
6.59	4.99	6.59	4.99	6.59	4.99	6.59	4.99	6.72	5.09	6.87	5.21
2.16	1.37	2.16	1.37	2.50	2.50	2.50	2.50	2.55	2.55	2.61	2.61
3.25	3.00	3.25	3.00	3.50	3.50	3.50	3.50	3.57	3.57	3.65	3.65
4.00	3.50	4.00	3.50	5.00	4.00	5.00	4.00	5.10	4.08	5.22	4.17
4.50	3.50	4.50	3.50	5.50	4.00	5.50	4.00	5.61	5.61	5.61	4.17
8.59	8.00	8.59	8.00	12.59	12.00	12.59	12.00	12.84	12.24	13.14	12.52
2.75	3.00	2.75	3.00	3.25	3.00	3.25	3.00	3.32	3.06	3.40	3.13
3.00	3.25	3.00	3.25	3.75	3.30	3.75	3.30	3.83	3.37	3.92	3.45
3.25	3.50	3.25	3.50	4.00	3.55	4.00	3.55	4.08	3.62	4.17	3.70
4.50	4.00	4.50	4.00	4.50	3.80	4.50	3.80	4.55	3.88	4.65	3.97
4.50	4.15	4.50	4.15	4.50	4.05	4.50	4.05	4.55	4.10	4.65	4.19
4.50	4.15	4.50	4.15	4.50	4.15	4.50	4.15	4.55	4.15	4.65	4.25
8.50	8.00	8.50	8.00	9.50	9.50	9.50	9.50	9.69	9.69	9.91	9.91
2.75	2.75	2.75	2.75	3.25	3.00	3.25	3.00	3.32	3.06	3.32	3.06
3.00	3.25	3.00	3.25	3.50	3.50	3.50	3.50	3.57	3.57	3.57	3.57
3.25	3.50	3.25	3.50	4.25	4.00	4.25	4.00	4.34	4.08	4.34	4.08
4.00	3.50	4.00	3.50	5.00	4.00	5.00	4.00	5.10	4.08	5.10	4.08
4.50	3.50	4.50	3.50	5.50	4.00	5.50	4.00	5.61	4.08	5.61	4.08
9.59	-	9.59	-	14.00	-	14.00	-	14.28	-	14.61	-
3.25	-	3.25	-	4.00	-	4.00	-	4.08	-	4.17	-
4.00	-	4.00	-	5.00	-	5.00	-	5.10	-	5.10	-
4.50	-	4.50	-	6.00	-	6.00	-	6.12	-	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,			
	2010	2011	2012	2013
	2009 Tax Year	2010 Tax Year	2011 Tax Year	2012 Tax Year
<b>Real Property</b>				
Real Residential	\$ 4,129,237,231	\$ 4,052,171,721	\$ 3,966,049,464	\$ 3,852,056,577
Real Commercial	1,249,370,402	1,164,598,370	1,237,888,449	1,328,287,594
Real Industrial	154,349,049	158,854,677	165,773,388	170,231,894
Real Agriculture	215,563	221,790	241,507	227,549
Real Vacant	123,659,890	117,984,092	120,572,974	127,123,041
Real Acreage Undeveloped	36,659,482	36,725,841	42,021,873	37,424,971
Real Farm & Ranch Improved	-	-	-	248,262
<b>Total Real Property</b>	<b>5,693,491,617</b>	<b>5,530,556,491</b>	<b>5,532,547,655</b>	<b>5,515,599,888</b>
<b>Less: Exemptions</b>	<b>(839,474,827)</b>	<b>(836,075,493)</b>	<b>(813,327,025)</b>	<b>(792,375,980)</b>
<b>Net Total Real Property</b>	<b>4,854,016,790</b>	<b>4,694,480,998</b>	<b>4,719,220,630</b>	<b>4,723,223,908</b>
<b>Other Property</b>				
Oil Gas and Mineral Reserves	6,764,074	7,854,851	241,610	1,100
Real and Tangible Personal - Utility	330,068	272,549	272,549	234,003
Gas Companies	8,286,315	7,692,460	7,515,900	7,635,305
Electric Companies	53,755,344	52,300,077	52,011,882	54,036,712
Telephone Companies	19,731,446	17,917,042	16,078,872	12,681,172
Railroad	392,796	428,700	495,520	1,474,440
Pipelines	24,795,395	28,491,661	30,614,337	35,354,411
Inventory	26,415,373	28,064,363	26,438,731	28,837,389
Major Cable TV Systems	7,984,017	14,286,631	13,783,892	12,539,470
Tangible Personal Commercial	553,633,704	532,372,461	525,877,003	541,207,611
Tangible Personal Industrial	648,801,280	668,423,788	1,053,499,087	1,182,300,519
Tangible Personal Other - Mobile Homes	17,046,042	15,915,686	16,357,302	15,604,926
Governmental Exemption	519,756,039	531,014,416	558,111,018	598,471,214
Charitable Exemption	33,317,985	25,685,661	26,110,291	28,122,328
Religious Exemption	119,839,982	115,848,852	119,018,125	121,779,281
Private School Exempt	16,771,140	17,061,755	17,595,212	17,427,256
Miscellaneous Exempt	486,462	826,251	844,407	879,116
Low-Moderate Income Housing	-	209,748	216,978	338,200
Improving Prop-Housing w/Volunteer Labor	-	-	-	-
Economic Devel Svcs to Local Community	-	-	-	-
Other Exempt	-	-	-	-
<b>Total Other Property</b>	<b>2,058,107,462</b>	<b>2,064,666,952</b>	<b>2,465,082,716</b>	<b>2,658,924,453</b>
<b>Less: Exemptions</b>	<b>(1,117,092,435)</b>	<b>(1,142,444,955)</b>	<b>(1,402,974,610)</b>	<b>(1,356,134,366)</b>
<b>Net Total Other Property</b>	<b>941,015,027</b>	<b>922,221,997</b>	<b>1,062,108,106</b>	<b>1,302,790,087</b>
<b>Total Property</b>	<b>7,751,599,079</b>	<b>7,595,223,443</b>	<b>7,997,630,371</b>	<b>8,174,524,341</b>
<b>Less: Total Exemptions</b>	<b>(1,956,567,262)</b>	<b>(1,978,520,448)</b>	<b>(2,216,301,635)</b>	<b>(2,148,510,346)</b>
<b>Total Assessed Value of Taxable Property</b>	<b>\$ 5,795,031,817</b>	<b>\$ 5,616,702,995</b>	<b>\$ 5,781,328,736</b>	<b>\$ 6,026,013,995</b>
<b>Total Actual Value of Taxable Property</b>	<b>\$ 5,795,031,817</b>	<b>\$ 5,616,702,995</b>	<b>\$ 5,781,328,736</b>	<b>\$ 6,026,013,995</b>
<b>Total Direct Tax Rate Per \$ 100</b>	<b>\$ 0.562000</b>	<b>\$ 0.591593</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>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</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>	<b>2018 Tax Year</b>
\$ 3,872,765,988	\$ 4,099,197,425	\$ 4,437,264,879	\$ 4,801,040,252	\$ 5,216,450,255	\$ 5,432,053,439
1,534,186,202	1,724,550,745	1,882,514,422	2,104,704,433	2,292,894,922	2,522,237,422
162,926,484	159,908,910	209,572,611	163,121,239	259,068,236	311,132,429
188,270	184,971	178,264	174,043	172,013	201,898
143,130,709	159,066,568	159,267,801	162,772,196	165,840,846	167,671,843
41,471,437	52,404,929	48,308,431	43,056,354	65,400,460	56,662,873
252,079	251,507	276,657	304,322	334,754	507,736
<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>8,490,467,640</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>(1,000,278,706)</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>	<b>7,490,188,934</b>
-	-	-	-	-	-
234,003	406,911	407,011	406,544	406,019	495,029
9,007,545	9,650,985	10,335,973	12,317,323	13,109,983	13,411,853
61,544,486	58,880,213	57,137,279	61,384,866	61,503,698	64,781,607
12,137,483	11,620,085	10,927,075	11,279,634	11,537,505	11,171,007
1,639,650	1,835,930	2,018,640	2,162,940	2,301,400	2,444,700
37,023,276	48,033,250	50,440,617	50,120,569	54,052,943	55,365,334
24,752,105	24,902,586	26,789,396	29,168,367	29,622,033	30,714,967
13,071,100	13,833,260	14,288,850	15,472,020	14,589,260	17,308,050
551,411,132	585,993,827	674,994,577	696,606,477	719,461,700	745,403,874
1,176,456,318	936,387,584	729,540,148	760,780,633	892,809,207	948,676,201
15,146,856	14,582,987	14,958,005	14,308,581	14,784,917	14,142,635
-	-	-	-	-	-
2,033,915	1,911,572	1,914,822	1,907,665	2,553,957	2,596,095
-	-	-	-	-	-
17,839,420	17,839,420	17,839,420	17,839,420	36,157,374	40,241,025
705,880	712,254	718,082	718,993	814,532	845,219
-	-	-	-	-	-
262,987	479,025	180,466	-	-	-
301,508	385,458	386,379	392,693	388,627	391,679
787,048,320	804,209,783	866,099,527	883,706,307	1,008,233,881	1,127,560,912
<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>3,075,550,187</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>(1,294,550,578)</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>1,780,999,609</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>11,566,017,827</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>(2,294,829,284)</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>\$ 9,271,188,543</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>\$ 9,271,188,543</b>
<b>\$ 0.591593</b>	<b>\$ 0.576904</b>	<b>\$ 0.575388</b>	<b>\$ 0.575388</b>	<b>\$ 0.575388</b>	<b>\$ 0.615446</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
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
2019	2018	0.4805	0.1349	0.6154	0.2700	1.4000	1.5387

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	\$ 0.6360	\$ 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
1.3800	1.4800	0.6300	0.0052	0.1793	7.4986

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

<b>Property Taxpayer</b>	<b>Fiscal Year Ended September 30, 2019</b>			<b>Fiscal Year Ended September 30, 2010</b>		
	<b>2018 Tax Year</b>		<b>% of Taxable Assessed Value</b>	<b>2009 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>	
Bay Bluff LP	\$ 138,615,400	1	1.50%	\$ -	-	-
Intercontinental Terminals Company LLC	116,103,913	2	1.25%	-	-	-
Phillips 66 Co.	101,719,110	3	1.10%	-	-	-
Calpine Operating	100,638,690	4	1.09%	-	-	-
LIT Insutrial LP	98,872,574	5	1.07%	-	-	-
KIR Pasadena	78,504,208	6	0.85%	56,376,812	3	0.97%
PRSI Trading	71,101,098	7	0.77%	-	-	-
Centerpoint Energy Hou Ele	64,983,641	8	0.70%	62,104,366	2	1.07%
Kinder Morgan	60,854,625	9	0.66%	-	-	-
Schutz Container Systems	59,233,327	10	0.64%	-	-	-
Valero Energy Corp	-	-	-	63,754,931	1	1.10%
Coral Energy Resources	-	-	-	51,324,539	4	0.89%
The Boeing Co.	-	-	-	44,891,078	5	0.77%
Shell Oil Co.	-	-	-	44,212,941	6	0.76%
GATX Terminals Kinder	-	-	-	42,926,533	7	0.74%
Wal Mart	-	-	-	39,943,060	8	0.69%
Endeavour Highrise LP	-	-	-	35,113,793	9	0.61%
CHCA Bayshore LP	-	-	-	33,370,437	10	0.58%
Subtotal	<u>\$ 890,626,586</u>		<u>9.61%</u>	<u>\$ 474,018,490</u>		<u>8.18%</u>
Other Taxpayers	<u>\$ 8,380,561,957</u>		<u>90.39%</u>	<u>5,321,013,327</u>		<u>91.82%</u>
Total	<u><u>\$ 9,271,188,543</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 5,795,031,817</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,	Tax Year	Tax Rate / \$100	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date		
				Amount	Percentage of Levy	Collections/(Refunds) in Subsequent Years		Percentage of Levy
						Amount	Amount	
2010	2009	\$ 0.5620	\$ 32,131,004	\$ 31,296,353	97.40%	\$ 735,047	\$ 32,031,400	99.69%
2011	2010	0.5916	32,832,244	31,967,660	97.37%	771,640	32,739,300	99.72%
2012	2011	0.5916	33,935,594	33,262,827	98.02%	577,087	33,839,914	99.72%
2013	2012	0.5916	34,487,964	34,147,313	99.01%	245,635	34,392,948	99.72%
2014	2013	0.5916	36,685,630	36,231,129	98.76%	368,562	36,599,691	99.77%
2015	2014	0.5769	38,045,304	37,619,372	98.88%	334,847	37,954,219	99.76%
2016	2015	0.5754	41,628,539	41,198,200	98.97%	314,626	41,512,826	99.72%
2017	2016	0.5754	45,094,796	44,280,747	98.19%	658,473	44,939,220	99.66%
2018	2017	0.5754	49,053,738	48,025,807	97.90%	737,914	48,763,721	99.41%
2019	2018	0.6154	56,041,078	55,129,294	98.37%	-	55,129,294	98.37%

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

<b>Fiscal Year Ended September 30,</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Governmental Activities</b>				
General Obligation Bonds	\$ 70,500,000	\$ 66,485,000	\$ 41,960,000	\$ 30,152,196
General Obligation Refunding Bonds	8,355,000	8,180,000	26,680,000	45,303,868
General Obligation and Refunding Bonds	26,700,000	25,395,000	24,080,000	14,336,973
Certificates of Obligation	5,570,000	5,290,000	5,010,000	4,720,000
Combination Tax and Revenue				
Certificates of Obligation	900,000	-	-	-
Other Long-Term Debt				
Overpaid Sales Tax Note	-	-	-	-
Blended Component Unit - Pasadena Second Century Corporation				
Sales Tax Notes	-	-	-	-
Sales Tax Revenue Bonds	805,000	4,960,000	4,190,000	3,507,979
Overpaid Sales Tax Note	-	-	-	-
	<b>112,830,000</b>	<b>110,310,000</b>	<b>101,920,000</b>	<b>98,021,016</b>
<b>Business-Type Activities</b>				
Waterworks and Sewer System Revenue Bonds	70,430,000	54,290,000	53,430,000	53,846,804
Waterworks and Sewer System Revenue Refunding Bonds	-	14,505,000	13,255,000	12,441,550
Combination Tax and Revenue				
Certificates of Obligation	-	-	-	-
General Obligation Refunding Bonds	15,895,000	14,285,000	12,740,000	17,459,587
General Obligation and Refunding Bonds	9,970,000	9,970,000	9,970,000	4,112,109
	<b>96,295,000</b>	<b>93,050,000</b>	<b>89,395,000</b>	<b>87,860,050</b>
<b>Total Primary Government</b>	<b>\$ 209,125,000</b>	<b>\$ 203,360,000</b>	<b>\$ 191,315,000</b>	<b>\$ 185,881,066</b>
Percentage of Personal Income	7.15%	7.19%	6.16%	6.01%
Per Capita	\$ 1,430	\$ 1,364	\$ 1,256	\$ 1,221
(1) Population	146,265	149,043	152,281	152,272
(1) Per Capita Personal Income	\$ 19,992	\$ 18,967	\$ 20,383	\$ 20,305
(1) Personal Income (amount expressed in thousands)	\$ 2,924,130	\$ 2,826,899	\$ 3,103,944	\$ 3,091,883

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

The debt amounts presented from 2010 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>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 27,835,000	\$ 17,475,000	\$ 2,025,000	\$ 1,035,000	\$ -	\$ -
42,009,458	55,201,099	69,391,828	62,927,351	56,388,209	48,567,368
12,896,876	2,102,603	-	-	-	-
4,430,000	4,130,000	310,000	-	-	-
-	-	-	-	19,946,595	55,426,862
-	-	-	-	-	-
-	-	-	1,000,000	1,000,000	-
2,667,467	1,801,955	906,443	-	-	-
-	-	-	-	-	-
<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>	<b>103,994,230</b>
53,693,635	53,445,465	488,169	-	-	-
11,268,996	9,166,441	6,983,886	4,726,332	2,388,777	-
-	-	-	-	16,664,513	16,006,648
14,539,259	13,055,250	66,108,784	64,256,796	61,938,110	59,766,122
4,085,278	-	-	-	-	-
<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>75,772,770</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>	<b>\$ 179,767,000</b>
5.64%	4.94%	4.57%	4.03%	4.65%	5.10%
\$ 1,135	\$ 1,016	\$ 951	\$ 873	\$ 1,031	\$ 1,173
152,735	153,887	153,784	153,351	153,520	153,219
\$ 20,146	\$ 20,590	\$ 20,805	\$ 21,692	\$ 22,178	\$ 22,993
\$ 3,076,999	\$ 3,168,533	\$ 3,199,476	\$ 3,326,490	\$ 3,404,767	\$ 3,522,964

**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
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
2019	179,767,000	(3,039,922)	176,727,078	9,271,188,543	1.91%	153,219	1,153

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 2010 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, 2019**

<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	9/30/2019	\$2,042,497,125	2.01%	\$ 41,054,192
Harris County Flood Control District	9/30/2019	83,075,000	2.01%	1,669,808
Harris County Hospital District	9/30/2019	57,300,000	2.01%	1,151,730
Port of Houston Authority	9/30/2019	593,754,397	2.01%	11,934,463
Clear Lake City Water Authority	9/30/2019	111,000,000	20.37%	22,610,700
Clear Creek Independent School District	9/30/2019	1,019,030,000	6.13%	62,466,539
Deer Park Independent School District	9/30/2019	268,115,000	21.23%	56,920,815
La Porte Independent School District	9/30/2019	319,985,000	5.83%	18,655,126
Pasadena Independent School District	9/30/2019	753,985,000	39.08%	294,657,338
San Jacinto College District	9/30/2019	491,672,707	18.51%	91,008,618
Harris County WC & ID #156	9/30/2019	520,000	43.58%	226,616
Harris County Dept. of Education	9/30/2019	6,320,000	2.01%	127,032
<b>Subtotal, overlapping debt</b>				<b>602,482,976</b>
<b>Add - City direct debt</b>				<b>103,994,230</b>
<b>Total direct and overlapping debt</b>				<b>\$ 706,477,206</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Debt limit</b>				
Tax Year	2009	2010	2011	2012
Assessed value based on tax year	\$5,795,031,817	\$5,616,702,995	\$5,781,328,736	\$6,026,013,995
10% of assessed value	<b>579,503,182</b>	<b>561,670,300</b>	<b>578,132,874</b>	<b>602,601,400</b>
<b>Less: net debt applicable to limit</b>				
Debt to be repaid from ad valorem tax	112,025,000	105,350,000	97,730,000	91,952,482
Less: amount available in debt service fund	(2,284,607)	(2,875,586)	(4,097,226)	(5,219,578)
	<b>109,740,393</b>	<b>102,474,414</b>	<b>93,632,774</b>	<b>86,732,904</b>
<b>Legal Debt Margin</b>	<b>\$ 469,762,789</b>	<b>\$ 459,195,886</b>	<b>\$ 484,500,100</b>	<b>\$ 515,868,496</b>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>18.94%</b>	<b>18.24%</b>	<b>16.20%</b>	<b>14.39%</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
2013	2014	2015	2016	2017	2018
\$ 6,264,988,439	\$ 6,683,161,193	\$ 7,321,103,445	\$ 7,921,029,575	\$ 8,719,401,740	\$ 9,271,188,543
<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>	<b>927,118,854</b>
87,243,801	78,908,702	71,726,828	63,962,351	76,334,804	103,994,230
(6,272,408)	(1,783,393)	(1,493,541)	(2,060,784)	(2,339,765)	(3,039,922)
<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>100,954,308</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>\$ 826,164,546</b>
<b>12.92%</b>	<b>11.54%</b>	<b>9.59%</b>	<b>7.81%</b>	<b>8.49%</b>	<b>10.89%</b>

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

<b>Fiscal Year Ended September 30,</b>	<b>Water and Sewer Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
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
2019	47,043,329	25,398,838	21,644,491	4,627,387	2,939,142	2.86

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(3)</b>	<b>Unemployment Rate (2)</b>
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%
2019	153,219	3,522,964	22,993	31.3	54,646	5.2%

Data sources:

(1) Bureau of the Census

(2) Bureau of Labor Statistics

(3) National Center for Education Statistics

(P) - Preliminary

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

<u>Employer</u>	<u>2019</u>			<u>2010</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	8,509	1	12.89%	5,800	1	8.50%
Turner Industries	4,202	2	6.36%	-	-	-
San Jacinto College	3,101	3	4.70%	-	-	-
The Boeing Company	2,300	4	3.48%	2,300	2	3.37%
University of Houston-Clear Lake	1,417	5	2.15%	-	-	-
HCA Houston Healthcare	1,300	6	1.97%	-	-	-
Lyondell Chemical Co	1,175	7	1.78%	-	-	-
Kaneka North America	1,111	8	1.68%	-	-	-
City of Pasadena *	1,105	9	1.67%	1,082	10	1.59%
Pinnacle ART	592	10	0.90%	-	-	-
LyondellBasell Industries - Changelview Com	-	-	-	1,800	3	2.64%
Bayer - Baytown	-	-	-	1,800	4	2.64%
Shell - Deer Park	-	-	-	1,750	5	2.57%
Mundy Company	-	-	-	1,500	6	2.20%
Exxon Mobil Refining - Baytown	-	-	-	1,350	7	1.98%
SGS Petroleum Service Corp.	-	-	-	1,150	8	1.69%
Silver Eagle Distributors, L.P.	-	-	-	1,100	9	1.61%
	<u>24,812</u>		<u>37.57%</u>	<u>19,632</u>		<u>28.79%</u>

\* Based on the payroll records as of the last month of the fiscal year.

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

Function	Fiscal Year Ended September 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
City Council	8	8	8	7	7	7	8	8	8	8
Mayor	3	1	3	2	2	2	2	3	4	4
Budget and Financial Planning	2	2	2	2	4	3	4	5	4	3
Municipal Court	33	34	34	34	32	32	35	36	35	37
City Controller	15	16	15	15	15	15	16	15	16	17
Purchasing	4	4	4	4	3	4	4	4	5	5
Legal	8	8	8	7	7	6	8	7	8	9
City Secretary	4	4	4	4	4	4	4	4	5	4
Human Resources	7	9	11	7	7	7	7	8	7	11
City Marshal	6	6	6	7	7	7	7	8	10	11
Community Relations	7	7	7	8	9	9	8	7	9	9
Pasadena Action Line	4	4	6	6	6	6	5	7	6	6
Planning	5	6	4	5	2	4	4	8	4	5
Planning/Development Administration	1	1	1	1	-	-	-	-	-	-
Neighborhood Network	1	1	1	1	2	1	2	4	5	5
Inspections	19	16	15	15	18	17	15	18	17	17
Project Development	1	8	1	3	2	-	1	1	3	3
Impound/Storage	6	7	5	6	6	6	6	6	4	5
Economic Development Liaison	1	1	1	2	2	2	2	2	3	5
Public Safety										
Emergency Preparedness	3	3	3	3	3	3	5	5	6	6
Fire Fighting	3	3	7	10	6	10	8	8	8	7
Fire Prevention	10	9	10	10	11	12	12	14	14	13
Police	358	344	349	335	349	353	349	362	363	376
Code Enforcement	-	-	-	-	-	8	7	8	14	14
Public Works										
Engineering	14	15	15	17	24	24	21	16	15	15
Sanitation	43	38	37	39	40	37	41	41	38	36
Street and Bridge	31	30	30	32	31	31	36	33	33	29
Traffic and Transportation	12	11	10	9	10	10	12	12	12	12
Health										
Health	11	10	10	11	11	11	12	12	15	15
Animal Rescue and Assistance	19	19	18	22	23	26	29	30	30	36
Culture and Recreation										
Leisure Services Administration	-	6	4	4	3	3	3	2	4	4
Parks	37	33	38	42	39	40	39	41	39	38
Recreation	75	57	60	64	62	94	38	39	51	44
Clean Streets	21	17	14	19	20	18	19	20	19	18
Golf Course	10	9	9	6	6	5	5	3	7	8
Multi-Purpose Center	9	8	9	8	8	8	7	9	9	9
Civic Center	10	6	6	7	9	7	10	6	6	7
Senior Center - Madison Jobe	5	4	4	4	4	5	6	6	6	7
Library	49	41	45	53	54	51	45	48	45	40
Water and Sewer System	120	112	116	119	114	121	115	115	109	113
Maintenance	72	69	75	78	82	83	83	66	82	80
Health Insurance	3	2	4	1	1	1	-	-	-	-
Grant Management	21	25	21	16	18	16	16	9	14	14
<b>TOTAL CITY POSITIONS</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>	<b>1,105</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**

Function	Fiscal Year Ended September 30,			
	2010	2011	2012	2013
Public Safety				
Police				
Arrests	12,119	11,926	10,747	11,185
Accident reports	3,376	3,335	3,474	3,520
Citations issued	82,576	84,551	69,209	69,888
Calls for service	81,633	61,625	75,869	84,146
Public Works				
Refuse collection				
Refuse collected Type 1 (tons/day)	170	110	103	105
Refuse collected Type 2 (cubic yards/day)	267	145	166	179
Mulching collected (cubic yards/day)	102	124	107	83
Recyclables collected (tons/day)	3.75	3.53	4.35	7.31
Health				
Number of food permits issued	1,125	1,215	1,229	1,219
Number of health inspections	2,223	2,511	2,529	2,675
Culture and Recreation				
Convention Center				
Number of Events	143	178	165	158
Library				
Visitors	424,568	303,074	342,628	(1)
Water and Sewer System				
Average daily consumption (millions of gallons)	17.97	21.17	20.37	18.90
Total Consumption (billions of gallons)	6,871.37	7,749.38	7,435.00	7,100.00
Average daily Waste Water Plant Flow (millions of gallons)	13.90	10.40	12.41	11.57
Total Waste Water Plant Flow (millions of gallons)	5,084.80	3,796.45	4,542.14	4,212.54

Source: Various City departments.

Note: Indicators are not available for the General Government

(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>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
10,970	9,890	10,496	9,081	8,067 (5)	8,155
3,693	4,143	4,200	3,917	4,390 (5)	4,114
73,062	64,210	67,603	64,330	57,367 (5)	59,047
63,488	65,515	75,847	77,466	91,265 (5)	84,880
107	110	112	112	113	111
178	185	211	256 (4)	380 (4)	220
72	56	48	60 (4)	82 (4)	116
6.23	6.62	7.00	6.00	6.00	7.00
1,373	1,936	1,503	1,730	1,828	1,616
2,719	2,315	2,663	2,954	3,367	3,487
172	196	188	183	192	211
(1)	356,240	280,992	413,292 (3)	397,098	354,402
17.80	18.80	17.62	17.30	17.44	17.26
6,900.00	6,800.00	6,449.37	6,316.06	6,374.22	6,304.78
12.60	14.20	13.50	11.80	12.37	13.32
4,573.59	5,172.20	4,926.12	4,274.09	4,500.81	4,859.34

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

Function / Program	Fiscal Year Ended September 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public Safety</b>										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	181	198	198	181	181	171	172	182	197	197
Fire stations	10	10	10	10	10	10	10	10	10	10
<b>Public Works</b>										
Streets (miles)	527	541	542	522	522	523	524	525	521	520
Streetlights	7,548	7,550	7,541	7,590	7,584	7,565	7,560	7,628	7,699	7,751
Traffic signals	184	189	191	195	194	194	196	196	203	207
Sanitation										
Collection trucks	28	28	26	25	27	20	18	18	20	20
<b>Culture and Recreation</b>										
Parks	47	47	47	47	48	48	48	48	48	48
Parks acreage	1,084	1,104	1,104	1,120	1,180	1,180	1,180	1,180	1,180	1,180
Swimming pools	5	4	4	4	4	4	4	4	4	4
Tennis courts	15	15	15	15	15	15	15	15	15	15
Community centers	9	8	8	8	8	8	8	8	8	8
<b>Water and Sewer System</b>										
Water										
Water mains (miles)	473	473	474	476	479	480	481	487	487	488
Fire hydrants	2,247	2,259	2,283	2,327	2,327	2,314	2,314	2,315	2,314	2,314
Maximum daily capacity (millions of gallons)	23	32 (1)	26	26	24	26	25	22	22	26
Sewer										
Sanitary sewers (miles)	396	397	402	404	405	406	407	407	407	408
Storm sewers (miles)	231	233	259	340	406	406	409	409	409	410
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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Cover photos by Stanley White, City of Pasadena