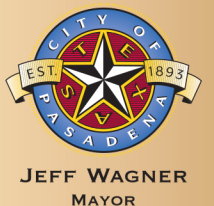




# CITY OF PASADENA



CITY OF PASADENA, TEXAS  
**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021





**CITY OF PASADENA, TEXAS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2021**

**PREPARED BY:  
OFFICE OF THE CITY CONTROLLER  
JULIE ST. JEAN, CPA  
CITY CONTROLLER**



**CITY OF PASADENA, TEXAS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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## **INTRODUCTORY SECTION**







# **CITY OF PASADENA**

## **OFFICE OF THE CITY CONTROLLER**

**JULIE ST. JEAN, CPA, CITY CONTROLLER**

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March 8, 2022

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

In compliance with both Article IX of the City's Charter and applicable state statutes, it is my privilege to present the Annual Comprehensive Financial Report ("Annual Report") of the City of Pasadena, Texas, (the "City") for the fiscal year ended September 30, 2021. 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 Annual Report includes the independent auditors' report.

The Annual Report 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 the 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, 2021. 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, 2021. 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.

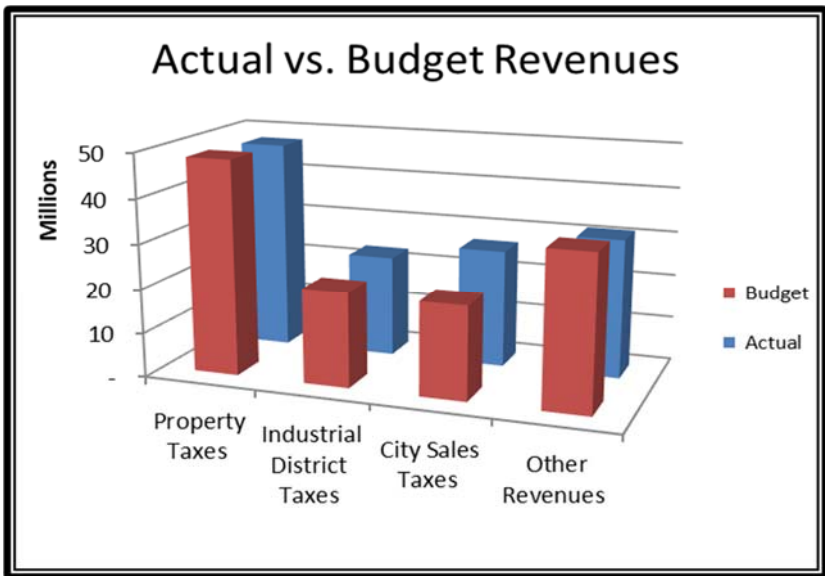
## Profile of the Government

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 2020 population is estimated at 151,950, 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 the 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 a 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 73 in the notes to financial statements. As the graph above

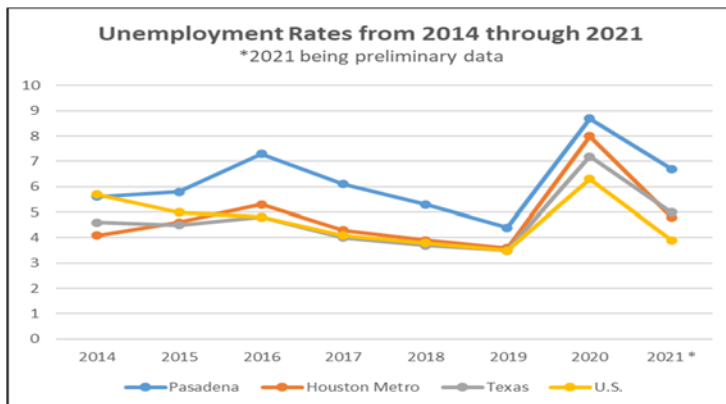


shows, for the fiscal year 2021, most revenues came in above budgeted amounts. The other revenues category, which includes, but is not limited to, permit, health, municipal courts, and parks and recreation, continued to be negatively impacted due to the closure of certain facilities, the suspension of various City recreational programs, and activities that had to be canceled due to the ongoing COVID-19 pandemic.

## Local Economy

The City benefits from its strategic location, relative affordability, and strong leadership. The City of Pasadena is also a rich industrial area, and its leaders have taken a combination of abundant natural resources, the advantageous location, and the 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 pandemic has resulted in significant changes and has impacted global, national, and local economies. However, with a robust vaccination effort underway and restrictions being relaxed, there were indicators that the local economy was beginning to recover. The annual Strawberry Festival, Pasadena Livestock Show & Rodeo, and the legendary Urban Cowboy traditions came back this year to shine a bright spotlight on Pasadena.

Despite the challenges from the COVID-19 pandemic, supply chain interruptions, and labor and equipment shortages, the Port of Houston (the “Port”) boomed in 2021. The Port is the Gulf Coast’s leading gateway to the fastest-growing markets between the Mississippi River and the Rocky Mountains. The Port has been awarded \$142,515,000 to complete Segment 3 of Project 11 by the U.S. Army Corps of Engineers and \$18,267,600 by the Maritime Administration of the Department of Transportation to develop and expand the Port’s Bayport Container Terminal. In 2021, the Port annual TEU set record with 15% growth. The Port processed a record nearly 3.5 million TEUs for the entirety of 2021. The Port is consistently ranked first in the U.S. in foreign waterborne tonnage; first in U.S. total foreign and domestic waterborne tonnage; and the third in the U.S. in terms of total foreign cargo value. 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.

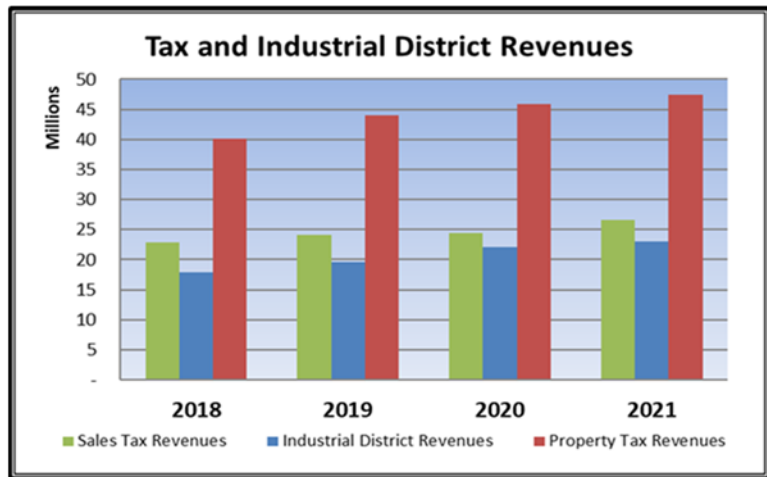


Significant indicators that impact the economic condition are the employment and unemployment statistics. Unemployment in Texas has stabilized since its sharp spike during the pandemic, but it still lags behind the nation’s average. In December 2021, the state preliminary unemployment rate was at 5.0%, ranking Texas as 37th in the nation, decreasing from the December 2020 rate of 7.2%. While the Houston Metro area had a preliminary unemployment rate of 4.8%, the Pasadena rate is slightly higher at 6.7%, which is a decrease from 2020 at 8.7%.

The energy landscape, which is the metropolitan area's growth advantage, continues its recovery from the devastating effects of the ongoing global pandemic. The U.S Energy Information Administration (EIA) states that “In 2021, withdrawals from global petroleum inventories averaged 1.4 million barrels per day (b/d) and contributed to higher crude oil prices. These inventory draws resulted from petroleum consumption returning faster than petroleum production after the COVID-19 pandemic began in 2020.” According to the EIA data, in 2021, the average daily price for West Texas Intermediate, the U.S. crude benchmark, was \$68.14 per barrel. The EIA expects global petroleum production and consumption to increase and is forecasting that the price of Brent crude oil in 2022 will fall from \$79/b in the first quarter to \$71/b in the fourth quarter.



The City's 2021 total revenues in the governmental funds, excluding other financing sources, increased by 1.6% or \$2,779,488 from \$174,402,797 in 2020 to \$177,182,285 in 2021. In the general fund, the City property tax revenues increased 3.2% or \$1,475,132 from \$45,930,879 in 2020 to \$47,406,011 in 2021. Even though the property tax rate decreased in FY2021 to \$0.533677/\$100 from \$0.570342/\$100, the 9.3% increase in assessed property value to \$11,438,954,590 contributed to the increase in property tax revenues. For the 2021 tax year or the fiscal year 2022, the Council adopted a property tax rate of \$0.515909/\$100. The property tax rate adopted is the same as the voter-approval tax rate including the unused increment rate and it is lower than the 2020 adopted tax rate. The City is projecting to collect approximately \$747,040 from new properties.



The Industrial District revenue increased 3.9% or \$852,986 from \$22,141,278 in 2020 to \$22,994,264 in 2021. The City negotiated a new Industrial District agreement (the "Agreement"), effective for the tax year 2019 or the fiscal year 2020. The new Agreement increased the assessment ratio between the 1<sup>st</sup> to the 5<sup>th</sup> years of completion in construction 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 the energy business environment today. The City is projecting the continued growth in the Industrial District taxable value, specifically in new construction. The sales tax revenues, in the general fund only, had an increase of 8.8% or \$2,153,351 from \$24,445,944 in 2020 to \$26,599,295 in 2021 as the majority of the population is still adjusting to the new "norm" caused by Covid-19.

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. It is 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 housing options from multi- and single-family living to townhomes and apartment complexes. The City's largest development housing plan is Parkway Trails Master Planned Community, with 515 lots, of which 181 will be townhomes and 334 will be single-family lots. As of September 30, 2021, about 224 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 along with, local museums, athletic events, entertainment 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 starting plan expansions. Companies have relocated to Pasadena in part for 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. To name a few – The Kelsey-Seybold Clinic 17,000-square-foot expansion was completed in 2021 doubling its medical team and adding new specialties and services to offer the community. Stepan

Company announced its plans to build and operate a new alkoxylation plant at its existing Pasadena facility. The \$220 million investment is expected to come online in late 2023. Haldor Topsoe also announced it will build a 15,000-ton/year hydro processing-catalyst plant at the company's existing Bayport production Site in Pasadena.

### ***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 the costs necessary to provide the level and quality of service required by our citizens. The long-term planned Capital Improvement Plan 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), a legally separate entity, functions as a component unit of the City and 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 that was 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 the Northside monument and gateway project, to further heighten the visual appeal of major gateways through landscaping, streetscape improvements, and other enrichments such as arts. As of September 30, 2021, PEDC has awarded \$60,256 to qualified applicants.
- 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. In 2021, PEDC was awarded a Silver Rank for its Pasadena Pulse E-Newsletter by the International Economic Development Council (IEDC) recognizing the excellent efforts to bring up-to-date information to the citizens of Pasadena and the regional business partners. PEDC was also recognized as one of 67 economic development organizations accredited by IEDC and an Accredited Economic Development Organization (AEDO).
- 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. Harris County, under the interlocal agreement with the City, is currently acquiring all necessary right-of-way and different design options are being discussed. The Richey Street Phase I project from State Highway 225 to Southmore Avenue is a \$15M joint funding project between PEDC (\$9M) and Harris County (\$6M) and will close out during the current year. PEDC is also working on Richey Street Phase II from Southmore Avenue to South Houston. Improvements in the right-of-way are planned to promote motorized and non-motorized circulation and create walkable connections to the adjacent neighborhoods. Elements will also be added to support the existing small businesses and help incentivize revitalization in the area. Another project funded by PEDC is the reconstruction of Shaw Avenue from Carl Street to McMaster Avenue, for which they have committed \$4M for design and construction costs.
- 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. 1 on page 90).

The City also participates in an additional OPEB plan. An agent multiple-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS is 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 on page 93).

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 reports 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. 1 and 2 on page 96).

### ***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 67% of the principal on the tax-supported debt is scheduled to retire within ten years. The City continues using the proceeds from the \$37M and \$38M Combination Tax and Revenue Certificates of Obligation issued in the fiscal year 2018 and 2019 to embark on major capital projects - construction of the new fire station No. 8, the new municipal court building, the new



police academy, and fire service administration building; reconstruct and improve drainage of Pansy, Lafferty, and Wafer streets; and make improvements to the infrastructure of the water and sewer system – Crenshaw water plant expansion, phase II; rehabilitation of water storage tank and north main lift station; and waterline replacement along major thoroughfares.

### ***Major Initiatives***

In February 2022, City Council issue a resolution authorizing publication of notice of intention to issue Combination Tax and Revenue Certificates of Obligation, Series 2022 for \$52,900,000. City Council has considered necessary to finance all or a portion of the following: (A) acquire and construct improvements to streets, sidewalks, related drainage, and traffic facilities (including the possible purchase of equipment deemed appropriate to construct such improvements) at various locations in the City, including but not limited to Preston Avenue, Red Bluff Road, and Shaver Street; (B) constructing and equipping a new Pasadena Police Annex and acquiring furniture and equipment for the Annex; (C) construct improvements to and acquire equipment for City Parks; and (D) acquire public safety equipment and acquire and construct public safety facilities for the City's Fire Department, including but not limited to, constructing improvements to Fire Station Numbers 6 and 7 and constructing and equipping a new Fire Administration Facility. The issuance transaction is expected to be completed by mid – April 2022.

### ***Presidential Major Disaster Declarations***

The Federal Government has provided Public Assistant Grants to the City, assisting the response to and recovery from numerous major disasters, specifically with debris removal, emergency protective measures, permanent repairs, restoration, and reconstruction of damaged infrastructure. It also provided Hazard Mitigation Assistance Grants to the City to assist with long-term solutions that reduce the impact of disasters in the future.

**In response to Texas Severe Storms, Tornadoes, Straight-line Winds, and Flooding in 2015**, which resulted in a Presidentially Declared Major Disaster, the City was awarded \$421.6K and entered into a subrecipient agreement with the General Land Office, a Texas state agency, in September 2018 under the 2015 Flood Allocation, U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Disaster Recovery (DR) Program Infrastructure Projects for the rehabilitation of sanitary sewer lines along the Glenmore Ditch. The construction was completed by the end of the fiscal year 2021.

**In response to Texas Severe Storm and Flooding in 2016**, which resulted in a Presidentially Declared Major Disaster, the City was awarded \$1.89M and entered into a subrecipient agreement with the General Land Office, a Texas state agency 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 Infrastructure Projects. The City is required to commit \$738.7K as the local share. The City has the plan to excavate new detention ponds, install sewer pipe and maintenance hole, apply hydro-mulch, and construct the walking trail at the Spencer Village and Bliss Meadows flood and drainage locations. In the late fiscal year 2020, a new agreement was entered with Harris County Flood Control District, to contribute \$738K to the design and construction of the project. In 2021, the City awarded the construction contract and as of 9/30/21 the construction is about 9% complete.

**In response to Hurricane Harvey in 2017**, which resulted in a Presidentially Declared Major Disaster. Hurricane Harvey came ashore on the Texas coast as a Category 4 hurricane and then stalled over the next four days, dropped as much as 60 inches of rain along the Gulf Coast, including the Pasadena area.

The City applied for disaster grants from the U.S. Department of Homeland Security/Federal Emergency Management Agency (FEMA) –

- **(1) Public Assistant Grant** – The City was awarded \$4.98M in the categories of debris removal, emergency protective measures, buildings, and equipment, utilities, and park recreation. The City received a total of \$4.76M from FEMA as of September 30, 2021, ranging from (100% Federal) and (90% Federal/10% Local Share) of eligible expenditures; with parks, recreation, and administration

costs. The City also received \$60K assistance from the Texas Infrastructure Resiliency Fund established by Texas Senate Bill No. 7, 2019-2020 86<sup>th</sup> Legislature, which amounted to 75% of the 10% Local Share.

- (2) Hazard Mitigation Grant Program - Drainage and Flood Mitigation- The City was awarded \$15.57M (75% Federal/25% Local Share) for phase I - Engineering design and environmental review for a total of 21 street drainage projects located in the City's historic areas. The majority of phase I works are completed and under FEMA review at the end of the fiscal year 2021. Assistance was also offered from the Texas Infrastructure Resiliency Fund established by Texas Senate Bill No. 7, 2019-2020 86<sup>th</sup> Legislature, which amounted to 75% of the 25% Local Share. The City received a total of \$6.76M and \$1.28M as of September 30, 2021, from FEMA and the State of Texas, respectively.
- (3) Hazard Mitigation Grant Program – City Hall Emergency Power Generator - The City was awarded \$1.02M (25% Federal/75% Local) in late fiscal year 2020 to purchase and install a 1000kW diesel-fueled generator and transfer switch as a permanent fixture on a new concrete pad at Pasadena City Hall to ensure continuous operations of emergency services for first responders and to communicate with the general public in the event of a disaster. As of 9/30/21 the project still under the design and engineering phase.

**In response to Hurricane Harvey, the U.S. Department of Housing and Urban Development (HUD)** has allocated Community Development Block Grant Disaster Recovery (CDBG-DR) funds to the State of Texas. Subsequently, the State made a direct allocation of CDBG-DR funds to Harris County. In utilizing CDBG-DR funds, Harris County committed \$8.26M and entered into a subrecipient agreement with the City for drainage improvements of the Armand Bayou Upper Reaches Project. 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 City is in the design phase at the end of fiscal year 2021.

**In response to COVID-19 pandemic,** President Trump approved Texas Major Disaster Declaration on March 25, 2020. Subsequently, on March 27, 2020, Congress approved the \$2.3 trillion Coronavirus Aid, Relief, and Economic Security Act (the CARES ACT). The City has submitted a \$21.4M Public Assistance Grant application with FEMA and entered into an interlocal subrecipient grant agreement with Harris County to receive \$8.4M of the U.S. Department of Treasury Coronavirus Relief Fund.

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (H.R. 1319) into law. The \$1.9 trillion package, based on President Biden's American Rescue Plan, is intended to combat the Covid-19 pandemic, including the public health and economic impacts. The package allocated \$350 billion for state and local governments. The local portion is approximately \$130 billion, equally divided between cities and counties. For cities, \$65 billion is divided based on the jurisdiction's modified Community Development Block Grant (CDBG) formula and those that are non CDBG entitled will be allocated according to population. The funds will be distributed in two tranches-the first after the U.S. Treasury certifies the proceeds to each jurisdiction, and the second one year later. The City of Pasadena's allocation of \$40.1M was based on the modified CDBG formula. As of 9/30/21, the City has received \$20M.

### ***Highlights of Major Federal Grants – U.S. Department of Housing and Urban Development***

The City, through the use of Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds awarded under the U.S. Department of Housing and Urban Development (HUD), continues to build upon the its successful track records to meet community needs and improve the quality of life for Pasadena residents. Efforts are made to provide affordable housing, continue investments in neighborhood infrastructure, focus on the prevention and reduction of homelessness, provide public services,

and implement strategies to affirmatively further fair housing. Highlights from Program Year 2020 (Fiscal Year 2021) are summarized below:

Affordable housing needs were 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 (HRSP). 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 HOME Program continued to assist low-income residents with affordable housing opportunities. Under HOME HRSP, four (4) existing housing units were demolished and reconstructed to meet local codes and standards. Additionally, with continued efforts of Habitat for Humanity, two (2) new homes were constructed within the Freedom Place Subdivision and sold to first-time low-income home buyers.

A vast majority of the CDBG allocation focuses on the amelioration of deteriorated public drainage systems and roadways. To improve the overall drainage system for neighborhood residents and infrastructure improvements, CDBG funded multiple public facility projects within the City of Pasadena's Low-to Moderate-Income Target Area. The Wafer Street Paving and Drainage Improvements Phase I Project was completed in March 2021 and construction for the Wafer Street Paving and Drainage Improvements Phase II Project has begun. Furthermore, construction of the Children and Youth Community Center is underway and expected to be completed by summer 2022.

The City partnered with local agencies and City departments to provide special needs services to foster community welfare, expand opportunity, and address essential needs. CDBG funds were administered through the Madison Jobe Senior Center's Transportation Rides Program to aid in providing resources to elderly and disabled clients to maintain an independent lifestyle and facilitate essential services. The Madison Jobe Senior Center provided transportation vouchers to 1,562 participants. In addition, CDBG funds were provided to Sarah's House to assist in providing operating costs to homeless women and children at their facility. Sarah's House provided 6,487 nights of shelter and supportive services to 227 homeless women and children.

On April 2, 2020, the City of Pasadena received notification from HUD of a special allocation of CDBG funds to be used to prevent, prepare for, and respond to the Coronavirus (COVID-19). This allocation was authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136 to respond to the growing effects of this historic public health crisis. The CARES Act provided a total of \$2,241,134 in Community Development Block Grant Coronavirus (CDBG-CV) funds to the City. The City partnered with local agencies to provide assistance to those impacted by the COVID-19 pandemic by allocating \$2,039,107 to eligible public service activities. CDBG-CV funds were administered through The Bridge Over Troubled Waters, Inc. to provide services to victims of domestic violence; North Pasadena Community Outreach to provide food pantry services; Baker Ripley to provide afterschool childcare services to low- to moderate-income individuals; and Pasadena Independent School District to provide internet support for distance learning. Highlights from the City's CDBG-CV Program include 289 hours of supportive services to 117 victims of domestic violence, 2,346 days of childcare to low-and moderate-income families, 11,192 boxes of food distributed to families in need, and 37,798 completed courses for 5,512 students.

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

The City of Pasadena's Annual Report for the year ended September 30, 2020 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. This was the 27<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current Annual 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 Annual Report could not have been completed without the diligent 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,

A handwritten signature in blue ink that reads "Julie St. Jean". The signature is written in a cursive, flowing style.

Julie St. Jean, CPA  
City Controller



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Pasadena  
Texas**

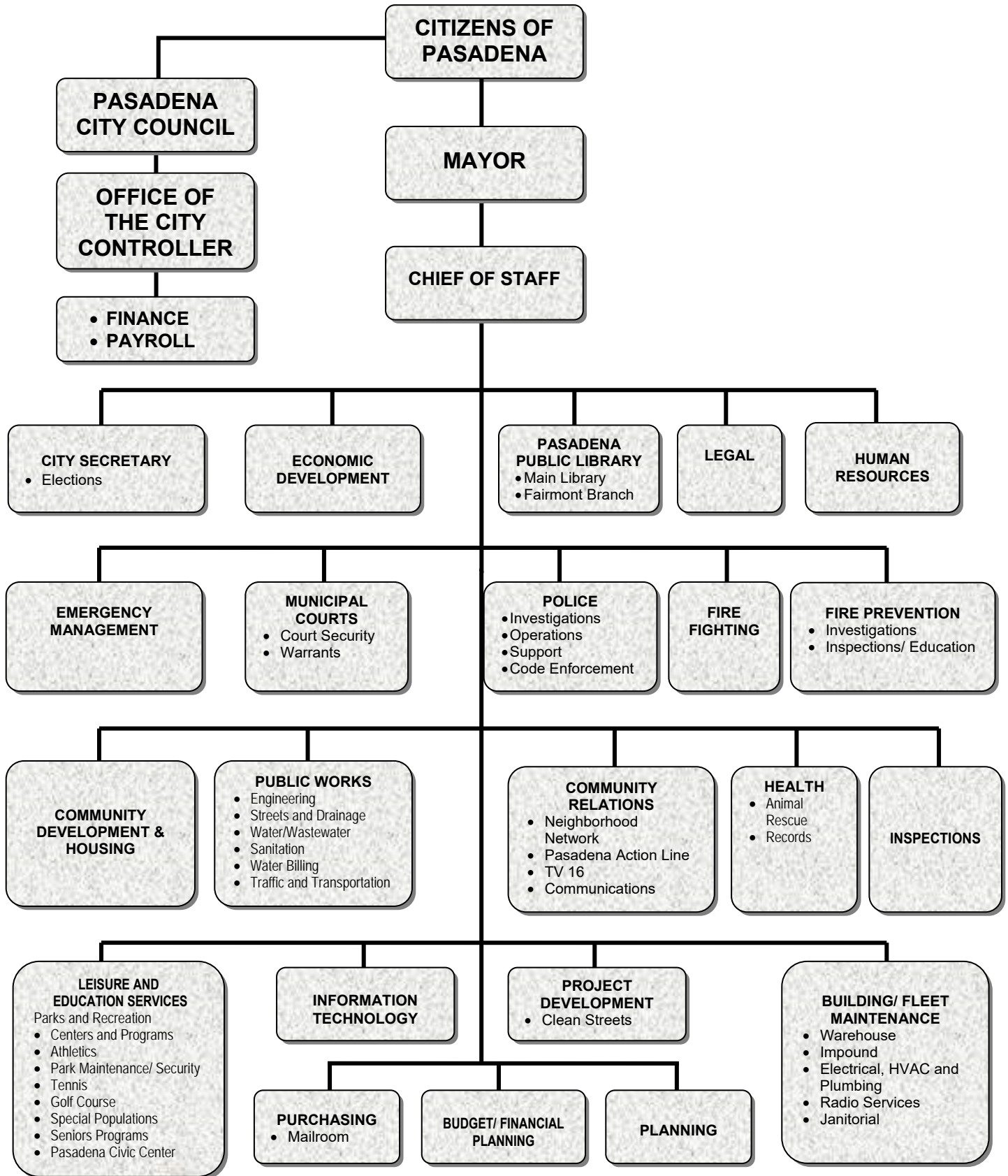
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# CITY OF PASADENA, TEXAS ORGANIZATION CHART



**CITY OF PASADENA, TEXAS  
PRINCIPAL OFFICIALS**

**MAYOR**

JEFF WAGNER

**CHIEF OF STAFF**

DANIEL PENNINGTON

**BUDGET ADMINISTRATOR**

SHERRY WOMACK

**CITY COUNCIL**

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

ORNALDO YBARRA  
BIANCA VALERIO  
DON HARRISON  
PAT VAN HOUTE  
JOHATHAN ESTRADA  
PHIL CAYTEN  
CARY BASS  
THOMAS SCHOENBEIN

**CITY CONTROLLER**

JULIE ST. JEAN, CPA

**CITY SECRETARY**

LINDA RORICK

**CITY ATTORNEY**

JAY DALE

**DIRECTOR OF PERSONNEL**

TRENA WHITE

**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**

RICHARD RISINGER



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**FINANCIAL SECTION**







## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pasadena, Texas (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, 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 8, 2022 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 8, 2022



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**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**





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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Pasadena's (the "City") Annual Comprehensive Financial Report presents a narrative overview and analysis of the financial performance of the City for the fiscal year ended September 30, 2021. This discussion and analysis includes comparative data for fiscal year 2020. 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, 2021 are as follows:

#### Government-Wide Financial Statements

The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$998,124,347 (net position), showing an increase of \$55,843,018 (5.9%), compared to the prior fiscal year of \$942,281,329. Total net position of the City is comprised of the following:

Net investment in capital assets of \$848,409,956 (85%) 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 \$93,876,837 (9.4%) is restricted by constraints imposed from outside the City such as debt covenants, laws, and regulations.

Net position of \$55,837,554 (5.6%) 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 \$217,074,733. This compares to the prior fiscal year combined fund balances of \$194,199,321, showing an increase of \$22,875,412 (11.8%). Approximately 39.4% of the fund balances, \$85,485,181, is available for spending at the City's discretion (unassigned) and 48.4% of the fund balance, \$105,050,358, is restricted for court, law enforcement, economic development, housing services, capital construction, and debt service. The balance of \$20,824,498 (9.6%) is committed for capital construction in the amounts of \$7,701,190 for the grant HMGP the City's matching portion and \$15,000 for election, recall, and charter revision. The \$13,108,308 is for various capital projects including drainage improvements and sidewalk replacement projects. Assigned is for purchases on order of \$1,143,181 and capital construction of \$4,571,515, totaling \$5,714,696 (2.6%).

At the end of fiscal year, the general fund had a total fund balance of \$86,643,362. The unassigned portion of the fund balance was \$85,485,181 or 78.7% of total general fund expenditures of \$108,641,960. The committed portion of the fund balance was \$15,000. The assigned portion of the fund balance was \$1,143,181. 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, 2021, the unassigned fund balance exceeded this required balance by \$67,378,188.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Pasadena's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other information such as statistical data.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The first of the government-wide statements is the Statement of Net Position. This statement shows the City of Pasadena's total assets and deferred outflows and liabilities and deferred inflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The second government-wide statement is the Statement of Activities, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the Statement of Activities is to show the relative financial burden of the City's distinct functions/programs on its taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, health, culture and recreation, housing, and community development. Business-type activities include water and sewer operations.

The government-wide financial statements include the City of Pasadena (*the primary government*) and the Pasadena Crime Control and Prevention District, a legally separate entity, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information of the City. The Pasadena 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, and 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 \$998,124,347 at fiscal year ended September 30, 2021.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 282,055,813	\$ 240,869,512	\$ 51,051,263	\$ 49,028,594	\$ 333,107,076	\$ 289,898,106
Capital assets	669,362,975	660,560,956	303,780,709	300,339,082	973,143,684	960,900,038
<b>Total assets</b>	<b>951,418,788</b>	<b>901,430,468</b>	<b>354,831,972</b>	<b>349,367,676</b>	<b>1,306,250,760</b>	<b>1,250,798,144</b>
Deferred outflows of resources	23,975,064	16,064,943	4,562,653	3,891,014	28,537,717	19,955,957
<b>Total deferred outflows</b>	<b>23,975,064</b>	<b>16,064,943</b>	<b>4,562,653</b>	<b>3,891,014</b>	<b>28,537,717</b>	<b>19,955,957</b>
Long-term liabilities, outstanding	176,876,596	178,717,972	72,795,692	77,039,591	249,672,288	255,757,563
Other liabilities	48,291,910	28,901,206	15,183,057	17,727,012	63,474,967	46,628,218
<b>Total liabilities</b>	<b>225,168,506</b>	<b>207,619,178</b>	<b>87,978,749</b>	<b>94,766,603</b>	<b>313,147,255</b>	<b>302,385,781</b>
Deferred inflows of resources	21,583,486	23,920,260	1,933,389	2,166,731	23,516,875	26,086,991
<b>Total deferred inflows</b>	<b>21,583,486</b>	<b>23,920,260</b>	<b>1,933,389</b>	<b>2,166,731</b>	<b>23,516,875</b>	<b>26,086,991</b>
Net position:						
Net investment in capital assets	601,279,000	586,924,489	247,130,956	243,101,366	848,409,956	830,025,855
Restricted	91,338,428	87,855,586	2,538,409	2,844,849	93,876,837	90,700,435
Unrestricted	36,024,432	11,175,898	19,813,122	10,379,141	55,837,554	21,555,039
<b>Total net position</b>	<b>\$ 728,641,860</b>	<b>\$ 685,955,973</b>	<b>\$ 269,482,487</b>	<b>\$ 256,325,356</b>	<b>\$ 998,124,347</b>	<b>\$ 942,281,329</b>

By far, the largest portion of the City's net position, \$848,409,956 (85%), 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 \$18,384,101, compared to prior fiscal year of \$830,025,855. Capital assets had a net increase of \$12,243,646, with 71.9% net increase in the governmental activities and the remaining 28.1% net increase in the business-type activities. The governmental activities streets and drainage projects included improvement at different detention facilities; FEMA-HMGP; Pasadena Blvd; Pasadena Harris – 225 Richey Road; Fairway Plaza acquisition and extension; Richey St; 225-Southmore; and the start of construction of new Fire Station # 6 and #7, 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 decrease of \$14,205,034, including a decrease totaling \$9,197,013 for the governmental activities and a decrease of \$5,008,021 for business-type activities. The City did not issue any new debt during this fiscal year, only principal and amortization of the debt premium reduced the bond balances.

The second largest portion of the City's net position, \$93,876,837 (9.4%), represents resources that are subject to external restrictions on how they may be used. This compared to the prior fiscal year of \$90,700,435, showing an increase of \$3,176,402. Overall, the capital projects and economic development functions had an increase in the amount of \$6,249,475 from \$63,234,808 to \$69,484,283 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 \$321,613 from \$6,578,245 to \$6,899,858 because the City collected more ad valorem taxes than originally budgeted and expenditures remained the same.

Public safety restricted net position decreased by \$3,985,008 from \$9,274,521 to \$5,289,513 due in part to the restatement of the grant management fund in the amount of \$5,341,104 from prior year to the general fund with the funds reported as unrestricted due to that they are not legally restricted on the fund use.

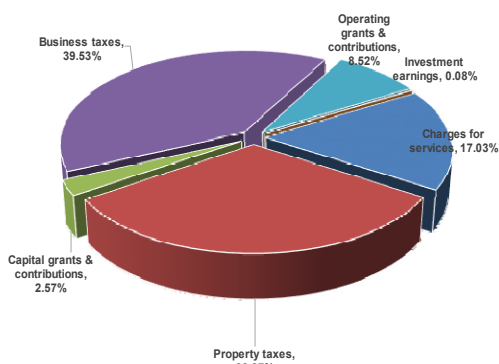
The third and final portion of the City's net position, \$55,837,554 (5.6%), represents unrestricted resources that

can be used to meet the City's ongoing obligations to citizens and creditors. This portion of net position increased by \$34,282,515, compared to the prior fiscal year of \$21,555,039. 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	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 31,563,100	\$ 32,609,739	\$ 49,450,010	\$ 44,994,585	\$ 81,013,110	\$ 77,604,324
Operating grants and contributions	15,783,286	18,122,791	-	-	15,783,286	18,122,791
Capital grants and contributions	4,757,024	5,837,270	-	-	4,757,024	5,837,270
General revenues:						
Property taxes	59,786,241	58,081,871	-	-	59,786,241	58,081,871
Business taxes	71,640,176	67,814,869	-	-	71,640,176	67,814,869
Other taxes/fees	1,603,920	1,349,373	-	-	1,603,920	1,349,373
Investment earnings	155,955	2,388,884	28,154	471,721	184,109	2,860,605
Gain on sale of capital assets	-	1,918,524	-	-	-	1,918,524
<b>Total Revenues</b>	<b>185,289,702</b>	<b>188,123,321</b>	<b>49,478,164</b>	<b>45,466,306</b>	<b>234,767,866</b>	<b>233,589,627</b>
<b>Expenses:</b>						
General government	21,404,451	23,821,001	-	-	21,404,451	23,821,001
Public safety	59,153,733	68,981,220	-	-	59,153,733	68,981,220
Public works	27,583,558	29,606,592	-	-	27,583,558	29,606,592
Health	5,709,263	6,541,684	-	-	5,709,263	6,541,684
Culture and recreation	18,817,481	19,652,656	-	-	18,817,481	19,652,656
Housing and community development	11,235,737	8,829,802	-	-	11,235,737	8,829,802
Interest on long-term debt	2,867,582	3,193,943	-	-	2,867,582	3,193,943
Water and sewer	-	-	32,153,043	34,992,695	32,153,043	34,992,695
<b>Total Expenses</b>	<b>146,771,805</b>	<b>160,626,898</b>	<b>32,153,043</b>	<b>34,992,695</b>	<b>178,924,848</b>	<b>195,619,593</b>
<b>Increase in net position before transfers</b>	<b>38,517,897</b>	<b>27,496,423</b>	<b>17,325,121</b>	<b>10,473,611</b>	<b>55,843,018</b>	<b>37,970,034</b>
<b>Transfers</b>	<b>4,167,990</b>	<b>4,535,500</b>	<b>(4,167,990)</b>	<b>(4,535,500)</b>	<b>-</b>	<b>-</b>
<b>Increase in net position</b>	<b>42,685,887</b>	<b>32,031,923</b>	<b>13,157,131</b>	<b>5,938,111</b>	<b>55,843,018</b>	<b>37,970,034</b>
<b>Net position - beginning</b>	<b>685,955,973</b>	<b>653,924,050</b>	<b>256,325,356</b>	<b>250,387,245</b>	<b>942,281,329</b>	<b>904,311,295</b>
<b>Net position - ending</b>	<b>\$ 728,641,860</b>	<b>\$ 685,955,973</b>	<b>\$ 269,482,487</b>	<b>\$ 256,325,356</b>	<b>\$ 998,124,347</b>	<b>\$ 942,281,329</b>



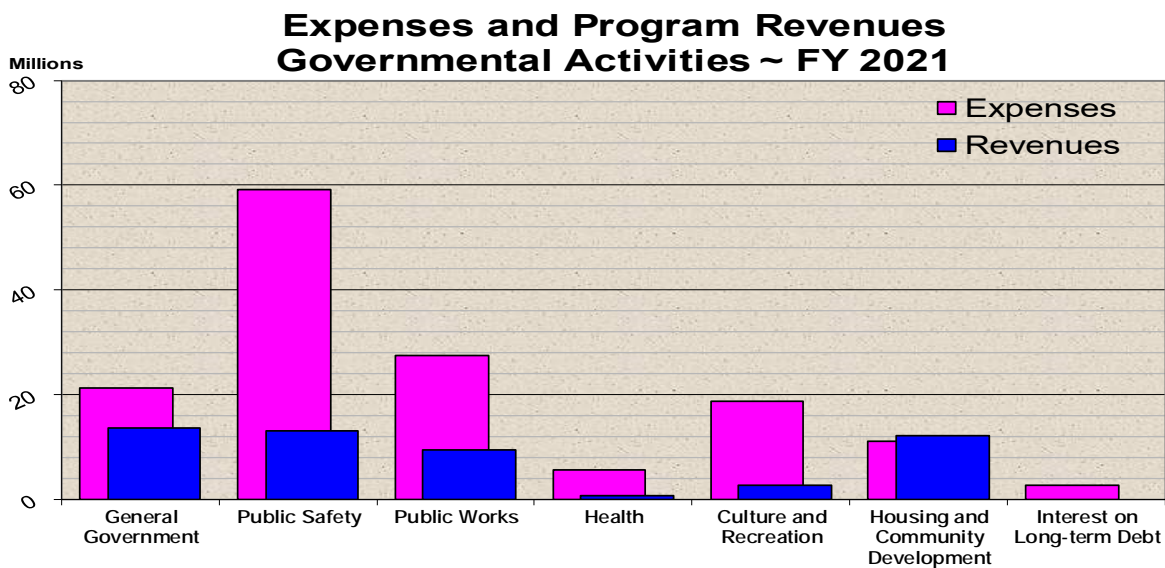
**Governmental Activities.** Governmental activities increased the City's net position by \$42,685,887 (6.2%). This was impacted by the current economic conditions. The City saw overall revenues decrease by \$2,833,619, excluding transfers. Program revenue decreased by \$4,466,390 (7.9%) from \$56,569,800 to \$52,103,410. Charges for services decreased by \$1,046,639 from \$32,609,739 to \$31,563,100. Operating grants and contributions decreased by \$2,339,505 and capital grants and contributions decreased by \$1,080,246. General government charges for services decreased by \$947,693. Public Safety charges for services decreased by \$1,812,079 because of the decrease in Municipal Court fines collected in the amount of \$837,967 due to COVID-19 and the lack of jury trials being held. Public works charges for services increased from \$6,399,056 to \$7,940,485 by the amount of \$1,541,429. Public safety operating grants and



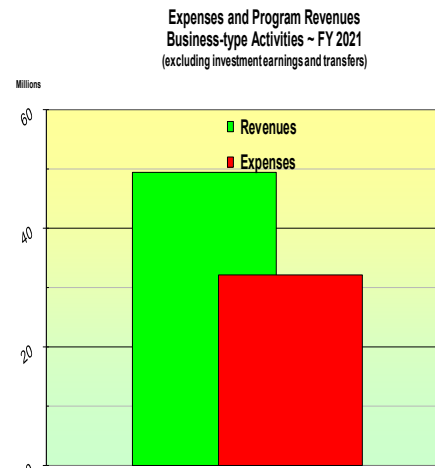
contributions decreased by \$4,031,820 from \$8,297,153 to \$4,265,333 partially due to the reimbursement from Harris County under the CRF for the current fiscal year came in at \$3,074,726, \$2,277,593 less than fiscal year 2020 of \$5,352,319.

There was a \$5,784,224 (4.5%) increase in general revenues, excluding transfers, gain on sale of capital assets, and investment earnings, in the governmental activities. General property taxes increased by \$1,704,370 due to increased property values and sales taxes increased by \$3,230,026 because of the economy growing in strength and consumer confidence despite COVID-19. The City's interest earnings decreased by \$2,232,929 in investment income due to the decline in interest rates.

Expenses decreased by \$13,855,093 (8.6%). Public safety expenses decreased \$9,827,487 from \$68,981,220 to \$59,153,733, mostly due to the decrease in the Police Department personnel services costs due to COVID-19 that were paid for in fiscal year 2020. Public works expenses decreased by \$2,023,034 from \$29,606,592 to \$27,583,558 for decreased costs due to COVID-19 for again fiscal year 2020. There was an increase of \$2,405,935 from \$8,829,802 to \$11,235,737 in the Housing and Community Development expenses due to an increase in expenses in public services from \$374,508 to \$2,502,248 and \$393,713 increase due to the Housing HAP Equity Payments during the year.



**Business-type Activities.** Business-type activities increased the City's net position by \$13,157,131. The business-type activities saw a decrease in expenses of \$2,839,652. Personnel services decreased by \$1,875,799 (20.3%) again due to less COVID-19 personnel costs than the year before. Last year, personnel services were 28% of total operating expenses and currently they are at 25%. The business-type activities capital contribution from the Pasadena Economic Development Corporation (PEDC) capital projects fund was \$48,587 and \$169,423 was from the grant management fund, specifically Housing and Community Development for a wastewater rehabilitation project. This is reported on the Statement of Activities as capital contribution. Capital assets purchased through the governmental activities fund were capitalized in the water and sewer funds. The projects included Fairmont waterline rehabilitation phase III and lift station rehabilitation. Interest expense on bonds included in water and sewer system expense on the Statement of Activities went from \$2,765,973 to \$2,576,738; a slight decrease due to the total bond debt in the water and sewer funds.



Revenues, including interest earnings, had an increase of \$4,011,858. Charges for services increased by \$4,455,425. There had been a water rate purchase dispute for the Southeast Purification Plant with the City of Houston in the amount of \$1,783,336. The dispute was settled in the City's favor and the amount was recognized as "prior year expense/refund" because the City had recorded the disputed amount as an expense in prior years. Again, interest earnings decreased by \$443,567 from \$471,721 to \$28,154 due to lower interest rates nationwide.

## 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 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 \$217,074,733. Approximately 39.4% of this amount, or \$85,485,181, 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 (\$14,257,002 or 6.6%)
2. restricted to pay debt service (\$4,116,848 or 1.9%)
3. restricted to pay for certain capital construction (\$86,676,508 or 40%)
4. assigned to pay purchases on order (\$1,143,181 or 0.5%)
5. assigned to pay capital construction (\$4,571,515 or 2.1%)
6. committed to general government capital construction and recall, election, and charter revision (\$20,824,498 or 9.5%)

The general fund is the principal operating fund of the City of Pasadena. As of September 30, 2021, the general fund reported fund balance of \$86,643,362. This compared to the restated prior fiscal year of \$76,677,053, showing an increase of \$9,966,309 (14%).

The unassigned portion of the general fund's fund balance was \$85,485,181. 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 \$108,641,960 or 78.7%, an increase of 18.7% over last year's percentage of 60%.

The City's general fund has emerged from the recession and COVID-19 with general property tax collection increasing by 3.2%. Industrial district fees had an increase by 3.8% due to the way the current contract is structured, which includes a shared increase or decrease in property values. A major indication of the improvement of the economy is sales tax collection. There was an increase in the amount of \$2,153,351 (8.8%) over last year. Expenditures, excluding transfers out, decreased by \$7,745,724 or 6.6% which was due to the decrease of personnel costs from fiscal year 2020. In fiscal year 2020, overtime personnel costs were paid to essential employees during the closure of the City twice for a total of 89 days because of COVID-19. The general fund transferred \$8,689,511 more in fiscal year 2021 than the year before which included the transfer to the capital projects funds for projects in the amount of \$13,153,168, the transfer to the grant management fund in the amount of \$22,000, and \$750,000 to the internal service fund. The increase was due to the general fund funding capital projects including various paving and drainage projects, Sunset Park playground improvements, City Hall air handlers and automation project phase I, Pasadena Municipal Complex parking lot improvements and the Council approval of the conversion to Tyler Technology Munis software.

The debt service fund has a total fund balance of \$4,116,848, all of which is restricted for the payment of debt service. The increase in fund balance of \$626,436 compared to prior fiscal year fund balance of \$3,490,412 was mainly due to increased collection of property taxes, 98.24% of levy was collected for FY 2021 compared to 97.51% of levy collected for FY 2020.

The Pasadena Economic Development Corporation fund has a total fund balance of \$69,649,935, all of which is restricted for capital projects and economic development. The increase in fund balance of \$7,054,529, or 11.3%, compared to prior fiscal year of \$62,595,406. There was an increase in sales taxes collected by 8.8% over last year, noting again the improving economy. There was a decrease in expenditures of \$2,082,508. The majority of projects were in public works in the total amount of \$3,090,326. The greater part was used on the convention center projects, and the Shaw Street and Richey Road projects. There was a decrease in administrative costs of \$925,205 from \$2,424,378 to \$1,499,173 due to the decrease in professional services for outside consultants.

The capital projects fund has a total fund balance of \$34,706,396, with \$17,026,573 restricted for capital construction projects; \$13,108,308 committed by the Council, the highest level of decision making for capital construction; and \$4,571,515 assigned by management for capital construction. The increase in fund balance amounted to \$6,254,945, compared to the prior fiscal year decrease of \$19,841,723. The City transferred \$13,153,168 from the general fund to the capital projects funds, as stated above. The capital outlay expenditures in the amount of \$12,096,192 had decreased by \$14,523,877 compared to the prior fiscal year with the majority of expenditures concentrated on general government and public safety projects, totaling \$8,909,430 and \$11,541,565, respectively. The City completed constructing a new municipal court building expending \$2,072,157 this fiscal year for a total of \$11,974,894. This project is being funded by Certificates of Obligation but is also receiving partial reimbursement by FEMA under an alternative Hurricane Ike project. The City is also constructing a new police academy and fire service administrative building expending \$595,685 this fiscal year for a total of \$9,629,388 as of the end of this year. It is also being funded by Certificates of Obligation.

The grant management fund has a total fund balance of \$12,730,734, of which \$5,029,544 is restricted and \$7,701,190 is committed for specific grant purposes. There was an increase in the fund balance of \$223,879. As of October 1, 2020, the City restated grant managements fund balance to the general fund due to the fact financial resources that were recorded in the grant management fund were not specific revenues that were legally restricted for a particular purpose, consequently, the funds have been recorded in the unrestricted fund balance in 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 \$133,760,968, including transfers out, was \$11,250,180 (9.2%) more than the original budget of \$122,510,788.

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

- \$1,486,973 decrease for General Government - included a decrease in other charges of \$1,387,170 due to the budget amendment reclassing personnel termination pay to the function where retirements took place during the fiscal year.
- \$2,334,412 increase for Public Safety - included increased costs in various police salary accounts by \$2,111,008 due to the anticipation of an increase in overtime which didn't materialize.
- \$160,862 increase for Public Works - included an increase in the personnel services in the sanitation, street and bridge, and traffic and transportation departments.
- \$78,183 increase in Health - included an increase in the materials and supplies items needed to fight COVID-19.
- \$11,472 decrease in Culture and Recreation – there were small budget changes throughout several departments due to activities that were put on hold due to COVID-19.
- \$10,175,168 increase in Other Financing (Uses) – an additional \$10,153,168 was transferred to the capital project funds for projects listed above. Also, \$22,000 was transferred to the grant management fund.

Even with the above-mentioned amendments, total actual expenditures, including transfers out totaling \$122,567,128, were \$11,193,840 below the final budget. The general government function had a variance of \$3,488,004, specifically in property management, City hall, and inspection.

Public safety had a variance of \$3,034,367, with the largest variance in the police department from final budget to actual in the amount of \$2,316,344 as actual police personnel service were expected to be higher due to overtime in the amount of \$2,096,469, and the culture and recreation function had a variance in the amount of \$2,901,735 with parks being \$1,050,617 lower due to COVID-19 and the cancelation of recreation activities because of the pandemic.

Actual revenues, including the transfers in and sale of capital assets, totaled \$132,533,437, which was over the final budgeted amount of \$129,424,170 by \$3,109,267. The largest favorable variance was in the amount of \$6,538,311 for business taxes and fees due to the City's increase in the sales tax collection over the final budget amount of \$5,599,295.

### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021 amounted to \$973,143,684 (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 \$12,243,646 (1.3%), compared to prior fiscal year of \$960,900,038. There was an \$8,802,019 (1.3%) increase for governmental activities and a \$3,441,627 (1.1%) 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) - \$253,626 with \$542,123 construction in progress at the end of the fiscal year.
- Continued Partnership Park (D039) - \$178,676 with \$337,490 in progress at the end of the fiscal year.
- Continued Golden Acres Detention (D044) - \$420,529 with \$517,045 construction in progress at the end of the fiscal year.
- Began 2021 Annual Drainage Imp (D046) - \$292,106 in progress at the end of the fiscal year.
- Began Armand Bayou Upper Reaches Project (D056) - \$584,276 in progress at the end of the fiscal year.
- Continued Fairmont Pkwy Drainage Imp (D058) - \$48,105 with \$182,170 in progress at the end of the fiscal year.
- Continued North Pasadena Redevelopment (M008) - \$194,000 with \$200,724 in progress at the end of the fiscal year.
- Began Convention Center Facility Imp (M025) - \$521,984 in progress at the end of the fiscal year.
- Began Convention Center Infrastructure Imp (M026) - \$86,938 in progress at the end of the fiscal year.
- Began Convention Center Hotel Project (M027) - \$30,350 in progress at the end of the fiscal year.
- Continued 1211 Southmore (M041) - \$342,990 with \$883,328 in progress at the end of the fiscal year.
- Continued Tyler Technologies (M043) - \$49,001 with \$381,480 in progress at the end of the fiscal year.
- Began City Hall Emergency Power Generator addition (M047) - \$177,205 in progress at the end of the fiscal year.
- Began Muni Complex Parking Lot Improvements (M050) - \$767,104 in progress at the end of the fiscal year.
- Began Convention Center Imp Ph II (M054) - \$623,765 in progress at the end of the fiscal year.
- Began Holly Bay Splash Pad Installation (R045) - \$138,454 in progress at the end of the fiscal year.
- Began Preston/Crenshaw Park (R055) - \$42,668 in progress at the end of the fiscal year.

- Began Golf Course Roof Replacement (R065) - \$140,839 in progress at the end of the fiscal year.
- Began Vince Bayou Greenway (R066) - \$43,362 in progress at the end of the fiscal year.
- Began Golf Course Renovation (R078) - \$177,183 in progress at the end of the fiscal year.
- Continued Wafer Improvements (S047) - \$807,300 with \$925,714 in progress at the end of the fiscal year.
- Began Fairway Plaza Acquisition/Ext (S054) - \$128,229 in progress at the end of the fiscal year.
- Continued Gateway Sign (S074) - \$20,237 with \$210,293 in progress at the end of the fiscal year.
- Continued Pasadena Blvd: Harris to 225 (S077) - \$3,705 with \$4,188,510 in progress at the end of the fiscal year.
- Continued Shaw St (S107) - \$2,436,020 with \$2,708,624 in progress at the end of the fiscal year.
- Continued Thomas Ave P&D Ph II (S109) - \$44,820 with \$59,760 in progress at the end of the fiscal year.
- Continued Richey St II (S110) - \$177,250 with \$211,105 in progress at the end of the fiscal year.
- Began Burke St. Imp (S114) - \$107,702 in progress at the end of the fiscal year.
- Began Park St. Paving & Drainage Imp (S115) - \$183,950 in progress at the end of the fiscal year.
- Began Madison Ave Paving & Drainage Imp (S116) - \$106,897 in progress at the end of the fiscal year.
- Began Austin Ave Paving & Drainage Imp (S117) - \$107,773 in progress at the end of the fiscal year.
- Began East Haven Paving & Drainage Imp (S118) - \$134,876 in progress at the end of the fiscal year.
- Began Magnolia Paving & Drainage Imp (S119) - \$82,940 in progress at the end of the fiscal year.
- Began Tilden Dr. Paving & Drainage Imp (S120) - \$93,897 in progress at the end of the fiscal year.
- Began Polk Ave. Paving & Drainage Imp (S121) - \$62,705 in progress at the end of the fiscal year.
- Began Kansas St. Paving & Drainage Imp (S122) - \$851,434 in progress at the end of the fiscal year.
- Began Llano St. Paving & Drainage Imp (S123) - \$42,746 in progress at the end of the fiscal year.
- Began 2021 Annual Paving Improvements (S124) - \$252,511 in progress at the end of the fiscal year.
- Began 2021 Annual Sidewalk Improvements (S125) - \$433,384 in progress at the end of the fiscal year.
- Began Llano St. Paving & Drainage Imp Ph I (S126) - \$19,501 in progress at the end of the fiscal year.
- Began Llano St. Paving & Drainage Imp Ph III (S127) - \$10,500 in progress at the end of the fiscal year.
- Began 2022 Annual Paving Improvements (S136) - \$8,070 in progress at the end of the fiscal year.
- Began SH225 Gateway Monument (S144) - \$28,332 in progress at the end of the fiscal year.
- Continued DM Area A5 FEMA (DMA5) - \$1,018 with \$241,601 in progress at the end of the fiscal year.
- Continued DM Flood Warning System (DMFW) - \$1,717 with \$30,897 in progress at the end of the fiscal year.
- Continued Hydr/Hydlyg FEMA HMGP (DMHH) - \$48,150 with \$1,222,290 in progress at the end of the fiscal year.
- Began SWPPP FEMA HMGP (DMSW) - \$77,000 in progress at the end of the fiscal year.
- Continued 225 Waterline Ph II (W035) - \$1,552,260 with \$1,754,748 in progress at the end of the fiscal year.
- Continued Preston 12" Waterline (W053) - \$263,373 with \$1,153,463 in progress at the end of the fiscal year.

- Continued Spencer 12" Waterline (W054) - \$18,710 with \$246,612 in progress at the end of the fiscal year.
- Continued 2019 Waterlines (W057) - \$15,146 with \$1,030,219 in progress at the end of the fiscal year.
- Continued Jenkins Rd Waterline (W061) - \$23,626 with \$296,215 in progress at the end of the fiscal year.
- Continued Bay Area Water (W062) - \$37,420 with \$57,481 in progress at the end of the fiscal year.
- Continued Preston 12" Waterline Ph II (W064) - \$16,022 with \$126,125 in progress at the end of the fiscal year.
- Continued Rodeo Grounds Water System Generator (W065) - \$679,571 with \$732,439 in progress at the end of the fiscal year.
- Began 2021 Citywide Waterline Replacement (W068) - \$540,556 in progress at the end of the fiscal year.
- Began Glenmore & Washington Waterline Improv Project (W075) - \$31,577 in progress at the end of the fiscal year.
- Began Southmore/Preston Waterline Improv Project (W076) - \$178,463 in progress at the end of the fiscal year.
- Began Crenshaw PRV Building Improvements (W077) - \$11,024 in progress at the end of the fiscal year.
- Began Llan/RBf/Elln/Wyt/LA/PasLft St (WW022) - \$533,932 in progress at the end of the fiscal year.
- Continued Bay Area Industrial Park LS/Force Main (WW063) - \$12,140 with \$55,552 in progress at the end of the fiscal year.
- Continued 2020 Citywide Sanitary Sewer Rehab (WW064) - \$364,303 with \$544,360 in progress at the end of the fiscal year.
- Began Golden Acres WWTP Influent LS (WW066) - \$2,447,673 in progress at the end of the fiscal year.
- Began Citywide SS Line Rehabilitation (WW067) - \$555,328 in progress at the end of the fiscal year.
- Began Golden Acres 24' Force Main PH II (WW072) - \$121,693 in progress at the end of the fiscal year.

**CAPITAL ASSETS**  
(net of depreciation)  
September 30, 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 147,758,200	\$ 149,130,727	\$ 1,624,352	\$ 1,624,352	\$ 149,382,552	\$ 150,755,079
Buildings and building improvements	89,698,147	63,694,517	1,498,393	1,541,472	91,196,540	65,235,989
Facilities and other improvements	21,010,839	18,291,666	9,426,425	9,677,893	30,437,264	27,969,559
Machinery and equipment	15,006,237	15,847,692	1,714,146	1,530,613	16,720,383	17,378,305
Infrastructure	335,494,343	318,589,452	268,474,028	257,867,405	603,968,371	576,456,857
Automotive equipment	20,647,671	18,800,351	8,655	9,421	20,656,326	18,809,772
Construction in progress	39,747,538	76,206,551	21,034,710	28,087,926	60,782,248	104,294,477
Totals	<u>\$ 669,362,975</u>	<u>\$ 660,560,956</u>	<u>\$ 303,780,709</u>	<u>\$ 300,339,082</u>	<u>\$ 973,143,684</u>	<u>\$ 960,900,038</u>

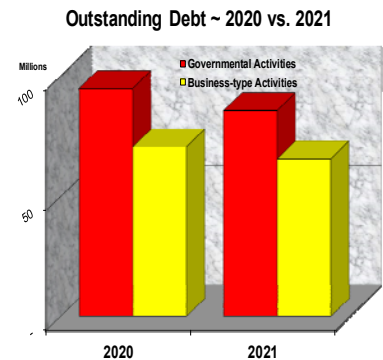


Additional information on the City of Pasadena’s capital assets can be found in Note IV, D, pages 79-80 in the notes to the financial statements.

**Long-term Debt**

At the end of the current fiscal year, the City had total long-term debt outstanding of \$151,669,200. Of this amount, \$85,925,890 represents debt backed and paid for by the full faith and credit of the City. The remaining \$65,743,310 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 decreased by \$14,205,034 (8.6%) during the current fiscal year end. Please refer to note IV. G on pages 84-87 in the notes to the financial statements for further information on the City’s long-term debt. In addition, the statistical section of this report has various schedules on the City’s debt capacity to help citizens and investors to assess the affordability of the City’s current level of outstanding debt and the City’s ability to issue additional debt in the future.



**CITY OF PASADENA'S LONG TERM DEBT  
September 30, 2021**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General, certificate, and other obligations including refunding	\$ 85,925,890	\$ 95,122,903	\$ 65,743,310	\$ 70,751,331	\$ 151,669,200	\$ 165,874,234
Total	\$ 85,925,890	\$ 95,122,903	\$ 65,743,310	\$ 70,751,331	\$ 151,669,200	\$ 165,874,234

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 \$1,062,086,417, 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 2021) was 6.7%, down from 8.7% for the previous December per the Bureau of Labor Statistics due to COVID-19.

- The fiscal year 2022 adopted budget for the general fund revenue of \$122,839,453, including the transfer in and sales of capital assets, is expected to decrease 0.24% or \$291,135 when compared to the estimated revenue of \$123,130,588 for the current fiscal year. However, the actual revenue of \$132,533,437 for the fiscal year 2021 far exceeded the 2021 estimated revenue amount by 7.6% or \$9,402,849.
- The taxable value increased 10.7% or \$1.089B to \$11.273B in the fiscal year 2022 from \$10.184B in the fiscal year 2021. The Council adopted an effective tax rate of \$0.515909/\$100 for the fiscal year 2022, which is a decrease of 3.3% or \$.0017768/\$100 than the fiscal year 2021 tax rate of \$0.533677/\$100. The effective tax rate (no new revenue) generated the same amount of tax levy for

properties taxed in both fiscal years of 2021 and 2020, however, in fiscal year 2022, the voters approved and unused increment rate was used, which and as a result, the tax levy would increase 5.4% and \$747,040 from new property.

- The assessed valuation of the Industrial District was not yet available when the 2022 budget was adopted in September 2021. Therefore, the fiscal year 2022 budgeted amount of \$22,500,000 remains the same as the estimated revenue for the fiscal year 2021. The assessed valuation for the fiscal year 2022 is now available, and the estimated billable revenue was \$23,960,339, an increase by 4.2% or \$966,075 when compared to the actual current year industrial fee revenue of \$22,994,264 for the fiscal year 2021.
- With the national economy remaining the same, the budgeted sales tax revenue of \$22,500,000 for the fiscal year 2022 compared to \$21,000,000 as the estimated revenue for the fiscal year 2021. The actual sales tax revenue of \$26,599,295 turned out a bit stronger than expected by 26.7% or \$5,599,295.
- The water and sewer revenue is to cover the City's cost in providing water and sewer service and to make debt payments. The 2022 budget of \$45,105,100 under the modified accrual basis reflected a decrease of 2.1% or \$990,364 when compared to the estimated revenue of \$46,095,464 for the fiscal year 2021.

These indicators were taken into account when adopting the general fund budget for fiscal year 2022. Revenues in the general fund are budgeted in the amount of \$122,839,453, including transfers and sales of capital assets, which is a decrease of \$6,584,717 over the final fiscal year 2021 budget of \$129,424,170 (including transfers in and sale of capital assets). The revenue decreases were mainly due to the lack of confidence in the economy at the time the budget was prepared.

Expenditures are budgeted to decrease by 8.2%, or \$10,921,515 in comparison to the final budgeted expenditures of fiscal year 2021. This decrease is due to an anticipated reduction of funds transferred to the capital projects funds from the general fund.

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

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



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## **BASIC FINANCIAL STATEMENTS**

**CITY OF PASADENA, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u>	<u>Business-type</u>		<u>Pasadena Crime</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Control and</u>
				<u>Prevention District</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 2,403,943	\$ 1,319,292	\$ 3,723,235	\$ -
Investments	137,197,732	35,067,138	172,264,870	9,809,932
Receivables (net of allowances for uncollectible)	9,527,647	7,176,879	16,704,526	2,231,070
Due from primary government	-	-	-	325,840
Internal balances	4,344,538	(4,344,538)	-	-
Inventories	551,105	-	551,105	-
Prepaid items	740,226	-	740,226	-
Deposits	373,000	-	373,000	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	453,779	-	453,779	-
Investments	123,285,454	11,832,492	135,117,946	-
Intergovernmental receivables	3,178,389	-	3,178,389	-
Capital assets not being depreciated:				
Land	147,758,200	1,624,352	149,382,552	-
Construction in progress	39,747,538	21,034,710	60,782,248	-
Capital assets net of accumulated depreciation:				
Buildings and building improvements	89,698,147	1,498,393	91,196,540	-
Facilities and other improvements	21,010,839	9,426,425	30,437,264	-
Machinery and equipment	15,006,237	1,714,146	16,720,383	-
Infrastructure	335,494,343	268,474,028	603,968,371	-
Automotive	20,647,671	8,655	20,656,326	-
<b>TOTAL ASSETS</b>	<b><u>951,418,788</u></b>	<b><u>354,831,972</u></b>	<b><u>1,306,250,760</u></b>	<b><u>12,366,842</u></b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred charges on:				
Refunding bonds	1,204,744	2,289,315	3,494,059	-
Deferred outflows on:				
TMRS pension	12,276,723	1,051,874	13,328,597	-
Fire pension	238,914	-	238,914	-
Healthcare OPEB	9,208,304	1,136,613	10,344,917	-
SDBF OPEB	1,046,379	84,851	1,131,230	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 23,975,064</u></b>	<b><u>\$ 4,562,653</u></b>	<b><u>\$ 28,537,717</u></b>	<b><u>\$ -</u></b>

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Pasadena Crime Control and Prevention District</u>
<b><u>LIABILITIES</u></b>				
Accounts payable and other current liabilities	\$ 7,030,432	\$ 3,039,751	\$ 10,070,183	\$ 386,811
Accrued payroll payable	2,710,759	239,444	2,950,203	270,314
Accrued interest payable	421,411	-	421,411	-
Due to component unit	325,840	-	325,840	-
Liabilities payable from restricted assets	4,892,911	2,489,841	7,382,752	-
Customer deposits	-	5,141,893	5,141,893	-
Unearned revenue	21,104,119	-	21,104,119	-
Noncurrent liabilities:				
Due within one year	11,806,438	4,272,128	16,078,566	-
Due in more than one year	176,876,596	72,795,692	249,672,288	-
<b>TOTAL LIABILITIES</b>	<b><u>225,168,506</u></b>	<b><u>87,978,749</u></b>	<b><u>313,147,255</u></b>	<b><u>657,125</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred inflows on:				
TMRS pension	13,623,050	1,071,191	14,694,241	-
Fire pension	59,598	-	59,598	-
Healthcare OPEB	7,566,996	835,131	8,402,127	-
SDBF OPEB	333,842	27,067	360,909	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>21,583,486</u></b>	<b><u>1,933,389</u></b>	<b><u>23,516,875</u></b>	<b><u>-</u></b>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	601,279,000	247,130,956	848,409,956	-
Restricted for:				
Debt service	4,361,449	2,538,409	6,899,858	-
Capital projects and economic development	69,484,283	-	69,484,283	-
Public safety	5,289,513	-	5,289,513	11,709,717
Public works	3,201,190	-	3,201,190	-
Housing and community development	2,476,327	-	2,476,327	-
Cultural and recreation	5,096,081	-	5,096,081	-
Other purpose	1,429,585	-	1,429,585	-
Unrestricted	36,024,432	19,813,122	55,837,554	-
<b>TOTAL NET POSITION</b>	<b><u>\$728,641,860</u></b>	<b><u>\$269,482,487</u></b>	<b><u>\$998,124,347</u></b>	<b><u>\$11,709,717</u></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, 2021**

<b>FUNCTIONS/PROGRAMS</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 21,404,451	\$ 13,457,287	\$ -	\$ 150,000
Public safety	59,153,733	6,765,420	4,265,333	2,096,378
Public works	27,583,558	7,940,485	393,217	1,115,863
Health	5,709,263	807,285	-	-
Culture and recreation	18,817,481	2,495,232	120,134	195,766
Housing and community development	11,235,737	97,391	11,004,602	1,199,017
Interest on long-term debt	2,867,582	-	-	-
<b>Total governmental activities</b>	<b>146,771,805</b>	<b>31,563,100</b>	<b>15,783,286</b>	<b>4,757,024</b>
Business-type activities:				
Water and sewer system	32,153,043	49,450,010	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 178,924,848</b>	<b>\$ 81,013,110</b>	<b>\$ 15,783,286</b>	<b>\$ 4,757,024</b>
<b>Component unit:</b>				
Pasadena Crime Control and Prevention District	<b>\$ 9,993,282</b>	<b>\$ 709</b>	<b>\$ -</b>	<b>\$ -</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**

**Net (Expense) Revenue and  
Changes in Net Position**

<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>
\$ (7,797,164)	\$ -	\$ (7,797,164)	\$ -
(46,026,602)	-	(46,026,602)	-
(18,133,993)	-	(18,133,993)	-
(4,901,978)	-	(4,901,978)	-
(16,006,349)	-	(16,006,349)	-
1,065,273	-	1,065,273	-
(2,867,582)	-	(2,867,582)	-
<u>(94,668,395)</u>	<u>-</u>	<u>(94,668,395)</u>	<u>-</u>
-	17,296,967	17,296,967	-
<b>(94,668,395)</b>	<b>17,296,967</b>	<b>(77,371,428)</b>	<b>-</b>
			<b>9,992,573</b>
59,786,241	-	59,786,241	-
23,121,354	-	23,121,354	-
39,898,942	-	39,898,942	13,047,055
8,619,880	-	8,619,880	-
1,603,920	-	1,603,920	-
<u>73,244,096</u>	<u>-</u>	<u>73,244,096</u>	<u>13,047,055</u>
93,011	28,154	121,165	-
62,944	-	62,944	4,266
-	-	-	-
4,167,990	(4,167,990)	-	-
<b>137,354,282</b>	<b>(4,139,836)</b>	<b>133,214,446</b>	<b>13,051,321</b>
<b>42,685,887</b>	<b>13,157,131</b>	<b>55,843,018</b>	<b>3,058,748</b>
<b>685,955,973</b>	<b>256,325,356</b>	<b>942,281,329</b>	<b>8,650,969</b>
<b>\$ 728,641,860</b>	<b>\$ 269,482,487</b>	<b>\$ 998,124,347</b>	<b>\$ 11,709,717</b>

The accompanying notes are an integral part of the financial statements



**CITY OF PASADENA, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	<b>General</b>	<b>Debt Service</b>	<b>Pasadena Economic Development Corporation</b>	<b>Capital Projects</b>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 2,403,943	\$ -	\$ -	\$ -
Investments	115,677,239	-	-	-
Receivables (net of allowance for uncollectible)	6,681,592	248,378	2,262,246	1,200
Due from other funds	1,282,826	452,945	-	18,241,337
Restricted assets				
Cash and cash equivalents	-	-	11,018	-
Investments	-	3,660,126	68,683,793	18,141,596
Receivables (net of allowance for uncollectible)	34,504	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 126,080,104</u></b>	<b><u>\$ 4,361,449</u></b>	<b><u>\$ 70,957,057</u></b>	<b><u>\$ 36,384,133</u></b>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 5,972,145	\$ -	\$ -	\$ -
Accrued payroll payable	2,471,693	-	-	-
Due to other funds	29,731,674	-	-	-
Due to component unit	325,840	-	-	-
Compensated absences payable	-	-	-	-
Unearned revenue - other	-	-	-	-
Liabilities payable from restricted assets	-	-	1,307,122	1,677,737
<b>TOTAL LIABILITIES</b>	<b><u>38,501,352</u></b>	<b><u>-</u></b>	<b><u>1,307,122</u></b>	<b><u>1,677,737</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue - property taxes	737,819	244,601	-	-
Unavailable revenue - industrial district fees	197,571	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>935,390</u></b>	<b><u>244,601</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>FUND BALANCES</u></b>				
Restricted	-	4,116,848	69,649,935	17,026,573
Committed	15,000	-	-	13,108,308
Assigned	1,143,181	-	-	4,571,515
Unassigned	85,485,181	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>86,643,362</u></b>	<b><u>4,116,848</u></b>	<b><u>69,649,935</u></b>	<b><u>34,706,396</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 126,080,104</u></b>	<b><u>\$ 4,361,449</u></b>	<b><u>\$ 70,957,057</u></b>	<b><u>\$ 36,384,133</u></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, and risk management in regards to workers' compensation claims, general liabilities, and health care benefits to individual funds. These assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

**NET POSITION OF GOVERNMENTAL ACTIVITIES**

The accompanying notes are an integral part of the financial statements

<b>Grant Management</b>	<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 2,403,943
-	-	115,677,239
-	-	9,193,416
7,608,761	1,167,298	28,753,167
389,697	53,064	453,779
25,037,279	7,762,660	123,285,454
2,628,504	515,381	3,178,389
<b>\$ 35,664,241</b>	<b>\$ 9,498,403</b>	<b>\$ 282,945,387</b>

\$ -	\$ -	\$ 5,972,145
-	-	2,471,693
-	496	29,732,170
-	-	325,840
191,785	-	191,785
21,104,082	37	21,104,119
1,637,640	270,412	4,892,911
<b>22,933,507</b>	<b>270,945</b>	<b>64,690,663</b>

-	-	982,420
-	-	197,571
-	-	<b>1,179,991</b>

5,029,544	9,227,458	105,050,358
7,701,190	-	20,824,498
-	-	5,714,696
-	-	85,485,181
<b>12,730,734</b>	<b>9,227,458</b>	<b>217,074,733</b>

**\$ 35,664,241    \$ 9,498,403**

639,449,688

1,179,991

49,596,530

(178,659,082)

**\$ 728,641,860**

**CITY OF PASADENA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<b>General</b>	<b>Debt Service</b>	<b>Pasadena Economic Development Corporation</b>	<b>Capital Projects</b>
<b>REVENUES</b>				
General property taxes	\$ 47,406,011	\$ 12,345,628	\$ -	\$ -
Business taxes and fees				
Industrial district fees	22,994,264	-	-	-
Sales taxes	26,599,295	-	13,299,647	-
Franchise fees	8,390,473	-	-	-
Other taxes and fees	308,119	-	-	-
Total business taxes and fees	<u>58,292,151</u>	<u>-</u>	<u>13,299,647</u>	<u>-</u>
Licenses and permits	2,668,626	-	-	-
Municipal court fines	2,911,086	-	-	-
Charges for services	11,936,678	-	-	-
Intergovernmental	3,457,819	-	-	5,059,547
Program income	-	-	-	-
Contribution from outside sources	-	-	-	12,600
Miscellaneous	1,522,954	-	20,808	-
Investment income	81,823	1,757	31,253	20,722
<b>TOTAL REVENUES</b>	<b><u>128,277,148</u></b>	<b><u>12,347,385</u></b>	<b><u>13,351,708</u></b>	<b><u>5,092,869</u></b>
<b>EXPENDITURES</b>				
Current:				
General government	18,874,893	-	-	-
Public safety	52,362,346	-	-	-
Public works	16,505,030	-	1,499,173	-
Health	5,554,531	-	-	-
Culture and recreation	15,345,160	-	-	-
Housing and community development	-	-	-	-
Debt Service:				
Principal	-	8,183,830	-	-
Interest	-	3,537,119	-	-
Capital Outlay:				
General government	-	-	-	5,814,070
Public safety	-	-	-	444,261
Public works	-	-	3,090,326	5,219,498
Culture and recreation	-	-	1,707,680	618,363
<b>TOTAL EXPENDITURES</b>	<b><u>108,641,960</u></b>	<b><u>11,720,949</u></b>	<b><u>6,297,179</u></b>	<b><u>12,096,192</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>19,635,188</u></b>	<b><u>626,436</u></b>	<b><u>7,054,529</u></b>	<b><u>(7,003,323)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,000,000	-	-	13,153,168
Transfers out	(13,925,168)	-	-	-
Sale of capital assets	1,256,289	-	-	105,100
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b><u>(9,668,879)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>13,258,268</u></b>
<b>NET CHANGE IN FUND BALANCES</b>	<b><u>9,966,309</u></b>	<b><u>626,436</u></b>	<b><u>7,054,529</u></b>	<b><u>6,254,945</u></b>
<b>FUND BALANCES, BEGINNING</b>	<b><u>76,677,053</u></b>	<b><u>3,490,412</u></b>	<b><u>62,595,406</u></b>	<b><u>28,451,451</u></b>
<b>FUND BALANCES, ENDING</b>	<b><u>\$ 86,643,362</u></b>	<b><u>\$ 4,116,848</u></b>	<b><u>\$ 69,649,935</u></b>	<b><u>\$ 34,706,396</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>
\$ -	\$ -	\$ 59,751,639
-	-	22,994,264
-	-	39,898,942
-	229,407	8,619,880
-	1,295,801	1,603,920
-	1,525,208	73,117,006
-	2,820	2,671,446
-	295,109	3,206,195
-	-	11,936,678
15,497,833	331,686	24,346,885
55,464	-	55,464
-	-	12,600
-	395,843	1,939,605
4,399	4,813	144,767
<b>15,557,696</b>	<b>2,555,479</b>	<b>177,182,285</b>
-	331,196	19,206,089
1,435,321	848,501	54,646,168
447,294	-	18,451,497
-	-	5,554,531
315,900	2,626,468	18,287,528
13,157,302	-	13,157,302
-	-	8,183,830
-	-	3,537,119
-	-	5,814,070
-	-	444,261
-	-	8,309,824
-	-	2,326,043
<b>15,355,817</b>	<b>3,806,165</b>	<b>157,918,262</b>
<b>201,879</b>	<b>(1,250,686)</b>	<b>19,264,023</b>
22,000	-	16,175,168
-	-	(13,925,168)
-	-	1,361,389
<b>22,000</b>	<b>-</b>	<b>3,611,389</b>
<b>223,879</b>	<b>(1,250,686)</b>	<b>22,875,412</b>
<b>12,506,855</b>	<b>10,478,144</b>	<b>194,199,321</b>
<b>\$ 12,730,734</b>	<b>\$ 9,227,458</b>	<b>\$ 217,074,733</b>



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**CITY OF PASADENA, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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)	\$	22,875,412
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		7,343,032
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, and donations) is an increase to net position.		(2,177,021)
Revenues in the statement of activities that do not provide current financial resources are deferred as revenues in the funds.		161,692
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		8,183,830
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.		4,643,160
Internal service funds are used by management to charge the costs of technical services, warehouse, fleet, facilities operations, mailroom, and risk management in regards to workers' compensation claims, general liabilities, and health care benefits to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.		1,655,782
<b>Change in net position of governmental activities (page 43)</b>	<b>\$</b>	<b>42,685,887</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, 2021**

	<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	\$ 45,044,473	\$ 48,294,911	\$ 47,406,011	\$ (888,900)
Business taxes and fees				
Industrial district fees	21,356,200	21,356,200	22,994,264	1,638,064
Sales taxes	21,000,000	21,000,000	26,599,295	5,599,295
Franchise fees	9,097,600	9,097,600	8,390,473	(707,127)
Other taxes and fees	300,040	300,040	308,119	8,079
Total business taxes and fees	<u>51,753,840</u>	<u>51,753,840</u>	<u>58,292,151</u>	<u>6,538,311</u>
Licenses and permits	2,238,775	2,238,775	2,668,626	429,851
Municipal court fines	4,826,000	4,826,000	2,911,086	(1,914,914)
Charges for services	11,990,050	11,990,050	11,936,678	(53,372)
Intergovernmental	224,946	3,425,914	3,457,819	31,905
Miscellaneous	1,103,000	1,338,570	1,522,954	184,384
Investment income	1,301,000	1,301,000	81,823	(1,219,177)
<b>TOTAL REVENUES</b>	<b><u>118,482,084</u></b>	<b><u>125,169,060</u></b>	<b><u>128,277,148</u></b>	<b><u>3,108,088</u></b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
City council	231,998	237,316	199,244	38,072
Mayor	680,520	716,833	697,145	19,688
Budget and financial planning	730,143	730,143	672,582	57,561
Municipal court	2,482,179	2,537,524	2,361,178	176,346
City controller	2,337,174	2,365,016	2,120,538	244,478
Tax	635,470	635,470	619,981	15,489
Purchasing	555,169	570,169	551,587	18,582
Legal	1,513,785	1,514,915	1,478,448	36,467
City secretary	496,870	497,423	472,785	24,638
Elections	75,540	139,295	72,763	66,532
Human resources	1,076,244	1,086,244	991,018	95,226
Civil service	70,720	70,720	42,127	28,593
City marshal	1,419,699	1,421,367	1,368,281	53,086
Community relations	1,209,930	1,221,641	1,156,628	65,013
Pasadena action line	462,062	464,834	451,809	13,025
Planning	751,554	751,554	616,916	134,638
Economic development liaison	653,725	653,725	633,455	20,270
Neighborhood network	589,772	590,402	372,515	217,887
Inspections	2,636,484	2,729,356	1,966,397	762,959
Property management	1,652,844	1,368,545	745,910	622,635
City hall	934,165	838,451	569,161	269,290
Facilities management	324,081	276,253	101,639	174,614
Impound/storage	401,098	404,227	283,310	120,917
Other charges	1,928,644	541,474	329,476	211,998
<b>Total General Government</b>	<b><u>23,849,870</u></b>	<b><u>22,362,897</u></b>	<b><u>18,874,893</u></b>	<b><u>3,488,004</u></b>
<b>Public Safety</b>				
Emergency preparedness	1,039,793	1,107,235	1,078,254	28,981
Fire fighting	3,357,751	3,451,679	2,936,916	514,763
Fire prevention	1,780,050	1,786,388	1,756,296	30,092
Police	46,065,614	48,232,318	45,915,974	2,316,344
Code enforcement	819,093	819,093	674,906	144,187
<b>Total Public Safety</b>	<b><u>53,062,301</u></b>	<b><u>55,396,713</u></b>	<b><u>52,362,346</u></b>	<b><u>3,034,367</u></b>
<b>Public Works</b>				
Engineering	2,233,372	2,318,311	2,250,017	68,294
Street lighting and signals	1,350,000	1,350,000	1,002,171	347,829
Sanitation	8,979,039	9,026,478	8,839,917	186,561
Street and bridge	3,038,382	3,060,870	2,891,029	169,841
Traffic and transportation	1,839,059	1,845,055	1,521,896	323,159
<b>Total Public Works</b>	<b><u>\$ 17,439,852</u></b>	<b><u>\$ 17,600,714</u></b>	<b><u>\$ 16,505,030</u></b>	<b><u>\$ 1,095,684</u></b>

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Health</b>				
Health	\$ 2,633,523	\$ 2,726,824	\$ 2,457,420	\$ 269,404
Animal rescue and assistance	3,516,875	3,501,757	3,097,111	404,646
<b>Total Health</b>	<b>6,150,398</b>	<b>6,228,581</b>	<b>5,554,531</b>	<b>674,050</b>
<b>Culture and Recreation</b>				
Parks	4,759,107	4,500,502	3,449,885	1,050,617
Recreation	4,063,070	4,078,958	3,183,388	895,570
Clean streets	2,003,659	2,037,166	1,859,840	177,326
Golf course	1,143,696	1,160,513	944,602	215,911
Multi-purpose center	716,668	732,717	536,686	196,031
Civic center	802,495	837,697	791,298	46,399
Senior center - Madison Jobe	689,227	695,986	573,182	122,804
Museum	163,470	163,470	129,688	33,782
Library	3,916,975	4,039,886	3,876,591	163,295
<b>Total Culture and Recreation</b>	<b>18,258,367</b>	<b>18,246,895</b>	<b>15,345,160</b>	<b>2,901,735</b>
<b>TOTAL EXPENDITURES</b>	<b>118,760,788</b>	<b>119,835,800</b>	<b>108,641,960</b>	<b>11,193,840</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(278,704)</b>	<b>5,333,260</b>	<b>19,635,188</b>	<b>14,301,928</b>
<b>OTHER FINANCING (USES)</b>				
Transfers in	3,000,000	3,000,000	3,000,000	-
Transfers out	(3,750,000)	(13,925,168)	(13,925,168)	-
Sale of capital assets	10,000	1,255,110	1,256,289	1,179
<b>TOTAL OTHER FINANCING (USES)</b>	<b>(740,000)</b>	<b>(9,670,058)</b>	<b>(9,668,879)</b>	<b>1,179</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,018,704)</b>	<b>(4,336,798)</b>	<b>9,966,309</b>	<b>14,303,107</b>
<b>FUND BALANCES - BEGINNING</b>	<b>60,496,501</b>	<b>76,677,053</b>	<b>76,677,053</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 59,477,797</b>	<b>\$ 72,340,255</b>	<b>\$ 86,643,362</b>	<b>\$ 14,303,107</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 146,000	\$ 146,000
Program income	20,000	20,000	1,032	(18,968)
<b>TOTAL REVENUES</b>	<b>20,000</b>	<b>20,000</b>	<b>147,032</b>	<b>127,032</b>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Contractual services	123,000	135,803	66,393	69,410
Materials and supplies	109,000	135,024	72,529	62,495
<b>TOTAL EXPENDITURES</b>	<b>232,000</b>	<b>270,827</b>	<b>138,922</b>	<b>131,905</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(212,000)</b>	<b>(250,827)</b>	<b>8,110</b>	<b>258,937</b>
<b>FUND (PROGRAM) BALANCE - BEGINNING</b>	<b>1,516,933</b>	<b>2,003,037</b>	<b>2,003,037</b>	<b>-</b>
<b>FUND (PROGRAM) BALANCE - ENDING</b>	<b>\$ 1,304,933</b>	<b>\$ 1,752,210</b>	<b>\$ 2,011,147</b>	<b>\$ 258,937</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 49,169	\$ 49,169
Program income	7,300	7,300	284	(7,016)
<b>TOTAL REVENUES</b>	<b>7,300</b>	<b>7,300</b>	<b>49,453</b>	<b>42,153</b>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Contractual services	52,000	73,250	24,102	49,148
Materials and supplies	73,000	73,000	3,932	69,068
<b>TOTAL EXPENDITURES</b>	<b>125,000</b>	<b>146,250</b>	<b>28,034</b>	<b>118,216</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(117,700)</b>	<b>(138,950)</b>	<b>21,419</b>	<b>160,369</b>
<b>FUND (PROGRAM) BALANCE - BEGINNING</b>	<b>493,481</b>	<b>552,550</b>	<b>552,550</b>	<b>-</b>
<b>FUND (PROGRAM) BALANCE - ENDING</b>	<b>\$ 375,781</b>	<b>\$ 413,600</b>	<b>\$ 573,969</b>	<b>\$ 160,369</b>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2021**

	<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	\$ 1,319,292	\$ -
Investments		
TexPool	35,019,160	21,520,493
CLASS	47,978	-
Receivables (net of allowances for uncollectible)	7,176,879	334,231
Due from other funds	1,921,663	428,390
Deposit	-	-
Inventory, at cost	-	551,105
Prepaid items	-	740,226
Restricted assets		
Investments		
Texpool	2,851,258	-
CLASS	8,981,234	-
<b>Total Current Assets</b>	<b>57,317,464</b>	<b>23,574,445</b>
<b>Noncurrent Assets</b>		
Deposits	-	373,000
Capital assets		
Land	1,624,352	602
Buildings and building improvements	4,090,119	2,480,236
Accumulated depreciation - buildings and building improvements	(2,591,726)	(1,830,514)
Facilities and other improvements	13,607,372	188,004
Accumulated depreciation - facilities and other improvements	(4,180,947)	(89,918)
Machinery and equipment	11,768,164	12,225,726
Accumulated depreciation - machinery and equipment	(10,054,018)	(7,555,967)
Infrastructure	403,512,251	41,746
Accumulated depreciation - Infrastructure	(135,038,223)	(29,915)
Automotive	146,780	51,975,356
Accumulated depreciation - automotive	(138,125)	(31,327,685)
Construction in progress	21,034,710	3,835,616
Net capital assets	<b>303,780,709</b>	<b>29,913,287</b>
<b>Total Noncurrent Assets</b>	<b>303,780,709</b>	<b>30,286,287</b>
<b>TOTAL ASSETS</b>	<b>\$ 361,098,173</b>	<b>\$ 53,860,732</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred charges on:		
Refunding bonds	\$ 2,289,315	\$ -
Deferred outflows on:		
Contribution subsequent to the measurement date pension - TMRS	528,198	424,335
Changes in actuarial assumptions pension - TMRS	23,875	6,938
Changes in actuarial assumptions - OPEB	932,971	358,672
Contributions subsequent to the measurement date - OPEB	203,642	50,954
Changes in actuarial assumptions - OPEB-SDBF	77,884	75,279
Contribution subsequent to the measurement date - OPEB-SDBF	6,967	6,735
Difference between expected and actual economic experience pension - TMRS	499,801	399,833
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,562,653</b>	<b>\$ 1,322,746</b>

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer System</b>	
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 3,039,751	\$ 1,058,287
Accrued payroll payable	239,444	239,066
Due to other funds	405	1,370,645
Claims payable	-	961,936
Compensated absences payable	210,767	186,859
Customer deposits	5,141,893	-
Liabilities payable from restricted assets		
Accounts payable	1,851,184	-
Retainage payable	325,808	-
Accrued interest payable	312,849	-
Bonds payable	4,061,361	-
<b>Total Current Liabilities</b>	<b>15,183,462</b>	<b>3,816,793</b>
<b>Noncurrent Liabilities</b>		
Bonds payable (including unamortized premiums)	61,681,949	-
Claims payable	-	641,291
Compensated absences payable	1,896,904	1,681,730
OPEB GASB 75 liability	7,383,448	2,840,288
SDBF OPEB liability	391,161	377,946
Net pension liability	1,442,230	981,816
<b>Total Noncurrent Liabilities</b>	<b>72,795,692</b>	<b>6,523,071</b>
<b>TOTAL LIABILITIES</b>	<b>87,979,154</b>	<b>10,339,864</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred inflows on:		
Difference between expected and actual of pension - TMRS	129,975	94,781
Change in assumption SDBF	8,502	8,220
Difference between expected and actual experience SDBF	18,565	17,946
Assumption OPEB	197,266	81,284
Difference between expected and actual experience OPEB	637,865	329,925
Deferred inflow on investment - pension TMRS	941,216	980,724
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,933,389</b>	<b>1,512,880</b>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	247,130,956	29,913,287
Restricted for debt service	2,538,409	-
Unrestricted	26,078,918	13,417,447
<b>TOTAL NET POSITION</b>	<b>275,748,283</b>	<b>\$ 43,330,734</b>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise fund	(6,265,796)	
Net position of business-type activities	<b>\$ 269,482,487</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, 2021**

	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer System</u>	
<b>OPERATING REVENUES</b>		
Charges for sales and services	<b>\$ 49,450,010</b>	<b>\$ 39,317,793</b>
<b>OPERATING EXPENSES</b>		
Personnel services	7,380,997	6,417,816
Contractual services	6,909,109	1,911,870
Material and supplies	1,664,730	4,360,202
Maintenance charges	1,167,553	1,920,441
Sewer and water payments - Clear Lake Water Authority and City of Seabrook	159,972	-
Operating, maintenance and water charges - Southeast Water Purification Plant	5,367,555	-
Insurance/reinsurance premiums	-	7,051,390
Claims and legal expenses	-	16,953,027
Administration fees	-	611,390
Miscellaneous	41,962	864,385
Depreciation	6,750,931	4,301,750
<b>TOTAL OPERATING EXPENSES</b>	<b>29,442,809</b>	<b>44,392,271</b>
<b>OPERATING INCOME (LOSS)</b>	<b>20,007,201</b>	<b>(5,074,478)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain on sale and retirement of capital assets	-	200,420
Investment income	28,154	11,188
Interest expense on bonds	(2,576,738)	-
Amortization	227,388	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(2,321,196)</b>	<b>211,608</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>17,686,005</b>	<b>(4,862,870)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>218,010</b>	<b>4,021,768</b>
<b>TRANSFERS IN</b>	<b>-</b>	<b>2,136,000</b>
<b>TRANSFERS (OUT)</b>	<b>(4,386,000)</b>	<b>-</b>
<b>CHANGES IN NET POSITION</b>	<b>13,518,015</b>	<b>1,294,898</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>262,230,268</b>	<b>42,035,836</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 275,748,283</b>	<b>\$ 43,330,734</b>
<b>CHANGES IN NET POSITION</b>	<b>\$ 13,518,015</b>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	<b>(360,884)</b>	
Change in net position of business-type activities (page 43)	<b>\$ 13,157,131</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, 2021**

	<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	\$ -	\$ 32,196,117
Cash received from customers and users	49,691,314	7,051,126
Cash payments to suppliers for goods and services	(18,437,121)	(8,579,184)
Cash payments to employees for services	(8,289,346)	(6,405,127)
Cash payments for insurance premiums, liability claims, and administration	-	(24,601,471)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>22,964,847</b>	<b>(338,539)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>		
Transfers (to)/from other funds		
General fund	-	750,000
General fund	(3,000,000)	-
Water and sewer system fund	-	1,386,000
Maintenance fund	(386,000)	-
General liability insurance fund	(1,000,000)	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(4,386,000)</b>	<b>2,136,000</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Proceeds from sale of capital assets	-	480,068
Acquisition and construction of capital assets	(9,974,548)	(4,195,638)
Principal paid on capital debt	(4,551,170)	-
Interest paid on capital debt	(2,601,387)	-
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(17,127,105)</b>	<b>(3,715,570)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of investments	(24,939,262)	(22,452,250)
Proceeds from sale and maturities of investments	23,130,350	24,359,171
Investment income received	28,154	11,188
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(1,780,758)</b>	<b>1,918,109</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(329,016)</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>1,648,308</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 1,319,292</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>\$ 20,007,201</b>	<b>\$ (5,074,478)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>		
Depreciation	6,750,931	4,301,750
Changes in assets and liabilities		
Decrease (increase) in accounts receivables	106,691	(66,967)
(Increase) in due from other funds	(1,009,311)	(4,899)
(Increase) in prepaid item	-	(126,590)
(Increase) in inventory	-	(74,967)
(Increase) in pension-related deferred outflows	(901,102)	(493,394)
(Decrease) increase in accounts and claims payable	(2,115,892)	95,293
Increase in accrued payroll liabilities	22,017	46,876
(Decrease) increase in compensated absences payable	(702,355)	171,913
Increase in net pension liability	162,371	130,443
(Decrease) increase in due to other funds	(1,037)	592,543
Increase in other postemployment benefits	744,062	233,208
Increase in customer deposits	134,613	-
(Decrease) in pension-related deferred inflows	(233,342)	(69,270)
<b>Total Adjustments</b>	<b>2,957,646</b>	<b>4,735,939</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 22,964,847</b>	<b>\$ (338,539)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Contribution of capital assets from the government	\$ 218,010	\$ 4,021,768

The accompanying notes are an integral part of the financial statements





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

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**CITY OF PASADENA, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**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, 2021, 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, industrial district fees, plus other revenues.

These amounts are 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, 2021 is as follows:

Fund balances:	Governmental Fund Balances										Total
	General	Debt Service	Pasadena Economic Development	Capital Projects	Grant Management	Non-major Special Revenue Funds				Total Non major Special Revenue	
						Special Charge Allocation	State Forfeited Property	Hotel and Motel Tax	Abandoned Motor Vehicles and Property		
<b>Restricted for:</b>											
Law enforcement	\$ -	\$ -	\$ -	\$ -	\$ 2,553,217	\$ 1,327,872	\$ 954,255	\$ -	\$ 419,665	\$ 2,701,792	\$ 5,255,009
Economic development and other purposes	-	-	-	-	-	1,505,564	-	5,020,102	-	6,525,666	6,525,666
Housing services	-	-	-	-	2,476,327	-	-	-	-	-	2,476,327
Capital construction and economic development	-	-	69,649,935	17,026,573	-	-	-	-	-	-	86,676,508
Debt service	-	4,116,848	-	-	-	-	-	-	-	-	4,116,848
<b>Total restricted</b>	-	4,116,848	69,649,935	17,026,573	5,029,544	2,833,436	954,255	5,020,102	419,665	9,227,458	105,050,358
<b>Committed to:</b>											
Election, recall and charter revision	15,000	-	-	-	-	-	-	-	-	-	15,000
Capital construction	-	-	-	13,108,308	7,701,190	-	-	-	-	-	20,809,498
<b>Total committed</b>	15,000	-	-	13,108,308	7,701,190	-	-	-	-	-	20,824,498
<b>Assigned to:</b>											
Capital construction	-	-	-	4,571,515	-	-	-	-	-	-	4,571,515
Purchases on order for:											
General facilities	575,424	-	-	-	-	-	-	-	-	-	575,424
Law enforcement	133,984	-	-	-	-	-	-	-	-	-	133,984
Public recreation	182,887	-	-	-	-	-	-	-	-	-	182,887
Public health	131,411	-	-	-	-	-	-	-	-	-	131,411
Other purposes	119,475	-	-	-	-	-	-	-	-	-	119,475
<b>Total assigned</b>	1,143,181	-	-	4,571,515	-	-	-	-	-	-	5,714,696
<b>Unassigned</b>	85,485,181	-	-	-	-	-	-	-	-	-	85,485,181
<b>Total</b>	<b>\$ 86,643,362</b>	<b>\$ 4,116,848</b>	<b>\$ 69,649,935</b>	<b>\$ 34,706,396</b>	<b>\$ 12,730,734</b>	<b>\$ 2,833,436</b>	<b>\$ 954,255</b>	<b>\$ 5,020,102</b>	<b>\$ 419,665</b>	<b>\$ 9,227,458</b>	<b>\$ 217,074,733</b>

The amount restricted by enabling legislation was \$9,227,458.

**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 \$178,659,082 difference are as follows:

Bonds and other payables	\$ 80,118,640
Other long-term debt	
Add: bond premiums	5,807,250
Less: deferred charges on refunded bonds	(1,204,744)
Accrued interest payable	421,411
Compensated absences	28,348,251
Net pension liability	15,901,205
Less: Deferred outflows on pension	(11,684,531)
Plus: Deferred inflows on pension	12,607,143
Other post employment benefits	50,644,037
Less: Deferred outflows on OPEB	(9,763,043)
Plus: Deferred inflows on OPEB	7,463,463
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities.	<u>\$ 178,659,082</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 \$49,596,530 difference are as follows:

Net position of the internal service funds	\$ 43,330,734
Add: Internal receivable representing charges less the cost to business-type activities - prior year	5,904,912
Add: Internal receivable representing charges less the cost to business-type activities - current year	360,884
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities.	<u>\$ 49,596,530</u>

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund *statement of revenues, expenditures, and changes in fund balances* includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide *statement of activities*. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

The detail of this \$7,343,032 difference is as follows:

Capital outlay	\$ 20,300,546
Depreciation expense	(12,957,514)
Net adjustment to an increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 7,343,032</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 \$2,177,021 difference is as follows:

In the statement of activities, only the loss 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.	<u>\$ (2,177,021)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (2,177,021)</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The detail of this \$8,183,830 difference is as follows:

Principal repayments:	
General obligation debt	\$ 7,558,830
Certificates of obligation debt	625,000
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 8,183,830</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 \$4,643,160 difference is as follows:

Compensated absences	\$ 1,389,858
Other post employment benefits	(5,751,469)
Deferred outflows from OPEB	3,851,158
Deferred inflows from OPEB	718,748
Pensions	(1,734,102)
Deferred outflows from pension	4,968,797
Deferred inflows from pension	530,633
Accrued interest	41,459
Amortization of bond premiums	1,013,183
Amortization of deferred amounts on refunding	(385,105)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 4,643,160</u>

Another element of that reconciliation states that “internal service funds are used by management to charge the costs of technical services, warehouse, fleet, facilities operations, mail room, and risk management in regards to workers’ compensation claims, general liabilities, and health care benefits to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.” The detail of this \$1,655,782 difference is as follows:

Change in net position of the internal service funds	\$ 1,294,898
Add: Loss from charges from business-type activities	360,884
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 1,655,782</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 earlier) 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 \$1,075,012 excluding transfer out. The general fund revenue budget increased in the amount of \$6,686,976 excluding transfer in and sale of capital assets, which included an increase of \$3,250,438 for the final budget for general property taxes revenue received. Transfers out under other financing sources were increased from \$3,750,000 to \$13,903,168. The total increase of \$8,908,058 includes the amount of \$13,153,168 budgeted to the capital projects fund for capital projects, \$22,000 was transferred to the grant management fund, and the general liability insurance fund received \$750,000. In the original budget, \$750,000 was budgeted to the general liability insurance fund and \$3,000,000 to the capital project funds for annual capital projects. The remaining items had not been budgeted under the original budget but approved by Council as a budget amendment. There was an increase in public safety in the amount of \$2,334,412 or 4.4% with an anticipated increase in the police department in the amount of \$2,166,704, with the largest increase in personnel services in the amount of \$2,111,008 due to an increase for public safety personnel which didn't materialize. The general government original budget decreased by \$1,486,973 or 6.2% with a decrease in other charges personnel services of \$1,448,991.

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 2021 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	\$ 147,032	\$ 138,922	\$ -
Treasury Department	49,453	28,034	-
Nonbudgeted grant programs:			
Various grants	1,977,660	2,031,559	22,000
HUD Section 8 housing choice vouchers	8,039,336	8,206,665	-
FEMA DHAP program	179	-	-
FEMA DHAP IKE	367	-	-
FEMA HMGP	593,916	200,884	-
HUD CDBG entitlement program	3,576,670	3,576,670	-
HUD HOME investment partnerships program	588,806	588,806	-
CDBGDR Harvey	584,277	584,277	-
Total grant management fund - actual	<u>\$15,557,696</u>	<u>\$ 15,355,817</u>	<u>\$ 22,000</u>

**C. Excess of Expenditures over Appropriations**

For the fiscal year ended September 30, 2021, 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, 2021, the carrying amount of the City's deposits with financial institutions, including blended component units, is \$4,049,527, excluding \$127,487 for petty cash and tax holding. The City's bank balance is the sum of all accounts, which totals \$4,328,988, and the market values of pledged securities, excluding FDIC, were \$15,828,237. The pledged securities are held by a third-party custodian in the City's name.



**Investments**

As of September 30, 2021, 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	\$ 150,235,683	\$ 68,403,338	\$ 9,809,932	0.10
LOGIC Local Government Investment Pools	1,289,748	-	-	0.15
CLASS Local Government Investment Pools	87,173,592	280,455	-	0.15
Total Fair Value	<u>\$ 238,699,023</u>	<u>\$ 68,683,793</u>	<u>\$ 9,809,932</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 state 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 2020 in the amount of \$11,438,954,590. The City Council adopted the following tax rate per \$100 of 2020 taxable value for the current fiscal year ended September 30, 2021.

Purpose	Tax Rate
General government	\$ 0.423310
Debt service	0.110367
	<u>\$ 0.533677</u>

## 2. Receivables

Receivables as of September 30, 2021 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	General Liability Insurance	Health Insurance	Total
Receivables										
Property taxes	\$ 2,444,065	\$ 808,378	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,252,443
Sales taxes	4,524,787	-	2,262,246	-	-	-	-	-	-	6,787,033
Accounts	2,569,131	-	-	1,200	-	-	7,640,548	16,335	317,896	10,545,110
Less: allowance for uncollectible	(2,856,391)	(560,000)	-	-	-	-	(463,669)	-	-	(3,880,060)
	6,681,592	248,378	2,262,246	1,200	-	-	7,176,879	16,335	317,896	16,704,526
Intergovernmental - restricted	34,504	-	-	-	2,593,537	515,381	-	-	-	3,143,422
Accounts restricted	-	-	-	-	34,967	-	-	-	-	34,967
Net total receivables	<u>\$ 6,716,096</u>	<u>\$ 248,378</u>	<u>\$ 2,262,246</u>	<u>\$ 1,200</u>	<u>\$ 2,628,504</u>	<u>\$ 515,381</u>	<u>\$ 7,176,879</u>	<u>\$ 16,335</u>	<u>\$ 317,896</u>	<u>\$ 19,882,915</u>

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

	Unearned
Unearned revenue (Grant management)	\$ 21,104,082
Unearned revenue (Nonmajor governmental)	37
Total unearned revenue for governmental funds	<u>\$ 21,104,119</u>

## C. Restricted Assets

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

	General	Debt Service	Pasadena Economic Development Corporation	Capital Projects	Grant Management	Nonmajor Governmental Funds	Water and Sewer Enterprise	Total
Cash and cash equivalents	\$ -	\$ -	\$ 11,018	\$ -	\$ 389,697	\$ 53,064	\$ -	\$ 453,779
Investments	-	3,660,126	68,683,793	18,141,596	25,037,279	7,762,660	11,832,492	135,117,946
Intergovernmental receivables	34,504	-	-	-	2,593,537	515,381	-	3,143,422
Accounts receivables	-	-	-	-	34,967	-	-	34,967
	<u>\$ 34,504</u>	<u>\$ 3,660,126</u>	<u>\$ 68,694,811</u>	<u>\$ 18,141,596</u>	<u>\$ 28,055,480</u>	<u>\$ 8,331,105</u>	<u>\$ 11,832,492</u>	<u>\$ 138,750,114</u>
	(2)	(1)	(3)	(3)	(2)	(2)	(1) and (3)	

## RESTRICTED ASSETS



### D. Capital Assets

Capital asset activity of the City (the primary government) for the fiscal year ended September 30, 2021 was as follows:

#### 1. Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$149,130,727	\$ -	\$ (1,372,527)	\$147,758,200
Construction in progress	76,206,551	22,627,497	(59,086,510)	39,747,538
Total capital assets, not being depreciated	<u>225,337,278</u>	<u>22,627,497</u>	<u>(60,459,037)</u>	<u>187,505,738</u>
Capital assets, being depreciated:				
Buildings and building improvements	95,389,170	27,795,429	(8,776)	123,175,823
Facilities and other improvements	24,011,624	3,570,332	(13,862)	27,568,094
Machinery and equipment	48,560,383	1,319,290	(128,133)	49,751,540
Infrastructure	539,162,605	26,074,969	(513,818)	564,723,756
Automotive equipment	50,184,140	5,766,180	(3,974,964)	51,975,356
Total capital assets being depreciated	<u>757,307,922</u>	<u>64,526,200</u>	<u>(4,639,553)</u>	<u>817,194,569</u>
Less accumulated depreciation for:				
Building and building improvements	(31,694,653)	(1,783,023)	-	(33,477,676)
Facilities and other improvements	(5,719,958)	(845,938)	8,641	(6,557,255)
Machinery and equipment	(32,712,691)	(2,110,765)	78,153	(34,745,303)
Infrastructure	(220,573,153)	(8,865,935)	209,675	(229,229,413)
Automotive equipment	(31,383,789)	(3,653,603)	3,709,707	(31,327,685)
Total accumulated depreciation	<u>(322,084,244)</u>	<u>(17,259,264)</u>	<u>4,006,176</u>	<u>(335,337,332)</u>
Total capital assets, being depreciated, net	<u>435,223,678</u>	<u>47,266,936</u>	<u>(633,377)</u>	<u>481,857,237</u>
Governmental activities capital assets, net	<u>\$660,560,956</u>	<u>\$ 69,894,433</u>	<u>\$ (61,092,414)</u>	<u>\$669,362,975</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	28,087,926	10,019,467	(17,072,683)	21,034,710
Total capital assets, not being depreciated	<u>29,712,278</u>	<u>10,019,467</u>	<u>(17,072,683)</u>	<u>22,659,062</u>
Capital assets, being depreciated:				
Buildings and building improvements	4,090,119	-	-	4,090,119
Facilities and other improvements	13,607,372	-	-	13,607,372
Machinery and equipment	11,399,175	368,989	-	11,768,164
Infrastructure	386,635,466	16,876,785	-	403,512,251
Automotive equipment	146,780	-	-	146,780
Total capital assets being depreciated	<u>415,878,912</u>	<u>17,245,774</u>	<u>-</u>	<u>433,124,686</u>
Less accumulated depreciation for:				
Building and building improvements	(2,548,647)	(43,079)	-	(2,591,726)
Facilities and other improvements	(3,929,479)	(251,468)	-	(4,180,947)
Machinery and equipment	(9,868,562)	(185,456)	-	(10,054,018)
Infrastructure	(128,768,061)	(6,270,162)	-	(135,038,223)
Automotive equipment	(137,359)	(766)	-	(138,125)
Total accumulated depreciation	<u>(145,252,108)</u>	<u>(6,750,931)</u>	<u>-</u>	<u>(152,003,039)</u>
Total capital assets, being depreciated, net	<u>270,626,804</u>	<u>10,494,843</u>	<u>-</u>	<u>281,121,647</u>
Business-type activities capital assets, net	<u>\$300,339,082</u>	<u>\$ 20,514,310</u>	<u>\$ (17,072,683)</u>	<u>\$303,780,709</u>

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

### Governmental activities:

General Government	\$ 469,774
Public Safety	1,962,241
Public Works	8,476,121
Health	109,588
Culture and Recreation	1,939,790
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>4,301,750</u>
	<u>\$ 17,259,264</u>

### Business-type activities

Water and Sewer System	<u>\$ 6,750,931</u>
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## E. Construction Commitments

The City's commitments with contractors as of September 30, 2021 are as follows:

Projects	Project	Appropriation	Spent-to-Date
<u>Drainage</u>			
D037	Channl B113 Imp & Det (197,190, 8**)	\$ 1,269,856	\$ 542,123
D039	Ptnr Park(Spencer Village)DRNG(097,190,817)	1,824,236	337,490
D044	GAcrs/Bliss Meadow Detention(097,190,817,832,833)	1,355,155	517,045
D046	2021 Annual Drainage Improvements(190)	1,555,200	292,106
D056	Armand Bayou Uppper Reaches Proj(098,833)	1,736,149	584,276
D058	Fairmont Pkwy Drng Imp (PEDC)	450,000	182,170
DMA1	DM AREA A1 FEMA HMGP(930)	487,566	393,437
DMA2	DM AREA A2 FEMA HMGP(930)	701,441	530,528
DMA3	DM AREA A3 FEMA HMGP(930)	373,935	280,663
DMA4	DM AREA A4 FEMA HMGP(930)	800,001	702,413
DMA5	DM AREA A5 FEMA HMGP(930)	328,555	241,601
DMA6	DM AREA A6 FEMA HMGP(930)	668,153	488,456
DMA7	DM AREA A7 FEMA HMGP(930)	343,805	251,227
DMB1	DM AREA B1 FEMA HMGP(930)	496,227	356,395
DMB2	DM AREA B2 FEMA HMGP(930)	355,776	240,028
DMB3	DM AREA B3 FEMA HMGP(930)	435,746	331,141
DMB4	DM AREA B4 FEMA HMGP(930)	442,698	337,119
DMB5	DM AREA B5 FEMA HMGP(930)	613,643	470,925
DMB6	DM AREA B6 FEMA HMGP(930)	257,059	189,640
DMB7	DM AREA B7 FEMA HMGP(930)	263,565	195,701
DMC1	DM AREA C1 FEMA HMGP(930)	963,116	747,268
DMC2	DM AREA C2 FEMA HMGP(930)	666,065	486,368
DMC3	DM AREA C3 FEMA HMGP(930)	525,089	394,631
DMC4	DM AREA C4 FEMA HMGP(930)	1,150,383	240,447
DMC5	DM AREA C5 FEMA HMGP(930)	396,634	296,182
DMC6	DM AREA C6 FEMA HMGP(930)	344,156	257,915
DMC7	DM AREA C7 FEMA HMGP(930)	737,924	548,972
DMEA	ENVIRO SVCS HMGP (930)	299,295	219,910
DMFW	DM FLOOD WARNING SYS PRJ	60,000	30,897
DMHH	HYDR/HYDLGY FEMAHMGP(930)	1,364,670	1,222,290
DMSW	SWPPP FEMA HMGP(930)	110,000	77,000
		<u>21,376,096</u>	<u>11,986,365</u>
<u>Fire Services</u>			
F011	Fire Station #6	40,000	30,000
F014	Fire Station #7	40,000	30,000
		<u>80,000</u>	<u>60,000</u>
<u>Municipal Facilities</u>			
M008	North Pasadena Redevelopmt (PEDC,064)	2,541,117	200,724
M025	Convention Center Facility Imprv (PEDC)	3,503,982	521,984
M026	Convention Cntr Infrastrctre Imprv(PEDC)	2,400,000	86,938
M027	Convention Center Hotel Project(PEDC)	125,000	30,350
M041	Demolition/Developmt-Old City Hall(833)	7,650,943	883,328
M043	Municipal Court Comp System (833)	425,960	381,480
M047	City Hall Emerg Pwr Generator Addition(833,935)	965,570	177,205
M050	Muni complex Parking Lot Imp(190)	1,800,000	767,104
M054	Convention Ctr Imp Ph II (PEDC)	2,498,038	623,765
		<u>\$ 21,910,610</u>	<u>\$ 3,672,879</u>

	Projects	Project Appropriation	Spent-to-Date
<u>Parks</u>			
R045	Holly Bay Splash Pad (830)	\$ 290,753	\$ 138,454
R055	Preston/Crenshaw Park (PEDC)	376,340	42,668
R065	Golf Course Roof Replacement (832,833)	151,452	140,839
R066	Vince Bayou Greenway (PEDC)	2,115,407	43,362
R078	Golf Course Renovation (833)	282,610	177,183
		<u>3,216,562</u>	<u>542,506</u>
<u>Streets</u>			
S047	Wafer Pave&Drnge PH II (068,190,8**)	2,496,816	925,714
S054	Fairway Plaza Acqusion/Ext (PEDC)	1,230,000	128,229
S074	Gateway Sign (PEDC)	580,097	210,293
S077	Pasadena Blvd:Harris to 225 (PEDC)(HC)	11,750,000	4,188,510
S087	Randolph:Pine St.-Spncr Hwy(-HC)PEDC	2,589,690	2,589,690
S107	Shaw St(Carl-McMasters)(PEDC)(833)	4,658,290	2,708,624
S108	Red Bluff Eval(225-SpcrHwy)(833)	545,000	490,500
S109	Thomas Ave Paving & Drnge Ph II (833)	94,467	59,760
S110	Richey II (S.More to S.Houston)(PEDC)	311,700	211,105
S114	Burke Sreet Improv (832,833)	573,560	107,702
S115	Park St. Paving & Drnge Imp (900)	285,861	183,950
S116	Madison Ave Paving & Drnge Imp (190,900)	1,010,312	106,897
S117	Austin Ave Paving & Drnge (900)	534,819	107,773
S118	EastHaven Paving&Drnge Imp (900)	1,658,909	134,876
S119	Magnolia Paving&Drnge Imp (900)	1,164,821	82,940
S120	Tilden Dr. Paving&Drnge Imp (900)	1,060,930	93,897
S121	Polk Ave Paving&Drnge Imp (900)	728,435	62,705
S122	Kansas St. Paving&Drnge Imp (190,900)	987,773	851,434
S123	Llano St. Paving&Drnge II (190,900)	383,050	42,746
S124	2021 Annual Paving Improvements(190)	661,650	252,511
S125	2021 Annual Sidewalk Improvements (190)	745,600	433,384
S126	Llano St. Paving&Drnge I (900)	199,350	19,501
S127	Llano St. Paving&Drnge III (900)	128,695	10,500
S136	2022 Annual Paving Improvements(190)	30,000	8,070
S144	SH225 Gateway Monument (PEDC)	426,052	28,332
		<u>34,835,876</u>	<u>14,039,641</u>
<u>Water</u>			
W027	Bay Area/Port Rd Inter Impro(390) (-HC)	188,401	105,342
W035	225 WTRLN PHA II -Rch/Shvr&Pasa/Brk(320,390)	1,887,157	1,754,748
W047	Shaw Waterline Improvemts (390)	188,320	133,224
W053	Preston 12" Waterline Ph I (320)	1,165,839	1,153,463
W054	Spencer 12" Waterline Ph I(320)	1,463,720	246,612
W055	Spencer 12" Waterline Ph II(320)(390)	142,950	53,650
W057	2019 Citywide Waterline Replacement (390)	1,088,374	1,030,219
W058	SE Mtr Sta PhII(301,315,320,390)(-COH)	901,314	780,000
W059	SE Wtr Transmission Line Proj Hou(390)	46,748	8,624
W061	Jenkins Rd Wtrline Imp Proj (320)	398,590	296,215
W062	BayArea Blvd Wtr Sys Press Imp(390,PEDC)	700,630	57,481
W064	Preston 12" Waterline PhII(320)	858,902	126,125
W065	Rodeo Grnds Wtr Sys Generator (320)	875,556	732,439
W068	2021 Citywide Waterline Replacement(390)	1,003,770	540,556
W075	Glenmore & Washington Waterline Improv Proj(320)	417,000	31,577
W076	Southmore/Preston Waterline Improv Proj(320)	410,253	178,463
W077	Crenshaw PRV Building Improvements	69,700	11,024
		<u>\$ 11,807,224</u>	<u>\$ 7,239,763</u>

Projects	Project Appropriation	Spent-to-Date
<u>Wastewater</u>		
WW022 Llan/RBf/Elln/Wyt/LA/PasLft St(PSCC+390)	\$ 543,997	\$ 533,932
WW046 WWTP CONSOLIDATION PHASE II (320,390)	509,605	328,852
WW049 Golden Acres 24' Force Main (320)	232,505	146,250
WW063 Bay Area Ind Pk WW LS,Frcmain Imp	427,160	55,552
WW064 2020 Citywide Sanitary Sewer Rehab (390)	1,755,826	544,360
WW066 Golden Acres WWTP Influent LS (320,390)	3,087,313	2,447,673
WW067 Citywide SS Line Rehabilitation(390)	1,308,660	555,328
WW072 Golden Acres 24"Force Main PH II (320)	233,253	121,693
	<u>\$ 8,098,318</u>	<u>\$ 4,733,640</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, 2021 is as follows:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>General</b>	* Workers' compensation insurance	1,192
	* General liability insurance	495
	* Health Insurance	1,281,139
		\$ 1,282,826
<b>Debt service</b>	General	452,945
<b>Capital projects</b>	General	18,241,337
<b>Grant Management</b>	General	7,608,761
** <b>Special charge allocation</b>	General	1,057,894
** <b>State Forfeited Property</b>	General	20,694
** <b>Hotel and Motel Tax</b>	General	12,276
** <b>Abandoned Motor Vehicles</b>	General	76,434
<b>Water and sewer</b>	General	1,921,663
* <b>Maintenance</b>	General	339,670
	** Abandoned motor vehicles	496
	* General liability insurance	87,819
	Water and sewer	405
		428,390
	Total	\$ 31,103,220
* 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	\$ 325,840

**3. Interfund Transfers:**

**Fund Financial Statements**

	<u>Transfer In:</u>					<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Grant Management</u>	<u>* Maintenance</u>	<u>* General Liability Insurance</u>	
Transfer out:						
General	\$ -	\$ 13,153,168	\$ 22,000	\$ -	\$ 750,000	\$ 13,925,168
Water and Sewer System	3,000,000	-	-	386,000	1,000,000	4,386,000
<b>Total</b>	<b>\$ 3,000,000</b>	<b>\$ 13,153,168</b>	<b>\$ 22,000</b>	<b>\$ 386,000</b>	<b>\$ 1,750,000</b>	<b>\$ 18,311,168</b>

\* Internal service funds

Transfers are used to move unrestricted and restricted funds from the general 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.

**Government-Wide Financial Statements**

During the fiscal year, the transfer activities between the governmental and business-type activities totaled \$4,167,990 and can be summarized as follows:

- The amount of \$4,386,000 was transferred out to the governmental activities from the business-type activities.
- Capital assets in the amount of \$218,010 were transferred into the business-type activities from the governmental activities.

**G. Long-Term Debt**

**1. Governmental Activities**

**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 total amount of general obligation refunding bonds and certificates of obligation issued in prior years is \$122,891,063.

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) 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	\$ 3,745,000
\$16,690,000 GO Refunding, 2012A	2.00 - 5.00	2/15/2025	Governmental type	\$145,000 to \$1,840,000	6,310,000
\$3,121,063 GO Refunding, 2014	3.00 - 4.00	2/15/2022	Governmental type	\$103,639 to \$778,142	103,640
\$12,525,000 GO Refunding, 2015	2.00 - 5.00	2/15/2027	Governmental type	\$755,000 to \$1,830,000	5,945,000
\$17,405,000 GO Refunding, 2016A	2.00 - 5.00	2/15/2028	Governmental type	\$265,000 to \$2,065,000	13,150,000
\$19,175,000 COB, 2017	2.00 - 4.00	2/15/2037	Governmental type	\$195,000 to \$1,635,000	18,310,000
\$33,945,000 COB, 2018	2.00 - 5.00	2/15/2038	Governmental type	\$400,000 to \$2,765,000	32,555,000
					\$80,118,640

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2022	\$ 7,803,639	\$ 3,196,001	\$ 10,999,640
2023	6,930,000	2,868,863	9,798,863
2024	6,930,000	2,546,713	9,476,713
2025	6,245,000	2,233,138	8,478,138
2026	5,625,000	1,953,363	7,578,363
2027-2031	20,250,000	6,675,113	26,925,113
2032-2036	19,275,000	3,107,722	22,382,722
2037-2038	7,060,001	234,278	7,294,279
	\$ 80,118,640	\$ 22,815,191	\$ 102,933,831

## 2. Business-Type Activities

### General Obligation Refunding Bonds and Certificates of Obligation

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	\$ 785,000
\$ 6,063,937 GO Refunding Bonds, 2014	3.00 - 4.00	2/15/2022	Refunding	\$201,361 to \$1,511,858	201,361
\$ 50,210,000 GO Refunding Bonds, 2016	2.00 - 5.00	2/15/2033	Refunding	\$440,000 to \$4,755,000	45,340,000
\$ 16,305,000 COB, 2017	2.00 - 4.00	2/15/2037	Water and sewer	\$195,000 to \$1,635,000	14,555,000
					\$60,881,361

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
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	4,110,000	1,867,894	5,977,894
2026	4,315,000	1,664,669	5,979,669
2027-2031	24,635,000	5,251,994	29,886,994
2032-2036	14,840,000	952,403	15,792,403
2037	1,260,000	19,688	1,279,688
	\$ 60,881,361	\$ 16,456,654	\$ 77,338,015

**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, 2021, \$1,150,000 of general obligation bonds and were considered defeased.

**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, 2021, the City's legal debt margin was \$1,062,086,417 which equates to 10% of City's property taxable value, totaling \$1,143,895,459 less \$81,809,042 (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, 2021, 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, 2021 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds payable supported by property taxes:</b>					
General obligation and refunding bonds	\$ 36,812,470	\$ -	\$ (7,558,830)	\$ 29,253,640	\$ 6,918,639
Certificates of obligation bonds	51,490,000	-	(625,000)	50,865,000	885,000
	88,302,470	-	(8,183,830)	80,118,640	7,803,639
Add: Premiums on debt issuances	6,820,433	-	(1,013,183)	5,807,250	-
<b>Total Bonds Payable</b>	<b>95,122,903</b>	<b>-</b>	<b>(9,197,013)</b>	<b>85,925,890</b>	<b>7,803,639</b>
<b>Claims</b>	<b>1,040,380</b>	<b>9,135,640</b>	<b>(8,572,793)</b>	<b>1,603,227</b>	<b>961,936</b>
<b>Compensated absences</b>	<b>31,629,643</b>	<b>9,832,572</b>	<b>(11,053,590)</b>	<b>30,408,625</b>	<b>3,040,863</b>
<b>Total OPEB Liability</b>					
Healthcare	43,865,067	6,913,452	(1,738,409)	49,040,110	-
SDBF	4,012,527	909,867	(100,233)	4,822,161	-
<b>Net pension liability</b>					
TMRS	13,734,989	41,688,866	(39,750,704)	15,673,151	-
TESRS	1,283,487	140,433	(214,050)	1,209,870	-
<b>Governmental activities</b>					
<b>Long-term liabilities</b>	<b>\$ 190,688,996</b>	<b>\$ 68,620,830</b>	<b>\$ (70,626,792)</b>	<b>\$ 188,683,034</b>	<b>\$ 11,806,438</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, 2021, \$1,868,589 of internal service funds' compensated absences, \$3,218,234 of other post-employment benefits, \$1,603,227 in claims payable, and \$981,816 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, 2021 was as follows:

	Beginning	Additions/ Reclassification	Refunding/ Reductions	Ending	Due Within One Year
<b>Business-type activities:</b>					
<b>Bonds payable</b>					
General obligation refunding bonds	\$ 50,877,531	\$ -	\$ (4,551,170)	\$ 46,326,361	\$ 3,421,361
Certificates of obligation bonds	14,555,000	-	-	14,555,000	640,000
	65,432,531	-	(4,551,170)	60,881,361	4,061,361
Add: Premiums on debt issuances	5,318,800	-	(456,851)	4,861,949	-
<b>Total bonds payable</b>	<b>70,751,331</b>	<b>-</b>	<b>(5,008,021)</b>	<b>65,743,310</b>	<b>4,061,361</b>
<b>Compensated absences</b>	<b>2,810,026</b>	<b>412,182</b>	<b>(1,114,537)</b>	<b>2,107,671</b>	<b>210,767</b>
<b>Total OPEB Liability</b>					
Healthcare	6,705,032	906,311	(227,895)	7,383,448	-
SDBF	325,515	73,773	(8,127)	391,161	-
<b>Net pension liability</b>	<b>1,279,859</b>	<b>3,492,521</b>	<b>(3,330,150)</b>	<b>1,442,230</b>	<b>-</b>
<b>Business-type activities</b>					
<b>Long-term liabilities</b>	<b>\$ 81,871,763</b>	<b>\$ 4,884,787</b>	<b>\$ (9,688,730)</b>	<b>\$ 77,067,820</b>	<b>\$ 4,272,128</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 B and C	Memorial and Kelsey Plan B	Plan C
Individual	\$1,500-B/\$3,000-C	\$1,500	\$3,000
Family	\$3,000-B/\$6,000-C	\$3,000	\$6,000
Out of Pocket Max (Individual/Family)	\$5,750/\$12,500-B&C	\$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:

	<b>Workers' Compensation</b>	<b>Health/Dental Insurance</b>
<b><u>Current Fiscal Year</u></b>		
<b>Unpaid claims and claim adjustment expenses at the beginning of the current fiscal year</b>	\$ 8,480	\$ 1,031,900
<b>Incurred claims and claim adjustment expenses:</b>		
Provisions for insured events of the current fiscal year	-	12,089,423
Increase (Decrease) in provision for insured events-prior years	137,237	(3,091,020)
Total incurred claims and claim adjustment expenses	<u>137,237</u>	<u>8,998,403</u>
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to insured events-		
Current fiscal year	-	10,520,424
Prior fiscal years	111,489	(2,059,120)
Total payments	<u>111,489</u>	<u>8,461,304</u>
<b>Total unpaid claims and claim adjustment expenses at end of current fiscal year</b>	<u>\$ 34,228</u>	<u>\$ 1,568,999</u>
<b><u>Prior Fiscal Year</u></b>		
<b>Unpaid claims and claim adjustment expenses at the beginning of the prior fiscal year</b>	\$ 30,680	\$ 1,153,997
<b>Incurred claims and claim adjustment expenses:</b>		
Provisions for insured events of the current fiscal year	-	12,831,899
Increase/(Decrease) in provision for insured events-prior years	(2,857)	(2,030,276)
Total incurred claims and claim adjustment expenses	<u>(2,857)</u>	<u>10,801,623</u>
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to insured events-		
Current fiscal year	-	11,799,996
Prior fiscal years	19,343	(876,276)
Total payments	<u>19,343</u>	<u>10,923,720</u>
<b>Total unpaid claims and claim adjustment expenses at end of prior fiscal year</b>	<u>\$ 8,480</u>	<u>\$ 1,031,900</u>

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

**B. Commitments and Contingent Liabilities**

**1. Commitments**

Construction commitments are discussed in note IV. E.

**2. Litigation**

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

**3. Federal and State Grants**

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

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

**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, 2019:

Inactive employees or beneficiaries currently receiving benefits	221
Inactive employees entitled to, but not yet receiving, benefits	-
Active employees	1,015
	<u>1,236</u>

## **Total OPEB Liability**

The City's total healthcare OPEB liability of \$56,423,558 was measured as of December 31, 2020. The actuarial valuation was performed as of December 31, 2019.

## **Actuarial Assumptions and Other Inputs**

The total healthcare OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.00% as of December 31, 2020
Actuarial Cost Method	Individual entry-age normal
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Health care trend rates	Non-Medicare: initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years; Medicare: 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 15% for pre-65 retirees with less than 20 years of service 90% for eligible post-65 retirees.
<b>Other Information:</b>	
Notes	The discount rate changed from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

## **Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 2,097,026
Interest on the total OPEB Liability	1,402,377
Difference between expected and actual experience	(720,162)
Changes of assumptions	4,320,360
Benefit payments	(1,246,142)
<b>Net Changes</b>	<b>5,853,459</b>
Beginning Balance	50,570,099
<b>Ending Balance</b>	<b>\$ 56,423,558</b>

## **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 2.00%,



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:

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City's total healthcare OPEB liability	\$ 62,923,890	\$ 56,423,558	\$ 50,758,628

**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:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's total healthcare OPEB liability	\$ 52,008,788	\$ 56,423,558	\$ 61,734,361

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

For the year ended September 30, 2021, the City recognized healthcare OPEB expense of \$3,499,456. The City reported deferred outflows/inflows of resources related to healthcare OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 7,026,762
Changes in actuarial assumptions	8,587,872	1,375,365
Contributions subsequent to the measurement date	1,757,045	-
Total	<u>\$ 10,344,917</u>	<u>\$ 8,402,127</u>

\$1,757,045 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, 2022. Amounts reported as deferred outflows/inflows of resources related to healthcare OPEB liability will be recognized in healthcare OPEB expense as follows:

Year Ended September 30	Healthcare OPEB Expense Amount
2022	\$ 53
2023	53
2024	53
2025	(85,286)
2026	(269,249)
Thereafter	540,121
<b>Total</b>	<u>\$ 185,745</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, 2020 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	615
Inactive employees entitled to, but not yet receiving, benefits	125
Active employees	<u>1,020</u>
	<u><u>1,760</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 \$5,213,322 was measured as of December 31, 2020 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, 2020 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 11.50% including inflation
Discount rate	2.00%
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

Note: The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

### Changes in the Total OPEB Liability

	Total SDBF OPEB Liability
Changes for the year:	
Service cost	\$ 198,783
Interest on total SDBF/OPEB liability	121,373
Difference between expected and actual experience	(60,652)
Changes of assumptions	663,484
Benefit payments*	(47,708)
	<b>Net Changes</b> 875,280
Beginning Balance	4,338,042
	<b>Ending Balance</b> \$ 5,213,322

\* 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 2.75% to 2.00%. 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:

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City's total SDBF OPEB liability	\$ 6,328,596	\$ 5,213,322	\$ 4,355,407

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

For the year ended September 30, 2021, the City recognized SDBF OPEB expense of \$485,266. The City reported deferred outflows/inflows of resources related to SDBF OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 247,536
Changes in actuarial assumptions	1,038,333	113,373
Contributions subsequent to the measurement date	92,897	-
	<u>\$ 1,131,230</u>	<u>\$ 360,909</u>

\$92,897 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, 2022. Amounts reported as deferred outflows/inflows of resources related to SDBF OPEB will be recognized in SDBF OPEB expense as follows:

Year Ended September 30	SDBF OPEB Expense Amount
2022	\$ 165,111
2023	145,933
2024	141,107
2025	152,171
2026	73,102
Thereafter	-
<b>Total</b>	<u>\$ 677,424</u>

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

The City recognized aggregate total OPEB expenses/expenditures of \$3,984,722 during the fiscal year ending September 30, 2021 related to the City's Healthcare and SDBF OPEB plans.

## **D. Employee Retirement Systems and Pension Plans**

### **1. Texas Municipal Retirement System**

#### **Defined Benefit Pension Plans**

##### **Plan Description**

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report 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, 2020 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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	799
Inactive employees entitled to, but not yet receiving, benefits	338
Active employees	<u>1,020</u>
	<u>2,157</u>

### **Contributions**

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, 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 City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 13.70% and 13.54%, including 0.24% and 0.30% of supplemental death benefits, (which is reported in this report as OPEB) in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$9,298,019, and were equal to the required contributions.

### **Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

General Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB (10) Mortality Table, with the Public Safety table used for male and the General Employee table used for female. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality. The rates for actives, healthy retirees and beneficiaries are projected on a fully generated basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used on December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major 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, the actuary 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 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equities	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

### **Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

### Schedule of Changes in Net Pension Liability

	Increase ( Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2019	\$ 479,340,531	\$ 464,325,683	\$ 15,014,848
Changes for the year:			
Service cost	13,119,669	-	13,119,669
Interest	32,061,718	-	32,061,718
Difference between expected and actual experience	8,175,575	-	8,175,575
Contributions - employer	-	10,702,447	(10,702,447)
Contributions - employee	-	5,565,920	(5,565,920)
Net investment income	-	35,225,023	(35,225,023)
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(21,823,908)	(21,823,908)	-
Administrative expense	-	(228,063)	228,063
Other changes	-	(8,898)	8,898
Net changes	31,533,054	29,432,521	2,100,533
Balance at 12/31/2020	\$ 510,873,585	\$ 493,758,204	\$ 17,115,381

### **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/(asset) 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)	\$ 83,660,544	\$ 17,115,381	\$ (38,131,673)

### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained 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, 2021, the City recognized pension expense of \$4,784,412.



At September 30, 2021, 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	\$ 6,459,379	\$ 1,496,450
Changes in actuarial assumptions	36,130	-
Difference between projected and actual investment earnings	-	13,197,791
Contributions subsequent to the measurement date	6,833,088	-
Total	<u>\$ 13,328,597</u>	<u>\$ 14,694,241</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$6,833,088 will be recognized as a reduction to the net pension liability for the year ended September 30, 2022. 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>
2022	\$ (3,873,730)
2023	1,617,307
2024	(6,353,604)
2025	411,295
2026	-
Thereafter	-
Total	<u>\$ (8,198,732)</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, 2020, 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, 2020, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,837
Terminated members entitled but not yet receiving them	1,787
Current active members (vested and nonvested)	3,634
	<hr/>
	9,258
	<hr/>

### **Pension Plan Fiduciary Net Position**

Detailed information about the TESRS's fiduciary net position is available in a separately-issued Annual Comprehensive 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 \$175 effective January 1, 2021 per active participant per month, before that date the amount was \$150. 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 in 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 every two years based on the most recent actuarial valuation. Based on the August 31, 2020 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining TESRS, to grant up to 15 years of credit for prior service per member. Prior service 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, 2020, total contributions (dues, prior service, and interest on prior service financing) of \$223,755 were paid by the City. The State appropriated \$1,329,224 for the fiscal year ending August 31, 2020.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed below.

The most recently completed biennial actuarial valuation as of August 31, 2020 stated the TESRS has an adequate contribution arrangement of the benefits provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions for the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as need in accordance with state law governing TESRS and (2) approximately \$675,000 each year to pay for part of the System’s administrative expenses.

**Actuarial Assumptions**

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2020
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	7.5%, 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 SubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally

using projection scale MP-2019. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.6%) and by adding expected inflation (3.00%). In addition, the final 7.5% assumption was selected by “rounding down”.

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	20%	5.83%
Small cap domestic	10%	5.94%
Developed international	15%	6.15%
Emerging markets	5%	7.25%
Global Infrastructure	5%	6.41%
Real Estate	10%	4.48%
Multi asset income	5%	3.84%
Fixed income	30%	1.99%
Cash	<u>0.0%</u>	0.00%
Total	100.0%	
Weighted Average		4.60%

### **Discount Rate**

The discount rate used to measure the Total Pension Liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2020 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 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's net TESRS pension liability	\$ 2,331,022	\$ 1,209,870	\$ 430,901

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

At September 30, 2021, the City reported a liability of \$1,209,870 for its proportionate share of the plan's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's Proportionate share of the collective net pension liability	\$ 1,209,870
State's proportionate share that is associated with the City*	<u>344,898</u>
Total	<u>\$ 1,554,768</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, 2020. 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, 2020. The City used the assumption that any differences in the net pension liability measured as of August 31, 2020 versus September 30, 2021 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, 2019 through August 31, 2020.

At August 31, 2020, the employer's proportion of the collective net pension liability was 4.799%, which was an increase of 0.271% from its proportion measured as of August 31, 2019.

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 measurement year ended August 31, 2020, the City recognized pension expense of \$320,135. The City recognized on-behalf revenues of \$71,773 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At September 30, 2021, 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	\$ -	\$ 57,620
Changes in actuarial assumptions	-	1,978
Net difference between projected and actual investment earnings	6,564	-
Contributions subsequent to the measurement date	232,350	-
Total	<u>\$ 238,914</u>	<u>\$ 59,598</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$232,350 will be recognized as a reduction to the net pension liability for the year ended September 30, 2022. 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>
2022	\$ (51,477)
2023	(10,573)
2024	41,599
2025	(32,583)
2026	-
Thereafter	-
Total	<u>\$ (53,034)</u>

**3. Aggregate Total Employee Retirement Systems and Pension Plans Expenses/Expenditures**

The City recognized aggregate total pension expenses/expenditures of \$5,104,547 during the fiscal year ending September 30, 2021 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, 2021, the program reserve in the amount of \$606,703 is held by HUD on behalf of City of Pasadena Housing Authority.

**G. Hurricane Harvey**

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

expenditures incurred. However, FEMA’s policies have and will likely change; therefore, the actual reimbursement could differ from the amount estimated based on the City’s current understanding and interpretation of FEMA’s policies.

**H. Coronavirus (COVID-19) Pandemic**

**Major Disaster Declaration**

On March 25, 2020, as part of the federal government response, the President of the United States declared that an emergency exists statewide as a result of Coronavirus Disease 2019 (COVID-19) beginning on January 20, 2020, and continuing.

**Federal Emergency Management Agency (FEMA) Public Assistance (PA) Program**

Pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), allows the federal government, through the Federal Emergency Management Agency (FEMA), determine eligible emergency protective measures taken to respond to the COVID-19 emergency at the direction or guidance of public health officials may be reimbursed under Category B of FEMA Public Assistance (PA) Program. FEMA assistance will be provided at the 75 percent Federal cost share.

In April 2020, the Texas Division of Emergency Management (TDEM), the pass-through Agency, approved the City’s application for Public Assistance.

**Coronavirus Relief Fund**

On March 27, 2020, the Congress passed \$2.3 trillion CARES ACT, H.R. 748. The CARES ACT established the \$150 billion Coronavirus Relief Fund (CRF), administered by the U.S. Department of the Treasury (the “Treasury”), which to provide Assistance for State, Local, and Tribal Governments navigating the impact of COVID-19 outbreak, to be used to cover costs that (1) are necessary expenditures incurred due to the public health emergency with respect to COVID-19, (2) were not accounted for in the budget most recently approved as of March 27, 2020, for the State or government and (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

The City, with a population of less than 500,000, is not eligible for direct payment from the Treasury. However, the Treasury does allow a unit of local government that received direct CRF payment to transfer funds to another unit of government within its jurisdiction.

The City, within the jurisdiction of Harris County, applied and entered an interlocal grant agreement/subrecipient grant award on August 8, 2020, with Harris County to be reimbursed for an amount not to exceed \$8,427,045, of all eligible expenditures incurred due to the public health emergency related to COVID-19.

**I. Restatement**

As of October 1, 2020, the City restated fund balance originally reported in the grant management fund to the general fund due to the fact financial resources are not specific revenues that are legally restricted to expenditures for a particular purpose.

Balance Sheet		
Governmental Funds		
	General fund	Grant Management
Fund balances, previously reported		
October 1, 2020	\$ 71,335,949	\$ 17,847,959
Reclassification	5,341,104	(5,341,104)
Fund balances, restated	\$ 76,677,053	\$ 12,506,855

**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, 2021 (1)**

	September 30,			
	2018	2019	2020	2021
<b>Total OPEB Liability</b>				
Service cost	\$ 1,780,094	\$ 2,056,979	\$ 2,070,006	\$ 2,097,026
Interest (on the total OPEB liability)	1,825,079	1,736,527	1,931,236	1,402,377
Difference between expected and actual experience	-	(325,506)	(8,364,900)	(720,162)
Change of assumptions	2,714,917	(2,242,884)	4,719,565	4,320,360
Benefit payments	(2,127,408)	(1,668,203)	(1,611,385)	(1,246,142)
<b>Net Change in Total OPEB Liability</b>	<b>\$ 4,192,682</b>	<b>\$ (443,087)</b>	<b>\$ (1,255,478)</b>	<b>\$ 5,853,459</b>
Beginning total OPEB liability	48,075,982	52,268,664	51,825,577	50,570,099
<b>Ending Total OPEB Liability</b>	<b>\$ 52,268,664</b>	<b>\$ 51,825,577</b>	<b>\$ 50,570,099</b>	<b>\$ 56,423,558</b>
<b>Covered Employee Payroll</b>	<b>\$ 53,078,074</b>	<b>\$ 57,776,646</b>	<b>\$ 59,528,914</b>	<b>\$ 61,629,979</b>
Total OPEB Liability as a Percentage of Covered Payroll	98.48%	89.70%	84.95%	91.55%

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

**Notes to Required Supplementary Information:**

Changes of assumptions reflect a change in the discount rate each period 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020, revised TMRS demographic assumptions, and updates to both the health care trend and election rate assumptions.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

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

	September 30,						
	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 7,605,747	\$ 7,622,892	\$ 8,512,614	\$ 8,700,395	\$ 9,114,228	\$ 10,346,997	\$ 9,298,019
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>	<u>\$ 10,346,997</u>	<u>\$ 9,298,019</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 55,384,915	\$ 58,987,632	\$ 63,307,908	\$ 63,001,076	\$ 67,171,083	\$ 76,883,843	\$ 69,922,435
Contributions as a percentage of covered payroll	13.73%	12.92%	13.45%	13.81%	13.57%	13.46%	13.30%

(1) GASB 68 requires ten fiscal years of data to be provided in this schedule, only seven 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	2019	2020
<b>Total pension liability</b>							
Service cost	\$ 7,815,620	\$ 8,664,210	\$ 9,425,461	\$ 10,336,600	\$ 10,395,914	\$ 10,913,194	\$ 13,119,669
Interest (on the total pension liability)	25,468,655	26,426,824	26,908,444	28,169,848	29,453,672	30,714,091	32,061,718
Change of benefits terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(2,817,613)	(1,734,873)	879,833	203,789	(1,510,678)	(1,675,256)	8,175,575
Change of assumptions	-	5,151,855	-	-	-	63,710	-
Benefit payments, including refund of employee contributions	(16,751,526)	(17,654,124)	(17,888,068)	(20,075,608)	(19,364,953)	(20,484,373)	(21,823,908)
<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>19,531,366</b>	<b>31,533,054</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>459,809,165</b>	<b>479,340,531</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>\$ 479,340,531</b>	<b>\$ 510,873,585</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 7,624,193	\$ 7,531,271	\$ 7,339,257	\$ 8,685,783	\$ 8,917,844	\$ 9,043,896	\$ 10,702,447
Contributions - employee	3,761,701	3,892,097	4,045,262	4,452,307	4,493,236	4,707,776	5,565,920
Net investment income	20,317,406	545,817	24,588,550	52,889,591	(12,797,053)	63,100,209	35,225,023
Benefit payments, including refund of employee contributions	(16,751,526)	(17,654,124)	(17,888,068)	(20,075,608)	(19,364,953)	(20,484,373)	(21,823,908)
Administrative expense	(212,141)	(332,466)	(277,733)	(274,143)	(247,396)	(356,693)	(228,063)
Other	(17,442)	(16,421)	(14,963)	(13,893)	(12,926)	(10,715)	(8,898)
<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>56,000,100</b>	<b>29,432,521</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>408,325,583</b>	<b>464,325,683</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>\$ 464,325,683</b>	<b>\$ 493,758,204</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>\$ 15,014,848</b>	<b>\$ 17,115,381</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>96.87%</b>	<b>96.65%</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>\$ 67,240,876</b>	<b>\$ 79,513,143</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>	<b>22.33%</b>	<b>21.53%</b>

(1) GASB 68 requires ten fiscal years of data to be provided in this schedule; only seven 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	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	<p>Post-retirement: 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis with scale UMP.</p> <p>Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.</p>
<b>Other Information:</b>	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**

	Measurement Year (1)			
	2017	2018	2019	2020
<b>Total OPEB Liability</b>				
Service cost	\$ 120,784	\$ 141,005	\$ 127,758	\$ 198,783
Interest (on the total OPEB liability)	127,845	128,635	137,955	121,373
Difference between expected and actual experience	-	(148,237)	(199,991)	(60,652)
Change of assumptions	283,672	(243,192)	637,916	663,484
Benefit payments	(38,142)	(38,456)	(40,345)	(47,708)
<b>Net Change in Total OPEB Liability</b>	<b>\$ 494,159</b>	<b>\$ (160,245)</b>	<b>\$ 663,293</b>	<b>\$ 875,280</b>
Beginning total OPEB liability	3,340,835	3,834,994	3,674,749	4,338,042
<b>Ending Total OPEB Liability</b>	<b>\$ 3,834,994</b>	<b>\$ 3,674,749</b>	<b>\$ 4,338,042</b>	<b>\$ 5,213,322</b>
<b>Covered Employee Payroll</b>	<b>\$ 63,570,724</b>	<b>\$ 64,093,184</b>	<b>\$ 67,240,876</b>	<b>\$ 79,513,143</b>
Total OPEB Liability as a Percentage of Covered Payroll	6.03%	5.73%	6.45%	6.56%

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

**Notes to Required Supplementary Information:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

**Changes in Assumptions**

The discount rate changed from 2.75% to 2.00%.

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	2020	2021
Contractually required contribution	\$ 214,235	\$ 202,225	\$ 184,932	\$ 199,188	\$ 211,926	\$ 202,902	\$ 214,050	\$ 232,350
Contributions in relation to the contractually required contribution	214,235	202,225	184,932	199,188	211,926	202,902	214,050	232,350
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members (2)	106	106	114	134	118	111	114	113
Contributions per active member	\$ 2,021	\$ 1,907	\$ 1,622	\$ 1,486	\$ 1,796	\$ 1,828	\$ 1,878	\$ 2,056

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

(2) There is no compensation for active members. Number of active members is used as of August 2021 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	2020	2021
City's proportion of the net pension liability	4.706%	4.281%	4.037%	4.118%	4.425%	4.528%	4.799%
City's proportionate share of the net pension liability	\$ 855,158	\$ 1,142,706	\$ 1,175,787	\$ 988,456	\$ 958,032	\$ 1,283,487	\$ 1,209,870
State's proportionate share of the net pension liability	287,462	396,097	406,481	323,681	265,888	380,717	344,898
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>	<u>\$ 1,664,204</u>	<u>\$ 1,554,768</u>
Number of active members (2)	106	114	134	118	111	114	113
City's Net Pension Liability per Active Member	\$ 8,068	\$ 10,024	\$ 8,775	\$ 8,377	\$ 8,631	\$ 11,259	\$ 10,707
Plan fiduciary net position as a percentage of the total pension liability	83.50%	76.90%	76.30%	81.40%	84.26%	80.20%	83.20%

(1) Only seven years of information is currently available. The City will build this schedule over the next three-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 liability





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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



## **GENERAL FUND**

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



**CITY OF PASADENA, TEXAS  
GENERAL FUND  
BALANCE SHEET  
SEPTEMBER 30, 2021**

**ASSETS**

Cash and cash equivalents	\$	2,403,943
Investments		
TexPool		55,935,631
LOGIC CLASS A		587,639
CLASS		59,153,969
		115,677,239
Receivables (net, where applicable, of allowances for uncollectible)		
General property taxes		744,065
Accounts receivable		5,937,527
		6,681,592
Due from other funds		1,282,826
Restricted assets		
Receivables (net, where applicable, of allowances for uncollectible)		34,504
		34,504
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>126,080,104</b>

**LIABILITIES**

Accounts payable	\$	5,972,145
Accrued payroll payable		2,471,693
Due to other funds		29,731,674
Due to component unit		325,840
		38,501,352
<b>TOTAL LIABILITIES</b>		<b>38,501,352</b>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue - property taxes		737,819
Unavailable revenue - industrial district fees		197,571
		935,390
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<b>935,390</b>

**FUND BALANCES**

Committed		15,000
Assigned		1,143,181
Unassigned		85,485,181
		86,643,362
<b>TOTAL FUND BALANCES</b>		<b>86,643,362</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$</b>	<b>126,080,104</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, 2021**

**REVENUES**

General property taxes	\$ 47,406,011
Business taxes and fees	
Industrial district fees	22,994,264
Sales taxes	26,599,295
Franchise fees	8,390,473
Other taxes and fees	308,119
Total business taxes and fees	58,292,151
Licenses and permits	2,668,626
Municipal court fines	2,911,086
Charges for services	11,936,678
Intergovernmental	3,457,819
Miscellaneous	1,522,954
Investment income	81,823

**TOTAL REVENUES** **128,277,148**

**EXPENDITURES**

Current	
General government	18,874,893
Public safety	52,362,346
Public works	16,505,030
Health	5,554,531
Culture and recreation	15,345,160

**TOTAL EXPENDITURES** **108,641,960**

**EXCESS OF REVENUES OVER EXPENDITURES** **19,635,188**

**OTHER FINANCING SOURCES (USES)**

Operating transfers in (out)	
Water and sewer system	3,000,000
General liability insurance fund	(750,000)
Capital projects fund	(13,153,168)
Grant management fund	(22,000)
Sale of capital assets	1,256,289

**TOTAL OTHER FINANCING (USES)** **(9,668,879)**

**NET CHANGE IN FUND BALANCE** **9,966,309**

**FUND BALANCE - BEGINNING** **76,677,053**

**FUND BALANCE - ENDING** **\$ 86,643,362**



**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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>General Property Taxes</b>				
Ad valorem taxes	\$ 44,519,473	\$ 47,769,911	\$ 46,648,255	\$ (1,121,656)
Penalty and interest	525,000	525,000	757,756	232,756
<b>Total General Property Taxes</b>	<b>45,044,473</b>	<b>48,294,911</b>	<b>47,406,011</b>	<b>(888,900)</b>
<b>Business Taxes and Fees</b>				
Industrial district fees	21,356,200	21,356,200	22,994,264	1,638,064
Sales tax	21,000,000	21,000,000	26,599,295	5,599,295
Franchise fees	9,097,600	9,097,600	8,390,473	(707,127)
Other taxes				
Mixed drink tax	300,000	300,000	308,119	8,119
Bingo tax	40	40	-	(40)
<b>Total Business Taxes and Fees</b>	<b>51,753,840</b>	<b>51,753,840</b>	<b>58,292,151</b>	<b>6,538,311</b>
<b>Licenses and Permits</b>				
Business types	2,067,250	2,067,250	2,504,019	436,769
Occupational types	106,525	106,525	90,776	(15,749)
Non-business types	65,000	65,000	73,831	8,831
<b>Total Licenses and Permits</b>	<b>2,238,775</b>	<b>2,238,775</b>	<b>2,668,626</b>	<b>429,851</b>
<b>Municipal Court Fines and Fees</b>				
	<b>4,826,000</b>	<b>4,826,000</b>	<b>2,911,086</b>	<b>(1,914,914)</b>
<b>Charges for Services</b>				
Ellington municipal golf course	585,000	585,000	832,961	247,961
Recreational activities	125,050	125,050	115,590	(9,460)
Swimming pool	252,000	252,000	13,036	(238,964)
Tennis court	10,000	10,000	5,164	(4,836)
Civic center	353,000	353,000	466,432	113,432
Other centers	63,000	63,000	13,820	(49,180)
Miscellaneous	772,500	772,500	549,338	(223,162)
Solid waste collection	9,012,500	9,012,500	9,213,153	200,653
Health services	427,000	427,000	372,302	(54,698)
Library services	30,000	30,000	6,316	(23,684)
Property management	360,000	360,000	348,566	(11,434)
<b>Total Charges for Services</b>	<b>11,990,050</b>	<b>11,990,050</b>	<b>11,936,678</b>	<b>(53,372)</b>
<b>Intergovernmental</b>				
Fire protection	85,000	85,000	89,454	4,454
COVID HC SCAP	-	3,074,725	3,074,725	-
Harvey - Disaster Grant	-	126,243	126,243	-
Reimbursement from other agencies	53,000	53,000	132,798	79,798
TxDOT - traffic signal maintenance	30,946	30,946	29,693	(1,253)
Emergency management performance grant	55,000	55,000	-	(55,000)
Restitution - Harris County	1,000	1,000	4,906	3,906
<b>Total Intergovernmental</b>	<b>224,946</b>	<b>3,425,914</b>	<b>3,457,819</b>	<b>31,905</b>
<b>Miscellaneous</b>				
	<b>1,103,000</b>	<b>1,338,570</b>	<b>1,522,954</b>	<b>184,384</b>
<b>Investment Income</b>				
	<b>1,301,000</b>	<b>1,301,000</b>	<b>81,823</b>	<b>(1,219,177)</b>
<b>TOTAL REVENUES</b>	<b>\$ 118,482,084</b>	<b>\$ 125,169,060</b>	<b>\$ 128,277,148</b>	<b>\$ 3,108,088</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	\$ 105,048	\$ 105,048	\$ 102,638	\$ 2,410
Contractual services	53,050	53,050	22,616	30,434
Materials and supplies	15,350	15,350	10,122	5,228
Maintenance charges	58,550	63,868	63,868	-
	<b>231,998</b>	<b>237,316</b>	<b>199,244</b>	<b>38,072</b>
<b>Mayor</b>				
Personnel services	581,761	618,074	618,074	-
Contractual services	27,210	27,210	17,710	9,500
Materials and supplies	9,604	9,604	5,906	3,698
Maintenance charges	61,945	61,945	55,455	6,490
	<b>680,520</b>	<b>716,833</b>	<b>697,145</b>	<b>19,688</b>
<b>Budget and Financial Planning</b>				
Personnel services	656,324	656,324	638,043	18,281
Contractual services	49,150	49,150	12,870	36,280
Materials and supplies	7,030	7,030	4,957	2,073
Maintenance charges	17,639	17,639	16,712	927
	<b>730,143</b>	<b>730,143</b>	<b>672,582</b>	<b>57,561</b>
<b>Municipal Court</b>				
Personnel services	2,014,244	2,014,244	1,934,580	79,664
Contractual services	169,787	224,787	143,028	81,759
Materials and supplies	57,360	57,360	47,804	9,556
Maintenance charges	240,788	241,133	235,766	5,367
	<b>2,482,179</b>	<b>2,537,524</b>	<b>2,361,178</b>	<b>176,346</b>
<b>City Controller</b>				
Personnel services	2,013,125	2,018,830	1,895,008	123,822
Contractual services	196,310	196,310	95,974	100,336
Materials and supplies	45,154	45,154	24,835	20,319
Maintenance charges	82,585	104,722	104,721	1
	<b>\$ 2,337,174</b>	<b>\$ 2,365,016</b>	<b>\$ 2,120,538</b>	<b>\$ 244,478</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, 2021**

<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	\$ 635,450	\$ 635,450	\$ 619,981	\$ 15,469
Materials and supplies	20	20	-	20
	<b>635,470</b>	<b>635,470</b>	<b>619,981</b>	<b>15,489</b>
<b>Purchasing</b>				
Personnel services	488,132	488,132	484,283	3,849
Contractual services	14,033	29,033	19,177	9,856
Materials and supplies	7,385	7,385	5,110	2,275
Maintenance charges	45,619	45,619	43,017	2,602
	<b>555,169</b>	<b>570,169</b>	<b>551,587</b>	<b>18,582</b>
<b>Legal</b>				
Personnel services	1,187,555	1,188,685	1,188,685	-
Contractual services	216,685	216,685	195,379	21,306
Materials and supplies	38,000	38,000	26,587	11,413
Maintenance charges	71,545	71,545	67,797	3,748
	<b>1,513,785</b>	<b>1,514,915</b>	<b>1,478,448</b>	<b>36,467</b>
<b>City Secretary</b>				
Personnel services	391,904	392,457	389,025	3,432
Contractual services	44,094	44,094	33,564	10,530
Materials and supplies	7,345	7,345	1,958	5,387
Maintenance charges	53,527	53,527	48,238	5,289
	<b>496,870</b>	<b>497,423</b>	<b>472,785</b>	<b>24,638</b>
<b>Elections</b>				
Contractual services	73,625	137,380	72,603	64,777
Materials and supplies	1,915	1,915	160	1,755
	<b>75,540</b>	<b>139,295</b>	<b>72,763</b>	<b>66,532</b>
<b>Human Resources</b>				
Personnel services	828,412	828,412	782,699	45,713
Contractual services	101,575	101,575	61,160	40,415
Materials and supplies	59,291	69,291	62,453	6,838
Maintenance charges	86,966	86,966	84,706	2,260
	<b>1,076,244</b>	<b>1,086,244</b>	<b>991,018</b>	<b>95,226</b>
<b>Civil Service</b>				
Contractual services	66,800	66,800	41,317	25,483
Materials and supplies	3,920	3,920	810	3,110
	<b>\$ 70,720</b>	<b>\$ 70,720</b>	<b>\$ 42,127</b>	<b>\$ 28,593</b>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>City Marshall</b>				
Personnel services	\$ 1,163,994	\$ 1,163,994	\$ 1,152,444	\$ 11,550
Contractual services	18,070	18,070	9,914	8,156
Materials and supplies	72,268	72,268	38,888	33,380
Maintenance charges	165,367	167,035	167,035	-
	<b>1,419,699</b>	<b>1,421,367</b>	<b>1,368,281</b>	<b>53,086</b>
<b>Community Relations</b>				
Personnel services	885,354	892,969	892,969	-
Contractual services	130,265	137,265	94,139	43,126
Materials and supplies	49,970	42,970	21,084	21,886
Maintenance charges	144,341	148,437	148,436	1
	<b>1,209,930</b>	<b>1,221,641</b>	<b>1,156,628</b>	<b>65,013</b>
<b>Pasadena Action Line</b>				
Personnel services	432,675	433,984	425,968	8,016
Contractual services	1,975	1,975	559	1,416
Materials and supplies	4,425	4,425	832	3,593
Maintenance charges	22,987	24,450	24,450	-
	<b>462,062</b>	<b>464,834</b>	<b>451,809</b>	<b>13,025</b>
<b>Planning</b>				
Personnel services	454,553	454,554	452,269	2,285
Contractual services	218,303	218,302	101,901	116,401
Materials and supplies	15,440	15,440	8,809	6,631
Maintenance charges	63,258	63,258	53,937	9,321
	<b>751,554</b>	<b>751,554</b>	<b>616,916</b>	<b>134,638</b>
<b>Economic Development Liaison</b>				
Personnel services	602,347	602,347	597,816	4,531
Contractual services	7,500	7,500	4,128	3,372
Materials and supplies	8,500	8,500	1,347	7,153
Maintenance charges	35,378	35,378	30,164	5,214
	<b>\$ 653,725</b>	<b>\$ 653,725</b>	<b>\$ 633,455</b>	<b>\$ 20,270</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, 2021**

<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	\$ 353,214	\$ 353,214	\$ 254,127	\$ 99,087
Contractual services	185,041	185,041	86,791	98,250
Materials and supplies	26,470	26,470	5,920	20,550
Maintenance charges	25,047	25,677	25,677	-
	<b>589,772</b>	<b>590,402</b>	<b>372,515</b>	<b>217,887</b>
<b>Inspections</b>				
Personnel services	1,734,517	1,734,517	1,411,827	322,690
Contractual services	251,650	251,650	36,141	215,509
Materials and supplies	18,950	18,735	11,243	7,492
Maintenance charges	176,654	180,902	180,687	215
Capital outlay	454,713	543,552	326,499	217,053
	<b>2,636,484</b>	<b>2,729,356</b>	<b>1,966,397</b>	<b>762,959</b>
<b>Property Management</b>				
Personnel services	382,243	382,243	360,502	21,741
Contractual services	811,778	770,493	331,039	439,454
Materials and supplies	58,000	58,000	16,560	41,440
Maintenance charges	280,823	37,809	37,809	-
Capital outlay	120,000	120,000	-	120,000
	<b>1,652,844</b>	<b>1,368,545</b>	<b>745,910</b>	<b>622,635</b>
<b>City Hall</b>				
Contractual services	497,241	497,241	383,084	114,157
Materials and supplies	79,380	79,380	66,149	13,231
Maintenance charges	137,544	119,930	119,928	2
Capital outlay	220,000	141,900	-	141,900
	<b>934,165</b>	<b>838,451</b>	<b>569,161</b>	<b>269,290</b>
<b>Facilities Management</b>				
Contractual services	190,055	190,055	58,678	131,377
Materials and supplies	41,650	45,650	18,638	27,012
Other charges	67,376	15,548	15,547	1
Capital outlay	25,000	25,000	8,776	16,224
	<b>324,081</b>	<b>276,253</b>	<b>101,639</b>	<b>174,614</b>
<b>Impound/Storage</b>				
Personnel services	376,776	379,905	261,759	118,146
Contractual services	5,010	5,010	3,675	1,335
Materials and supplies	5,190	5,190	3,783	1,407
Maintenance charges	14,122	14,122	14,093	29
	<b>401,098</b>	<b>404,227</b>	<b>283,310</b>	<b>120,917</b>
<b>Other Charges</b>				
Personnel services	1,489,644	41,153	-	41,153
Contractual services	292,500	292,500	156,717	135,783
Materials and supplies	-	21,321	21,321	-
Other charges	54,000	94,000	80,497	13,503
Other uses	92,500	92,500	70,941	21,559
	<b>1,928,644</b>	<b>541,474</b>	<b>329,476</b>	<b>211,998</b>
<b>Total General Government</b>	<b>\$ 23,849,870</b>	<b>\$ 22,362,897</b>	<b>\$ 18,874,893</b>	<b>\$ 3,488,004</b>

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Public Safety</b>				
<b>Emergency Preparedness</b>				
Personnel services	\$ 671,272	\$ 727,705	\$ 727,705	\$ -
Contractual services	82,340	82,340	60,753	21,587
Materials and supplies	22,295	22,295	14,901	7,394
Maintenance charges	263,886	274,895	274,895	-
	<b>1,039,793</b>	<b>1,107,235</b>	<b>1,078,254</b>	<b>28,981</b>
<b>Fire Fighting</b>				
Personnel services	330,952	334,620	327,830	6,790
Contractual services	1,379,066	1,414,066	1,113,071	300,995
Materials and supplies	587,627	587,626	380,860	206,766
Maintenance charges	991,056	1,046,317	1,046,317	-
Capital outlay	69,050	69,050	68,838	212
	<b>3,357,751</b>	<b>3,451,679</b>	<b>2,936,916</b>	<b>514,763</b>
<b>Fire Prevention</b>				
Personnel services	1,268,003	1,274,341	1,264,201	10,140
Contractual services	100,540	100,540	90,647	9,893
Materials and supplies	59,764	59,764	54,517	5,247
Maintenance charges	351,743	351,743	346,931	4,812
	<b>1,780,050</b>	<b>1,786,388</b>	<b>1,756,296</b>	<b>30,092</b>
<b>Police</b>				
Personnel services	40,621,823	42,732,831	40,636,362	2,096,469
Contractual services	541,694	541,694	420,853	120,841
Materials and supplies	344,807	367,764	295,965	71,799
Maintenance charges	4,557,290	4,590,029	4,562,794	27,235
	<b>46,065,614</b>	<b>48,232,318</b>	<b>45,915,974</b>	<b>2,316,344</b>
<b>Code Enforcement</b>				
Personnel services	328,298	328,298	319,889	8,409
Contractual services	240,285	240,285	120,267	120,018
Materials and supplies	58,999	58,999	44,149	14,850
Maintenance charges	191,511	191,511	190,601	910
	<b>819,093</b>	<b>819,093</b>	<b>674,906</b>	<b>144,187</b>
<b>Total Public Safety</b>	<b>\$ 53,062,301</b>	<b>\$ 55,396,713</b>	<b>\$ 52,362,346</b>	<b>\$ 3,034,367</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, 2021**

<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	\$ 1,680,742	\$ 1,680,742	\$ 1,631,890	\$ 48,852
Contractual services	340,825	415,325	406,376	8,949
Materials and supplies	35,100	35,100	24,607	10,493
Maintenance charges	176,705	187,144	187,144	-
	<b>2,233,372</b>	<b>2,318,311</b>	<b>2,250,017</b>	<b>68,294</b>
<b>Street Lighting and Signals</b>				
Contractual services	1,350,000	1,350,000	1,002,171	347,829
	<b>1,350,000</b>	<b>1,350,000</b>	<b>1,002,171</b>	<b>347,829</b>
<b>Sanitation</b>				
Personnel services	2,852,068	2,871,438	2,792,087	79,351
Contractual services	5,517,403	5,552,596	5,552,595	1
Materials and supplies	329,500	329,500	223,911	105,589
Maintenance charges	280,068	272,944	271,324	1,620
	<b>8,979,039</b>	<b>9,026,478</b>	<b>8,839,917</b>	<b>186,561</b>
<b>Street and Bridge</b>				
Personnel services	2,136,522	2,150,459	2,138,495	11,964
Contractual services	67,060	67,060	20,556	46,504
Materials and supplies	451,250	451,250	359,878	91,372
Maintenance charges	363,550	372,101	372,100	1
Capital outlay	20,000	20,000	-	20,000
	<b>3,038,382</b>	<b>3,060,870</b>	<b>2,891,029</b>	<b>169,841</b>
<b>Traffic and Transportation</b>				
Personnel services	959,388	965,384	924,931	40,453
Contractual services	345,760	345,760	250,327	95,433
Materials and supplies	331,255	331,255	209,299	121,956
Maintenance charges	122,656	122,656	121,839	817
Capital outlay	80,000	80,000	15,500	64,500
	<b>1,839,059</b>	<b>1,845,055</b>	<b>1,521,896</b>	<b>323,159</b>
<b>Total Public Works</b>	<b>\$ 17,439,852</b>	<b>\$ 17,600,714</b>	<b>\$ 16,505,030</b>	<b>\$ 1,095,684</b>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Personnel services	\$ 1,135,605	\$ 1,135,605	\$ 1,088,196	\$ 47,409
Contractual services	1,355,495	1,355,495	1,135,102	220,393
Materials and supplies	18,280	109,943	108,442	1,501
Maintenance charges	124,143	125,781	125,680	101
	<b>2,633,523</b>	<b>2,726,824</b>	<b>2,457,420</b>	<b>269,404</b>

**Animal Rescue and Assistance**

Personnel services	2,514,757	2,521,273	2,356,105	165,168
Contractual services	323,405	323,405	195,708	127,697
Materials and supplies	275,704	275,704	227,868	47,836
Maintenance charges	343,009	321,375	317,430	3,945
Capital outlay	60,000	60,000	-	60,000
	<b>3,516,875</b>	<b>3,501,757</b>	<b>3,097,111</b>	<b>404,646</b>

**Total Health**

	<b>6,150,398</b>	<b>6,228,581</b>	<b>5,554,531</b>	<b>674,050</b>
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**Culture and Recreation****Parks**

Personnel services	2,257,215	2,257,216	2,086,850	170,366
Contractual services	467,214	472,214	250,287	221,927
Materials and supplies	238,797	338,657	285,916	52,741
Maintenance charges	725,701	725,701	719,483	6,218
Capital outlay	1,070,180	706,714	107,349	599,365
	<b>4,759,107</b>	<b>4,500,502</b>	<b>3,449,885</b>	<b>1,050,617</b>

**Recreation**

Personnel services	2,601,629	2,613,468	2,092,758	520,710
Contractual services	470,538	443,539	319,481	124,058
Materials and supplies	472,185	433,185	270,764	162,421
Maintenance charges	411,898	420,946	410,322	10,624
Other charges	106,820	100,820	57,063	43,757
Capital outlay	-	67,000	33,000	34,000
	<b>\$ 4,063,070</b>	<b>\$ 4,078,958</b>	<b>\$ 3,183,388</b>	<b>\$ 895,570</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, 2021**

<b>EXPENDITURES</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Culture and Recreation, Continued</b>				
<b>Clean Streets</b>				
Personnel services	\$ 1,428,239	\$ 1,428,239	\$ 1,310,550	\$ 117,689
Contractual services	247,400	247,400	212,492	34,908
Materials and supplies	68,600	68,600	43,871	24,729
Maintenance charges	259,420	292,927	292,927	-
	<b>2,003,659</b>	<b>2,037,166</b>	<b>1,859,840</b>	<b>177,326</b>
<b>Golf Course</b>				
Personnel services	555,285	555,285	474,483	80,802
Contractual services	119,168	155,521	155,521	-
Materials and supplies	195,229	231,229	148,405	82,824
Maintenance charges	154,014	166,478	166,193	285
Capital outlay	120,000	52,000	-	52,000
	<b>1,143,696</b>	<b>1,160,513</b>	<b>944,602</b>	<b>215,911</b>
<b>Multi-Purpose Center</b>				
Personnel services	441,897	441,897	366,914	74,983
Contractual services	41,086	41,086	23,039	18,047
Materials and supplies	46,364	46,364	24,492	21,872
Maintenance charges	66,122	82,171	82,170	1
Other charges	21,199	21,199	14,091	7,108
Capital outlay	100,000	100,000	25,980	74,020
	<b>716,668</b>	<b>732,717</b>	<b>536,686</b>	<b>196,031</b>
<b>Civic Center</b>				
Personnel services	436,305	439,721	436,722	2,999
Contractual services	106,200	106,200	65,212	40,988
Materials and supplies	11,763	11,763	9,352	2,411
Maintenance charges	248,227	280,013	280,012	1
	<b>802,495</b>	<b>837,697</b>	<b>791,298</b>	<b>46,399</b>
<b>Senior Center - Madison Jobe</b>				
Personnel services	447,018	447,018	394,700	52,318
Contractual services	59,825	59,825	19,815	40,010
Materials and supplies	57,500	57,500	27,809	29,691
Maintenance charges	91,084	97,843	97,843	-
Other charges	33,800	33,800	33,015	785
	<b>689,227</b>	<b>695,986</b>	<b>573,182</b>	<b>122,804</b>
<b>Museum</b>				
Personnel services	108,316	108,316	104,824	3,492
Contractual services	21,725	21,725	7,210	14,515
Materials and supplies	16,550	16,550	5,434	11,116
Maintenance charges	11,879	11,879	11,879	-
Other charges	5,000	5,000	341	4,659
	<b>\$ 163,470</b>	<b>\$ 163,470</b>	<b>\$ 129,688</b>	<b>\$ 33,782</b>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Library</b>				
Personnel services	\$ 2,710,389	\$ 2,710,389	\$ 2,624,740	\$ 85,649
Contractual services	286,435	286,435	221,422	65,013
Materials and supplies	139,940	140,697	133,715	6,982
Maintenance charges	492,211	565,235	565,134	101
Capital outlay	288,000	337,130	331,580	5,550
	<b>3,916,975</b>	<b>4,039,886</b>	<b>3,876,591</b>	<b>163,295</b>
<b>Total Culture and Recreation</b>	<b>18,258,367</b>	<b>18,246,895</b>	<b>15,345,160</b>	<b>2,901,735</b>
<b>TOTAL EXPENDITURES</b>	<b>118,760,788</b>	<b>119,835,800</b>	<b>108,641,960</b>	<b>11,193,840</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(278,704)</b>	<b>5,333,260</b>	<b>19,635,188</b>	<b>14,301,928</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)				
Water and sewer system fund	3,000,000	3,000,000	3,000,000	-
Insurance fund	(750,000)	(750,000)	(750,000)	-
Capital projects fund	(3,000,000)	(13,153,168)	(13,153,168)	-
Grant management fund	-	(22,000)	(22,000)	-
Sale of capital assets	10,000	1,255,110	1,256,289	1,179
	<b>(740,000)</b>	<b>(9,670,058)</b>	<b>(9,668,879)</b>	<b>1,179</b>
<b>TOTAL OTHER FINANCING (USES)</b>	<b>(740,000)</b>	<b>(9,670,058)</b>	<b>(9,668,879)</b>	<b>1,179</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,018,704)</b>	<b>(4,336,798)</b>	<b>9,966,309</b>	<b>14,303,107</b>
<b>FUND BALANCE - BEGINNING</b>	<b>60,496,501</b>	<b>76,677,053</b>	<b>76,677,053</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 59,477,797</b>	<b>\$ 72,340,255</b>	<b>\$ 86,643,362</b>	<b>\$ 14,303,107</b>



## **MAJOR FUND**

### **DEBT SERVICE FUND**

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



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**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, 2021**

	<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	\$ 12,014,949	\$ 12,652,286	\$ 12,345,628	\$ (306,658)
Investment income	40,000	40,000	1,757	(38,243)
<b>TOTAL REVENUES</b>	<b>12,054,949</b>	<b>12,692,286</b>	<b>12,347,385</b>	<b>(344,901)</b>
<b>EXPENDITURES</b>				
Debt service				
Principal	8,183,830	8,183,830	8,183,830	-
Interest	3,537,119	3,537,119	3,537,119	-
Fiscal charges	5,000	5,000	-	5,000
Other charges	11,760	11,760	-	11,760
<b>TOTAL EXPENDITURES</b>	<b>11,737,709</b>	<b>11,737,709</b>	<b>11,720,949</b>	<b>16,760</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>317,240</b>	<b>954,577</b>	<b>626,436</b>	<b>(328,141)</b>
<b>NET CHANGE IN FUND BALANCE</b>	317,240	954,577	626,436	(328,141)
<b>FUND BALANCES - BEGINNING</b>	3,352,243	3,490,412	3,490,412	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 3,669,483</b>	<b>\$ 4,444,989</b>	<b>\$ 4,116,848</b>	<b>\$ (328,141)</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, 2021**

	<b>Special Revenue</b>				
	<b>Special Charge Allocation Fund</b>	<b>State Forfeited Property</b>	<b>Hotel and Motel Tax</b>	<b>Abandoned Motor Vehicles and Property</b>	<b>Total Funds</b>
<b><u>ASSETS</u></b>					
Due from other funds	\$ 1,057,894	\$ 20,694	\$ 12,276	\$ 76,434	\$ 1,167,298
Restricted assets					
Cash and cash equivalents	-	53,064	-	-	53,064
Investments	1,842,701	929,422	4,606,759	383,778	7,762,660
Receivables (net of allowances of uncollectibles)					
Intergovernmental	71,070	-	-	-	71,070
Accounts	-	-	444,311	-	444,311
<b>TOTAL ASSETS</b>	<b><u>\$ 2,971,665</u></b>	<b><u>\$ 1,003,180</u></b>	<b><u>\$ 5,063,346</u></b>	<b><u>\$ 460,212</u></b>	<b><u>\$ 9,498,403</u></b>
<b><u>LIABILITIES</u></b>					
Due to other funds	\$ -	\$ -	\$ -	\$ 496	\$ 496
Liabilities payable from restricted assets					
Accounts payable	134,543	48,925	38,697	34,964	257,129
Accrued payroll payable	3,649	-	4,547	5,087	13,283
Unearned revenue	37	-	-	-	37
	<u>138,229</u>	<u>48,925</u>	<u>43,244</u>	<u>40,051</u>	<u>270,449</u>
<b>TOTAL LIABILITIES</b>	<b><u>138,229</u></b>	<b><u>48,925</u></b>	<b><u>43,244</u></b>	<b><u>40,547</u></b>	<b><u>270,945</u></b>
<b><u>FUND BALANCES</u></b>					
Restricted	<u>2,833,436</u>	<u>954,255</u>	<u>5,020,102</u>	<u>419,665</u>	<u>9,227,458</u>
<b>TOTAL FUND BALANCES</b>	<b><u>2,833,436</u></b>	<b><u>954,255</u></b>	<b><u>5,020,102</u></b>	<b><u>419,665</u></b>	<b><u>9,227,458</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 2,971,665</u></b>	<b><u>\$ 1,003,180</u></b>	<b><u>\$ 5,063,346</u></b>	<b><u>\$ 460,212</u></b>	<b><u>\$ 9,498,403</u></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, 2021**

	<u>Special Revenue</u>				<u>Total Funds</u>
	<u>Special Charge Allocation Fund</u>	<u>State Forfeited Property</u>	<u>Hotel and Motel Tax</u>	<u>Abandoned Motor Vehicles and Property</u>	
<b>REVENUES</b>					
Business taxes and fees					
Franchise fees	\$ 229,407	\$ -	\$ -	\$ -	\$ 229,407
Other taxes	-	-	1,295,801	-	1,295,801
Licenses and permits	2,820	-	-	-	2,820
Municipal court fines	295,109	-	-	-	295,109
Intergovernmental	247,866	83,820	-	-	331,686
Miscellaneous	4,957	-	-	390,886	395,843
Investment income	839	479	3,307	188	4,813
<b>TOTAL REVENUES</b>	<b>780,998</b>	<b>84,299</b>	<b>1,299,108</b>	<b>391,074</b>	<b>2,555,479</b>
<b>EXPENDITURES</b>					
Current					
General government					
Personnel services	81,359	-	-	-	81,359
Contractual services	115,182	-	-	-	115,182
Materials and supplies	73,903	-	-	-	73,903
Capital outlay	60,752	-	-	-	60,752
Public safety					
Personnel services	110,158	-	-	145,235	255,393
Contractual services	96,109	56,797	-	174,834	327,740
Materials and supplies	75,875	66,447	-	22,848	165,170
Other charges	-	11,055	-	40,903	51,958
Capital outlay	48,240	-	-	-	48,240
Culture and recreation					
Personnel services	-	-	139,580	-	139,580
Contractual services	-	-	177,300	-	177,300
Materials and supplies	-	-	132,855	-	132,855
Other charges	-	-	46,335	-	46,335
Capital outlay	-	-	2,130,398	-	2,130,398
<b>TOTAL EXPENDITURES</b>	<b>661,578</b>	<b>134,299</b>	<b>2,626,468</b>	<b>383,820</b>	<b>3,806,165</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>119,420</b>	<b>(50,000)</b>	<b>(1,327,360)</b>	<b>7,254</b>	<b>(1,250,686)</b>
<b>FUND BALANCES - BEGINNING</b>	<b>2,714,016</b>	<b>1,004,255</b>	<b>6,347,462</b>	<b>412,411</b>	<b>10,478,144</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 2,833,436</b>	<b>\$ 954,255</b>	<b>\$ 5,020,102</b>	<b>\$ 419,665</b>	<b>\$ 9,227,458</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Franchise fees	\$ 260,000	\$ 260,000	\$ 229,407	\$ (30,593)
Licenses and permits	3,000	3,000	2,820	(180)
Municipal court fines	330,000	330,000	295,109	(34,891)
Intergovernmental	283,000	283,000	247,866	(35,134)
Miscellaneous	5,000	5,000	4,957	(43)
Investment income	21,950	21,950	839	(21,111)
<b>TOTAL REVENUES</b>	<b>902,950</b>	<b>902,950</b>	<b>780,998</b>	<b>(121,952)</b>
<b>EXPENDITURES</b>				
Current				
General government				
Personnel services	110,043	110,043	81,359	28,684
Contractual services	217,345	217,345	115,182	102,163
Materials and supplies	130,450	132,149	73,903	58,246
Capital outlay	250,000	250,000	60,752	189,248
Public safety				
Personnel services	154,515	154,515	110,158	44,357
Contractual services	204,450	204,450	96,109	108,341
Materials and supplies	148,130	148,130	75,875	72,255
Capital outlay	98,240	98,240	48,240	50,000
<b>TOTAL EXPENDITURES</b>	<b>1,313,173</b>	<b>1,314,872</b>	<b>661,578</b>	<b>653,294</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b> <b>OVER (UNDER) EXPENDITURES</b>	<b>(410,223)</b>	<b>(411,922)</b>	<b>119,420</b>	<b>531,342</b>
<b>FUND BALANCES - BEGINNING</b>	<b>2,607,216</b>	<b>2,714,016</b>	<b>2,714,016</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 2,196,993</b>	<b>\$ 2,302,094</b>	<b>\$ 2,833,436</b>	<b>\$ 531,342</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 83,820	\$ 83,820
Investment income	14,000	14,000	479	(13,521)
<b>TOTAL REVENUES</b>	<b>14,000</b>	<b>14,000</b>	<b>84,299</b>	<b>70,299</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Contractual services	98,000	98,000	56,797	41,203
Materials and supplies	120,000	120,000	66,447	53,553
Other charges	120,000	120,000	11,055	108,945
Capital outlay	50,000	50,000	-	50,000
<b>TOTAL EXPENDITURES</b>	<b>388,000</b>	<b>388,000</b>	<b>134,299</b>	<b>253,701</b>
<b>(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(374,000)</b>	<b>(374,000)</b>	<b>(50,000)</b>	<b>324,000</b>
<b>FUND BALANCES - BEGINNING</b>	<b>1,256,969</b>	<b>1,004,255</b>	<b>1,004,255</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 882,969</b>	<b>\$ 630,255</b>	<b>\$ 954,255</b>	<b>\$ 324,000</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, 2021**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Other taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,295,801	\$ (104,199)
Investment income	70,000	70,000	3,307	(66,693)
<b>TOTAL REVENUES</b>	<b>1,470,000</b>	<b>1,470,000</b>	<b>1,299,108</b>	<b>(170,892)</b>
<b>EXPENDITURES</b>				
Current				
Culture and recreation				
Personnel services	137,643	139,580	139,580	-
Contractual services	223,950	223,950	177,300	46,650
Materials and supplies	138,670	138,670	132,855	5,815
Other charges	157,500	157,500	46,335	111,165
Capital outlay	462,647	2,460,709	2,130,398	330,311
<b>TOTAL EXPENDITURES</b>	<b>1,120,410</b>	<b>3,120,409</b>	<b>2,626,468</b>	<b>493,941</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>349,590</b>	<b>(1,650,409)</b>	<b>(1,327,360)</b>	<b>323,049</b>
<b>FUND BALANCES - BEGINNING</b>	<b>6,376,781</b>	<b>6,347,462</b>	<b>6,347,462</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 6,726,371</b>	<b>\$ 4,697,053</b>	<b>\$ 5,020,102</b>	<b>\$ 323,049</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 320,000	\$ 320,000	\$ 390,886	\$ 70,886
Investment income	5,000	5,000	188	(4,812)
<b>TOTAL REVENUES</b>	<b><u>325,000</u></b>	<b><u>325,000</u></b>	<b><u>391,074</u></b>	<b><u>66,074</u></b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	145,360	145,360	145,235	125
Contractual services	252,500	252,500	174,834	77,666
Materials and supplies	39,500	39,500	22,848	16,652
Other charges	42,000	42,000	40,903	1,097
<b>TOTAL EXPENDITURES</b>	<b><u>479,360</u></b>	<b><u>479,360</u></b>	<b><u>383,820</u></b>	<b><u>95,540</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(154,360)</b>	<b>(154,360)</b>	<b>7,254</b>	<b>161,614</b>
<b>FUND BALANCES - BEGINNING</b>	<b><u>356,966</u></b>	<b><u>412,411</u></b>	<b><u>412,411</u></b>	<b><u>-</u></b>
<b>FUND BALANCES - ENDING</b>	<b><u>\$ 202,606</u></b>	<b><u>\$ 258,051</u></b>	<b><u>\$ 419,665</u></b>	<b><u>\$ 161,614</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, 2021**

	<b>Maintenance</b>	<b>Workers' Compensation Insurance</b>	<b>General Liability Insurance</b>	<b>Health Insurance</b>	<b>Total Funds</b>
<b><u>ASSETS</u></b>					
<b>Current Assets</b>					
Investments - TexPool	\$ 5,385,895	\$ 3,394,011	\$ 5,661,904	\$ 7,078,683	\$ 21,520,493
Accounts receivable	-	-	16,335	317,896	334,231
Due from other funds					
General	339,670	-	-	-	339,670
Special revenue	496	-	-	-	496
General liability insurance	87,819	-	-	-	87,819
Water and sewer system	405	-	-	-	405
Inventory, at cost	551,105	-	-	-	551,105
Prepaid items	-	-	740,226	-	740,226
<b>Total Current Assets</b>	<b>6,365,390</b>	<b>3,394,011</b>	<b>6,418,465</b>	<b>7,396,579</b>	<b>23,574,445</b>
<b>Noncurrent Assets</b>					
<b>Deposits</b>	<b>-</b>	<b>3,000</b>	<b>-</b>	<b>370,000</b>	<b>373,000</b>
<b>Capital Assets</b>					
Land	602	-	-	-	602
Buildings and building improvements	2,480,236	-	-	-	2,480,236
Accumulated depreciation - buildings and building improvements	(1,830,514)	-	-	-	(1,830,514)
Facilities and other improvements	188,004	-	-	-	188,004
Accumulated depreciation - facilities and other improvements	(89,918)	-	-	-	(89,918)
Machinery and equipment	12,225,726	-	-	-	12,225,726
Accumulated depreciation - machinery and equipment	(7,555,967)	-	-	-	(7,555,967)
Infrastructure	41,746	-	-	-	41,746
Accumulated depreciation - infrastructure	(29,915)	-	-	-	(29,915)
Automotive equipment	51,975,356	-	-	-	51,975,356
Accumulated depreciation - automotive equipment	(31,327,685)	-	-	-	(31,327,685)
Construction in progress	3,835,616	-	-	-	3,835,616
<b>Net Capital Assets</b>	<b>29,913,287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,913,287</b>
<b>Total Noncurrent Assets</b>	<b>29,913,287</b>	<b>3,000</b>	<b>-</b>	<b>370,000</b>	<b>30,286,287</b>
<b>TOTAL ASSETS</b>	<b>36,278,677</b>	<b>3,397,011</b>	<b>6,418,465</b>	<b>7,766,579</b>	<b>53,860,732</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>					
Deferred outflows on:					
Contribution subsequent to the measurement date pension - TMRS	424,335	-	-	-	424,335
Changes in actuarial assumptions pension - TMRS	6,938	-	-	-	6,938
Changes in actuarial assumptions - OPEB	358,672	-	-	-	358,672
Contributions subsequent to the measurement date - OPEB	50,954	-	-	-	50,954
Changes in actuarial assumptions - OPEB-SDBF	75,279	-	-	-	75,279
Contribution subsequent to the measurement date - OPEB-SDBF	6,735	-	-	-	6,735
Difference between expected and actual economic experience pension - TMRS	399,833	-	-	-	399,833
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,322,746</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,322,746</b>

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 651,458	\$ 365	\$ 225,928	\$ 180,536	\$ 1,058,287
Accrued payroll payable	218,640	4,097	-	16,329	239,066
Due to other funds					
General	-	1,192	495	1,281,139	1,282,826
Maintenance	-	-	87,819	-	87,819
Claims payable	-	20,536	-	941,400	961,936
Compensated absences payable	186,859	-	-	-	186,859
<b>Total Current Liabilities</b>	<b>1,056,957</b>	<b>26,190</b>	<b>314,242</b>	<b>2,419,404</b>	<b>3,816,793</b>
<b>Noncurrent Liabilities</b>					
Claims payable	-	13,692	-	627,599	641,291
Compensated absences payable	1,681,730	-	-	-	1,681,730
OPEB GASB 75 liability	2,840,288	-	-	-	2,840,288
OPEB SDBF liability	377,946	-	-	-	377,946
Net pension liability	981,816	-	-	-	981,816
<b>Total Noncurrent Liabilities</b>	<b>5,881,780</b>	<b>13,692</b>	<b>-</b>	<b>627,599</b>	<b>6,523,071</b>
<b>TOTAL LIABILITIES</b>	<b>6,938,737</b>	<b>39,882</b>	<b>314,242</b>	<b>3,047,003</b>	<b>10,339,864</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows on:					
Investment on pension TMRS	94,781	-	-	-	94,781
Change in assumption SDBF	8,220	-	-	-	8,220
Difference between expected and actual experience SDBF	17,946	-	-	-	17,946
Assumption OPEB	81,284	-	-	-	81,284
Difference between expected actual experience OPEB	329,925	-	-	-	329,925
Deferred inflow on investment - pension TMRS	980,724	-	-	-	980,724
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,512,880</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,512,880</b>
<b>NET POSITION</b>					
Net investment in capital assets	29,913,287	-	-	-	29,913,287
Unrestricted	(763,481)	3,357,129	6,104,223	4,719,576	13,417,447
<b>TOTAL NET POSITION</b>	<b>\$ 29,149,806</b>	<b>\$ 3,357,129</b>	<b>\$ 6,104,223</b>	<b>\$ 4,719,576</b>	<b>\$ 43,330,734</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, 2021

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 16,249,178	\$ 1,398,954	\$ 248,851	\$ 21,420,810	\$ 39,317,793
<b>OPERATING EXPENSES</b>					
Personnel services	6,301,848	115,968	-	-	6,417,816
Contractual services	1,765,252	18,254	-	128,364	1,911,870
Materials and supplies	4,335,526	24,676	-	-	4,360,202
Maintenance charges	1,920,441	-	-	-	1,920,441
Insurance/reinsurance premiums	-	908,542	1,887,958	4,254,890	7,051,390
Claim and legal expenses	-	137,237	724,854	16,090,936	16,953,027
Administration fees	-	-	-	611,390	611,390
Miscellaneous	-	-	-	864,385	864,385
Depreciation	4,301,750	-	-	-	4,301,750
<b>TOTAL OPERATING EXPENSES</b>	<b>18,624,817</b>	<b>1,204,677</b>	<b>2,612,812</b>	<b>21,949,965</b>	<b>44,392,271</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(2,375,639)</b>	<b>194,277</b>	<b>(2,363,961)</b>	<b>(529,155)</b>	<b>(5,074,478)</b>
<b>NONOPERATING REVENUES</b>					
Gain on sale of capital assets	200,420	-	-	-	200,420
Investment income	3,001	1,392	3,132	3,663	11,188
<b>TOTAL NONOPERATING REVENUES</b>	<b>203,421</b>	<b>1,392</b>	<b>3,132</b>	<b>3,663</b>	<b>211,608</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(2,172,218)</b>	<b>195,669</b>	<b>(2,360,829)</b>	<b>(525,492)</b>	<b>(4,862,870)</b>
Capital contributions	4,021,768	-	-	-	4,021,768
Transfers in	386,000	-	1,750,000	-	2,136,000
<b>CHANGES IN NET POSITION</b>	<b>2,235,550</b>	<b>195,669</b>	<b>(610,829)</b>	<b>(525,492)</b>	<b>1,294,898</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>26,914,256</b>	<b>3,161,460</b>	<b>6,715,052</b>	<b>5,245,068</b>	<b>42,035,836</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 29,149,806</b>	<b>\$ 3,357,129</b>	<b>\$ 6,104,223</b>	<b>\$ 4,719,576</b>	<b>\$ 43,330,734</b>

**CITY OF PASADENA, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<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	\$ 16,189,702	\$ 1,417,205	\$ 248,851	\$ 14,340,359	\$ 32,196,117
Cash received from customers and users	37,518	-	-	7,013,608	7,051,126
Cash payments to suppliers for goods and services	(8,579,184)	-	-	-	(8,579,184)
Cash payments to employees for services	(6,289,704)	(115,423)	-	-	(6,405,127)
Cash payments for insurance premiums, liability claims, and administration	-	(1,063,132)	(2,669,233)	(20,869,106)	(24,601,471)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>1,358,332</b>	<b>238,650</b>	<b>(2,420,382)</b>	<b>484,861</b>	<b>(338,539)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>					
Transfers from other funds					
General	-	-	750,000	-	750,000
Water and sewer system	386,000	-	1,000,000	-	1,386,000
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>386,000</b>	<b>-</b>	<b>1,750,000</b>	<b>-</b>	<b>2,136,000</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>					
Proceeds from sale of capital assets	480,068	-	-	-	480,068
Acquisition and construction of capital assets	(4,195,638)	-	-	-	(4,195,638)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(3,715,570)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,715,570)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Purchase of investments	(2,373,193)	(1,335,342)	(1,822,943)	(16,920,772)	(22,452,250)
Proceeds from sale and maturities of investments	4,341,430	1,095,300	2,490,193	16,432,248	24,359,171
Investment income received	3,001	1,392	3,132	3,663	11,188
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>1,971,238</b>	<b>(238,650)</b>	<b>670,382</b>	<b>(484,861)</b>	<b>1,918,109</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	<b>\$ (2,375,639)</b>	<b>\$ 194,277</b>	<b>\$ (2,363,961)</b>	<b>\$ (529,155)</b>	<b>\$ (5,074,478)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>					
Depreciation	4,301,750	-	-	-	4,301,750
Changes in assets and liabilities					
Decrease (increase) in accounts receivable	-	-	6,963	(73,930)	(66,967)
(Increase) in prepaids	-	-	(126,590)	-	(126,590)
(Increase) decrease in due from other funds	(21,958)	17,059	-	-	(4,899)
(Increase) in pension related deferred outflows	(493,394)	-	-	-	(493,394)
(Increase) in inventory	(74,967)	-	-	-	(74,967)
(Decrease) increase in accounts and claims payable	(482,998)	25,577	56,897	495,817	95,293
Increase in accrued payroll payable	39,244	545	-	7,087	46,876
Increase in compensated absences payable	171,913	-	-	-	171,913
Increase in net pension liability	130,443	-	-	-	130,443
Increase in other post employment benefits	233,208	-	-	-	233,208
Increase in due to other funds	-	1,192	6,309	585,042	592,543
(Decrease) in pension related deferred inflows	(69,270)	-	-	-	(69,270)
<b>Total Adjustments</b>	<b>3,733,971</b>	<b>44,373</b>	<b>(56,421)</b>	<b>1,014,016</b>	<b>4,735,939</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
	<b>\$ 1,358,332</b>	<b>\$ 238,650</b>	<b>\$ (2,420,382)</b>	<b>\$ 484,861</b>	<b>\$ (338,539)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Contribution of capital assets from the government	\$ 4,021,768	\$ -	\$ -	\$ -	\$ 4,021,768



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# STATISTICAL SECTION

This part of the City of Pasadena, Texas' annual comprehensive 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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*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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**V. Operating Information**

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

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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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			
	2012	2013	2014	2015
<b>Governmental activities</b>				
Net investment in capital assets	\$ 478,211,050	\$ 483,252,803	\$ 481,756,248	\$ 499,187,584
Restricted	40,271,155	46,905,633	55,218,439	55,408,353
Unrestricted	22,491,388	23,545,604	25,026,501	24,391,603
<b>Total governmental activities net position</b>	<b>\$ 540,973,593</b>	<b>\$ 553,704,040</b>	<b>\$ 562,001,188</b>	<b>\$ 578,987,540</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 160,991,697	\$ 163,652,579	\$ 176,526,854	\$ 207,484,738
Restricted	2,241,698	2,339,483	2,298,834	2,108,767
Unrestricted	28,726,466	30,178,589	28,113,976	11,952,768
<b>Total business-type activities net position</b>	<b>\$ 191,959,861</b>	<b>\$ 196,170,651</b>	<b>\$ 206,939,664</b>	<b>\$ 221,546,273</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 639,202,747	\$ 646,905,382	\$ 658,283,102	\$ 706,672,322
Restricted	42,512,853	49,245,116	57,517,273	57,517,120
Unrestricted	51,217,854	53,724,193	53,140,477	36,344,371
<b>Total primary government net position</b>	<b>\$ 732,933,454</b>	<b>\$ 749,874,691</b>	<b>\$ 768,940,852</b>	<b>\$ 800,533,813</b>

- (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 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 2012 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 2012 to 2016.

**Fiscal Year**

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 520,604,774	\$ 538,867,914	\$ 549,356,319	\$ 573,374,729	\$ 586,924,489	\$ 601,279,000
55,591,891	62,927,934	72,167,450	77,672,948	87,855,586	91,338,428
21,560,862	(12,496,375)	(5,486,534)	2,876,373	11,175,898	36,024,432
<u>\$ 597,757,527</u>	<u>\$ 589,299,473</u>	<u>\$ 616,037,235</u>	<u>\$ 653,924,050</u>	<u>\$ 685,955,973</u>	<u>\$ 728,641,860</u>
\$ 215,490,421	\$ 220,294,968	\$ 226,186,707	\$ 237,717,289	\$ 243,101,366	\$ 247,130,956
2,053,361	2,267,462	2,602,184	2,834,629	2,844,849	2,538,409
12,859,321	11,869,171	14,050,268	9,835,327	10,379,141	19,813,122
<u>\$ 230,403,103</u>	<u>\$ 234,431,601</u>	<u>\$ 242,839,159</u>	<u>\$ 250,387,245</u>	<u>\$ 256,325,356</u>	<u>\$ 269,482,487</u>
\$ 736,095,195	\$ 759,162,882	\$ 775,543,026	\$ 811,092,018	\$ 830,025,855	\$ 848,409,956
57,645,252	65,195,396	74,769,634	80,507,577	90,700,435	93,876,837
34,420,183	(627,204)	8,563,734	12,711,700	21,555,039	55,837,554
<u>\$ 828,160,630</u>	<u>\$ 823,731,074</u>	<u>\$ 858,876,394</u>	<u>\$ 904,311,295</u>	<u>\$ 942,281,329</u>	<u>\$ 998,124,347</u>

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

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

	Fiscal Year			
	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities				
General government	\$ 15,344,585	\$ 17,825,589	\$ 20,070,338	\$ 17,122,766
Public safety	44,094,055	48,354,722	47,153,867	48,403,071
Public works	19,734,083	21,579,683	23,789,663	23,367,837
Health	3,385,069	3,493,148	3,873,409	4,013,432
Culture and recreation	13,999,948	15,492,340	15,853,285	16,579,672
Housing and community development	9,976,482	9,324,100	7,922,281	7,512,375
Interest and fiscal agent fees on long-term debt	4,123,021	3,877,613	3,564,479	3,439,836
Total governmental activities expenses	<u>110,657,243</u>	<u>119,947,195</u>	<u>122,227,322</u>	<u>120,438,989</u>
Business-type activities				
Water and sewer	29,019,663	30,765,422	31,443,569	30,561,782
Total business-type activities expenses	<u>29,019,663</u>	<u>30,765,422</u>	<u>31,443,569</u>	<u>30,561,782</u>
Total primary government expenses	<u>\$ 139,676,906</u>	<u>\$ 150,712,617</u>	<u>\$ 153,670,891</u>	<u>\$ 151,000,771</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for service				
General government	\$ 9,411,401	\$ 9,022,279	\$ 11,987,529	\$ 10,021,968
Public safety	7,891,097	7,880,922	8,355,481	8,236,938
Other activities	4,139,681	5,058,845	4,858,171	5,653,162
Operating grants and contributions	12,370,427	11,579,631	10,491,952	8,214,522
Capital grants and contributions	12,799,735	7,769,209	13,955,703	11,569,987
Total governmental activities program revenues	<u>46,612,341</u>	<u>41,310,886</u>	<u>49,648,836</u>	<u>43,696,577</u>
Business-type activities:				
Charges for services:				
Water and sewer	36,790,596	37,235,536	36,618,566	39,079,938
Capital grants and contributions	212,675	147,596	-	-
Total business-type activities program revenues	<u>37,003,271</u>	<u>37,383,132</u>	<u>36,618,566</u>	<u>39,079,938</u>
Total primary government program revenues	<u>\$ 83,615,612</u>	<u>\$ 78,694,018</u>	<u>\$ 86,267,402</u>	<u>\$ 82,776,515</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (64,044,902)	\$ (78,636,309)	\$ (72,578,486)	\$ (76,742,412)
Business-type activities	7,983,608	6,617,710	5,174,997	8,518,156
Total primary government net expense	<u>\$ (56,061,294)</u>	<u>\$ (72,018,599)</u>	<u>\$ (67,403,489)</u>	<u>\$ (68,224,256)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
General property taxes	\$ 34,997,328	\$ 35,501,359	\$ 36,899,872	\$ 38,799,792
Industrial district fees	16,773,145	17,548,408	17,177,327	17,284,062
Sales taxes	25,789,345	27,938,085	30,472,024	31,439,633
Utility taxes	8,704,878	8,932,383	9,270,311	9,260,543
Other taxes/fees	671,036	716,284	1,000,102	1,059,717
Investment earnings				
Unrestricted	96,098	89,748	46,788	73,803
Restricted	86,079	65,620	30,622	44,421
Gain on sale of capital assets	-	63,864	-	1,826,646
Transfers	(4,729,704)	1,668,346	(6,011,207)	(6,059,853)
Total governmental activities	<u>82,388,205</u>	<u>92,524,097</u>	<u>88,885,839</u>	<u>93,728,764</u>
Business-type activities:				
Investment earnings				
Unrestricted	25,510	23,752	9,763	12,802
Restricted	9,662	3,947	1,486	3,657
Gain on sale of capital assets	-	-	200,325	12,141
Transfers	4,729,704	(1,668,346)	6,011,207	6,059,853
Total business-type activities	<u>4,764,876</u>	<u>(1,640,647)</u>	<u>6,222,781</u>	<u>6,088,453</u>
Total primary government	<u>\$ 87,153,081</u>	<u>\$ 90,883,450</u>	<u>\$ 95,108,620</u>	<u>\$ 99,817,217</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 18,343,303	\$ 13,887,788	\$ 16,307,353	\$ 16,986,352
Business-type activities	12,748,484	4,977,063	11,397,778	14,606,609
Total primary government	<u>\$ 31,091,787</u>	<u>\$ 18,864,851</u>	<u>\$ 27,705,131</u>	<u>\$ 31,592,961</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 2011 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 2011 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 2011 to 2016.

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 20,888,643	\$ 22,756,730	\$ 22,314,761	\$ 24,232,165	\$ 23,821,001	\$ 21,404,451	
51,631,147	55,497,066	54,984,996	64,439,246	68,981,220	59,153,733	
23,608,280	25,898,493	27,196,488	27,409,484	29,606,592	27,583,558	
4,209,705	4,901,819	4,956,796	5,814,364	6,541,684	5,709,263	
17,650,996	19,232,324	19,670,659	20,570,645	19,652,656	18,817,481	
7,985,634	8,804,281	8,544,976	9,961,106	8,829,802	11,235,737	
2,627,998	2,097,954	2,689,213	3,896,638	3,193,943	2,867,582	
<u>128,602,403</u>	<u>139,188,667</u>	<u>140,357,889</u>	<u>156,323,648</u>	<u>160,626,898</u>	<u>146,771,805</u>	
30,062,074	32,993,854	33,635,459	34,994,334	34,992,695	32,153,043	
<u>30,062,074</u>	<u>32,993,854</u>	<u>33,635,459</u>	<u>34,994,334</u>	<u>34,992,695</u>	<u>32,153,043</u>	
<u>\$ 158,664,477</u>	<u>\$ 172,182,521</u>	<u>\$ 173,993,348</u>	<u>\$ 191,317,982</u>	<u>\$ 195,619,593</u>	<u>\$ 178,924,848</u>	
\$ 10,003,780	\$ 10,185,899	\$ 12,423,053	\$ 13,907,080	\$ 14,404,980	\$ 13,457,287	
8,368,016	7,893,379	8,065,867	9,270,016	8,577,499	6,765,420	
5,781,731	5,316,136	12,108,708	7,754,844	9,627,260	11,340,393	
9,158,177	9,852,748	11,735,785	13,880,327	18,122,791	15,783,286	
9,563,828	5,282,526	3,811,672	9,908,321	5,837,270	4,757,024	
<u>42,875,532</u>	<u>38,530,688</u>	<u>48,145,085</u>	<u>54,720,588</u>	<u>56,569,800</u>	<u>52,103,410</u>	
39,681,159	41,915,812	44,569,349	45,862,291	44,994,585	49,450,010	
-	-	-	-	-	-	
<u>39,681,159</u>	<u>41,915,812</u>	<u>44,569,349</u>	<u>45,862,291</u>	<u>44,994,585</u>	<u>49,450,010</u>	
<u>\$ 82,556,691</u>	<u>\$ 80,446,500</u>	<u>\$ 92,714,434</u>	<u>\$ 100,582,879</u>	<u>\$ 101,564,385</u>	<u>\$ 101,553,420</u>	
\$ (85,726,871)	\$ (100,657,979)	\$ (92,212,804)	\$ (101,603,060)	\$ (104,057,098)	\$ (94,668,395)	
9,619,085	8,921,958	10,933,890	10,867,957	10,001,890	17,296,967	
<u>\$ (76,107,786)</u>	<u>\$ (91,736,021)</u>	<u>\$ (81,278,914)</u>	<u>\$ (90,735,103)</u>	<u>\$ (94,055,208)</u>	<u>\$ (77,371,428)</u>	
\$ 42,155,738	\$ 45,677,186	\$ 49,398,264	\$ 56,805,649	\$ 58,081,871	\$ 59,786,241	
17,774,342	16,936,513	17,936,515	19,592,150	22,159,160	23,121,354	
32,350,927	31,811,860	34,350,493	36,102,015	36,668,916	39,898,942	
9,609,456	9,322,212	8,965,253	10,618,612	8,986,793	8,619,880	
1,227,928	1,641,838	2,117,329	6,413,158	1,349,373	1,603,920	
344,184	737,464	1,440,976	2,451,017	1,211,354	93,011	
192,234	497,892	1,438,947	2,996,975	1,177,530	62,944	
-	149,093	-	-	1,918,524	-	
842,049	1,912,789	3,302,789	4,510,299	4,535,500	4,167,990	
<u>104,496,858</u>	<u>108,686,847</u>	<u>118,950,566</u>	<u>139,489,875</u>	<u>136,089,021</u>	<u>137,354,282</u>	
62,105	164,287	414,341	1,181,038	471,721	28,154	
17,689	34,578	362,116	-	-	-	
-	17,950	-	9,390	-	-	
(842,049)	(1,912,789)	(3,302,789)	(4,510,299)	(4,535,500)	(4,167,990)	
<u>(762,255)</u>	<u>(1,695,974)</u>	<u>(2,526,332)</u>	<u>(3,319,871)</u>	<u>(4,063,779)</u>	<u>(4,139,836)</u>	
<u>\$ 103,734,603</u>	<u>\$ 106,990,873</u>	<u>\$ 116,424,234</u>	<u>\$ 136,170,004</u>	<u>\$ 132,025,242</u>	<u>\$ 133,214,446</u>	
\$ 18,769,987	\$ 8,028,868	\$ 26,737,762	\$ 37,886,815	\$ 32,031,923	\$ 42,685,887	
8,856,830	7,225,984	8,407,558	7,548,086	5,938,111	13,157,131	
<u>\$ 27,626,817</u>	<u>\$ 15,254,852</u>	<u>\$ 35,145,320</u>	<u>\$ 45,434,901</u>	<u>\$ 37,970,034</u>	<u>\$ 55,843,018</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General property taxes	\$ 34,997,328	\$ 35,501,359	\$ 36,899,872	\$ 38,799,792
Industrial district fees	16,773,145	17,548,408	17,177,327	17,284,062
Sales taxes	25,789,345	27,938,085	30,472,024	31,439,633
Franchise fees	8,704,878	8,932,383	9,270,311	9,260,543
Other taxes/fees	671,036	716,284	1,000,102	1,059,717
	<u>\$ 86,935,732</u>	<u>\$ 90,636,519</u>	<u>\$ 94,819,636</u>	<u>\$ 97,843,747</u>

- (1) The City is currently reporting Commercial Services in this category causing an increase from prior years.

<b>Fiscal Year</b>					
<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 42,155,738	\$ 45,677,186	\$ 49,398,264	\$ 56,805,649	\$ 58,081,871	\$ 59,786,241
17,774,342	16,936,513	17,936,515	19,592,150	22,159,160	23,121,354
32,350,927	31,811,860	34,350,493	36,102,015	36,668,916	39,898,942
9,609,456	9,322,212	8,965,253	10,618,612	8,986,793	8,619,880
1,227,928	1,641,838	2,117,329	6,413,158	1,349,373	1,603,920
<u>\$ 103,118,391</u>	<u>\$ 105,389,609</u>	<u>\$ 112,767,854</u>	<u>\$ 129,531,584</u>	<u>\$ 127,246,113</u>	<u>\$ 133,030,337</u>



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

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Committed	\$ 388,622	\$ 1,733,497	\$ 15,000	\$ 15,000
Assigned	13,954,260	605,417	23,915,771	199,868
Unassigned	28,392,323	47,741,413	27,382,553	44,276,264
Total general fund	<u>\$ 42,735,205</u>	<u>\$ 50,080,327</u>	<u>\$ 51,313,324</u>	<u>\$ 44,491,132</u>
All Other Governmental Funds				
Restricted	\$ 55,763,123	\$ 58,940,029	\$ 65,238,024	\$ 60,624,443
Committed	-	-	10,034,023	15,328,098
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 55,763,123</u>	<u>\$ 58,940,029</u>	<u>\$ 75,272,047</u>	<u>\$ 75,952,541</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
516,191	466,821	459,491	976,270	1,018,704	1,143,181
46,689,035	36,958,917	51,242,428	65,238,310	70,302,245	85,485,181
<u>\$ 47,220,226</u>	<u>\$ 37,440,738</u>	<u>\$ 51,716,919</u>	<u>\$ 66,229,580</u>	<u>\$ 71,335,949</u>	<u>\$ 86,643,362</u>
\$ 63,469,227	\$ 69,931,255	\$ 95,728,413	\$ 120,709,698	\$ 107,962,427	\$ 105,050,358
7,254,969	5,592,139	3,425,236	9,397,939	10,871,393	20,809,498
4,035,135	331,603	331,603	331,603	4,029,552	4,571,515
<u>\$ 74,759,331</u>	<u>\$ 75,854,997</u>	<u>\$ 99,485,252</u>	<u>\$ 130,439,240</u>	<u>\$ 122,863,372</u>	<u>\$ 130,431,371</u>

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

	Fiscal Year			
	2012	2013	2014	2015
<b>Revenues</b>				
Taxes and fees	\$ 86,974,148	\$ 90,787,936	\$ 95,059,433	\$ 97,786,566
Licenses and permits	2,075,020	2,317,936	2,428,726	2,498,776
Municipal court fines	6,312,595	5,992,141	6,505,416	6,148,378
Charges for services	9,595,662	9,507,936	9,586,071	9,755,077
Intergovernmental	23,875,081	16,291,635	22,518,118	19,032,196
Investment earnings	162,330	137,918	71,505	109,206
Contribution from outside sources	18,621	1,362,099	871,137	218,727
Program income	176,537	145,534	327,540	176,096
Miscellaneous	910,662	1,375,816	902,691	1,145,954
<b>Total revenues</b>	<b>130,100,656</b>	<b>127,918,951</b>	<b>138,270,637</b>	<b>136,870,976</b>
<b>Expenditures</b>				
General government	13,364,086	15,001,760	15,386,204	15,414,838
Public safety	40,228,303	42,780,930	41,719,857	43,153,975
Public works	21,354,811	15,081,752	25,086,686	23,878,916
Health	3,168,772	3,109,669	3,520,728	3,734,963
Culture and recreation	12,096,056	12,632,871	13,467,999	14,171,327
Housing and community development	10,496,692	9,699,937	11,247,201	8,567,002
Capital outlay	5,917,040	7,265,134	4,712,504	21,173,978
Debt service				
Principal	8,020,000	7,565,000	7,650,000	7,880,000
Interest	4,135,448	3,952,598	3,785,622	3,345,373
Payment to refunding bond escrow agent	-	-	-	4,829,110
Other charges	299,426	242,921	-	301,303
<b>Total expenditures</b>	<b>119,080,634</b>	<b>117,332,572</b>	<b>126,576,801</b>	<b>146,450,785</b>
Excess (deficiency) of revenues over (under) expenditures	11,020,022	10,586,379	11,693,836	(9,579,809)
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	20,030,000	16,690,000	-	15,646,063
Payment to refunding bond escrow agent	(21,356,307)	(18,931,383)	-	(13,627,529)
Bonds issued	-	-	-	-
Premiums on bonds issued	1,631,546	2,493,667	-	1,614,726
Transfers in	4,971,697	2,942,518	2,259,026	18,501,785
Transfers out	(2,446,697)	(4,622,319)	(4,415,553)	(21,316,745)
Sale of capital assets	239,875	139,788	5,845,152	2,619,811
Insurance recovery	424,934	1,223,378	2,182,554	-
<b>Total other financing sources (uses)</b>	<b>3,495,048</b>	<b>(64,351)</b>	<b>5,871,179</b>	<b>3,438,111</b>
<b>Net change in fund balances</b>	<b>\$ 14,515,070</b>	<b>\$ 10,522,028</b>	<b>\$ 17,565,015</b>	<b>\$ (6,141,698)</b>
Debt service as a percentage of noncapital expenditures	11.12%	10.78%	9.86%	9.17%

Fiscal Year						
	2016	2017	2018	2019	2020	2021
\$	102,187,545	\$ 105,371,432	\$ 113,950,666	\$ 129,068,908	\$ 127,216,833	\$ 132,868,645
	3,008,170	2,555,428	2,592,498	3,321,937	2,226,684	2,671,446
	6,030,277	5,558,805	4,715,725	5,037,628	4,027,583	3,206,195
	9,734,403	9,849,361	10,678,209	12,169,009	11,469,303	11,936,678
	12,643,378	12,830,088	20,056,516	22,337,994	25,236,311	24,346,885
	480,439	1,068,122	2,506,938	4,935,079	2,183,368	144,767
	717,303	14,100	17,800	12,700	12,600	12,600
	153,963	64,977	94,809	90,393	213,009	55,464
	1,050,477	1,310,868	2,004,351	1,956,123	1,817,106	1,939,605
	136,005,955	138,623,181	156,617,512	178,929,771	174,402,797	177,182,285
	16,769,769	21,385,858	17,881,609	19,064,478	21,213,589	19,205,089
	43,695,603	47,275,723	46,187,874	51,666,025	60,102,784	54,647,168
	17,148,365	16,757,188	17,720,250	25,034,792	21,939,122	18,451,497
	3,753,196	4,561,561	4,542,989	4,962,410	5,877,526	5,554,531
	14,753,557	16,622,709	16,463,245	16,830,755	16,280,078	16,287,528
	8,948,301	10,745,960	10,187,469	11,394,571	8,859,785	13,157,302
	19,932,875	22,002,333	18,758,668	28,368,030	32,575,378	16,894,198
	8,864,312	7,822,613	7,015,914	8,757,613	7,858,142	8,183,830
	2,722,813	2,571,489	2,864,605	3,950,253	3,861,712	3,537,119
	1,822,973	-	-	-	-	-
	269,693	-	273,307	430,221	-	-
	138,681,457	149,745,434	141,895,930	170,459,148	178,568,116	157,918,262
	(2,675,502)	(11,122,253)	14,721,582	8,470,623	(4,165,319)	19,264,023
	17,405,000	-	-	-	-	-
	(18,378,549)	-	-	-	-	-
	-	1,000,000	19,175,000	33,945,000	-	-
	3,070,454	-	1,098,280	2,485,221	-	-
	10,036,352	15,619,883	4,869,790	13,563,188	7,286,670	16,175,168
	(8,717,352)	(14,316,038)	(2,619,790)	(13,000,384)	(6,036,670)	(13,925,168)
	795,481	134,586	52,806	3,001	1,465	1,361,389
	-	-	608,768	-	444,355	-
	4,211,386	2,438,431	23,184,854	36,996,026	1,695,820	3,611,389
\$	1,535,884	\$ (8,683,822)	\$ 37,906,436	\$ 45,466,649	\$ (2,469,499)	\$ 22,875,412
	9.84%	8.21%	8.06%	9.43%	8.39%	8.52%

**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>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
General property taxes	\$ 35,195,121	\$ 35,262,542	\$ 37,144,601	\$ 38,755,245
Industrial district fees	16,549,164	17,755,534	17,172,395	17,271,428
Sales taxes	25,789,345	27,938,085	30,472,024	31,439,633
Franchise fees	8,751,762	9,030,691	9,270,311	9,260,543
Other taxes	688,756	801,084	1,000,102	1,059,717
	<u>\$ 86,974,148</u>	<u>\$ 90,787,936</u>	<u>\$ 95,059,433</u>	<u>\$ 97,786,566</u>

**Fiscal Year**

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 42,039,511	\$ 45,307,747	\$ 50,169,950	\$ 56,308,920	\$ 58,070,473	\$ 59,751,639
17,364,338	17,283,049	17,947,752	19,626,203	22,141,278	22,994,264
32,350,927	31,811,860	34,350,493	36,102,015	36,668,916	39,898,942
9,204,841	9,326,938	9,365,142	10,618,612	8,986,793	8,619,880
1,227,928	1,641,838	2,117,329	6,413,158	1,349,373	1,603,920
<u>\$ 102,187,545</u>	<u>\$ 105,371,432</u>	<u>\$ 113,950,666</u>	<u>\$ 129,068,908</u>	<u>\$ 127,216,833</u>	<u>\$ 132,868,645</u>

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

2021						
Consumers	Consumption (per month)	Annualized Consumption	Billed Amount	Rank	% of Water/Sewer Revenues	% of All System Fund Revenues
City of Seabrook	41,023.4	492,280.8	\$ 1,913,395	1	3.85%	3.85%
Peroxy Chem	28,739.4	344,872.3	1,130,541	2	2.27%	2.27%
Nestle Waters North America	13,978.8	167,745.0	539,719	3	1.09%	1.09%
Chevron Phillips	6,799.4	81,593.0	565,846	4	1.14%	1.14%
Pasadena Independent School District	6,291.0	75,491.8	558,078	5	1.12%	1.12%
Victoria Village Apartments	6,015.9	72,190.7	511,996	6	1.03%	1.03%
Brighton Hill Manor Apartments	5,747.8	68,973.5	535,426	7	1.08%	1.08%
Equistar	4,350.8	52,210.0	286,172	8	0.58%	0.58%
Columbia Bayshore Hospital	4,159.3	49,911.1	414,974	9	0.84%	0.83%
Falls of Alta Vista	3,276.5	39,317.4	302,367	10	0.61%	0.61%
Mbmi Apartments	-	-	-	-	-	-
CCI-B Genoa Red Bluff	-	-	-	-	-	-
Sandstone Apartments	-	-	-	-	-	-
San Jacinto College	-	-	-	-	-	-
Clear Lakje Water Authority	-	-	-	-	-	-
<b>Total</b>	<b>120,382.3</b>	<b>1,444,585.6</b>	<b>\$ 6,758,514</b>		<b>13.61%</b>	<b>13.60%</b>

Source: Prepared by the City's Water Department.

**2012**

<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>
55,968.3	671,620.0	\$ 486,627	1	1.32%	1.32%
-	-	-	-	-	-
6,924.4	83,092.5	244,551	3	0.66%	0.66%
-	-	-	-	-	-
8,382.7	100,592.8	981,197	2	2.66%	2.66%
-	-	-	-	-	-
4,365.2	52,382.7	361,299	6	0.98%	0.98%
-	-	-	-	-	-
3,157.8	37,893.1	338,382	8	0.92%	0.92%
-	-	-	-	-	-
6,821.0	81,851.8	436,331	4	1.18%	1.18%
4,780.3	57,363.5	272,688	5	0.74%	0.74%
2,448.5	29,381.7	220,022	10	0.60%	0.60%
4,224.7	50,696.1	502,132	7	1.36%	1.36%
2,818.7	33,824.6	67,586	9	0.18%	0.18%
<u>92,967.2</u>	<u>1,198,698.8</u>	<u>\$ 3,910,815</u>		<u>10.60%</u>	<u>10.60%</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,							
			2012		2013		2014		2015	
			Water Rates	Sewer Rates	Water Rates	Sewer Rates	Water Rates	Sewer Rates	Water Rates	Sewer Rates
Residential	2,000	up to 2.0	\$10.50	\$8.00	\$10.50	\$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	6.59	4.99	6.59	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	3.00	3.25	3.00	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	8.59	8.00	8.59	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	8.50	8.00	8.50	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	9.59	-	9.59	-	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,

2016		2017		2018		2019		2020		2021	
Water Rates	Sewer Rates	Water Rates	Sewer Rates	Water Rates	Sewer Rates	Water Rates	Sewer Rates	Water Rates	Sewer Rates	Water Rates	Sewer Rates
\$10.75	\$10.75	\$10.75	\$10.75	\$10.97	\$10.97	\$11.22	\$11.22	\$11.42	\$11.42	\$11.42	\$11.42
3.00	3.00	3.00	3.00	3.06	3.06	3.13	3.13	3.19	3.19	3.19	3.19
3.50	3.50	3.50	3.50	3.57	3.57	3.65	3.65	3.72	3.72	3.72	3.72
4.00	4.00	4.00	4.00	4.08	4.08	4.17	4.17	4.25	4.25	4.25	4.25
5.00	4.00	5.00	4.00	5.10	5.10	5.10	4.17	5.19	4.25	5.19	4.25
5.50	4.00	5.50	4.00	5.61	5.61	5.61	4.17	5.71	4.25	5.71	4.25
6.59	4.99	6.59	4.99	6.72	5.09	6.87	5.21	6.99	5.30	6.99	5.30
2.50	2.50	2.50	2.50	2.55	2.55	2.61	2.61	2.66	2.66	2.66	2.66
3.50	3.50	3.50	3.50	3.57	3.57	3.65	3.65	3.72	3.72	3.72	3.72
5.00	4.00	5.00	4.00	5.10	4.08	5.22	4.17	5.31	4.25	5.31	4.25
5.50	4.00	5.50	4.00	5.61	5.61	5.61	4.17	5.71	4.25	5.71	4.25
12.59	12.00	12.59	12.00	12.84	12.24	13.14	12.52	13.38	12.75	13.38	12.75
3.25	3.00	3.25	3.00	3.32	3.06	3.40	3.13	3.46	3.19	3.46	3.19
3.75	3.30	3.75	3.30	3.83	3.37	3.92	3.45	3.99	3.51	3.99	3.51
4.00	3.55	4.00	3.55	4.08	3.62	4.17	3.70	4.25	3.77	4.25	3.77
4.50	3.80	4.50	3.80	4.55	3.88	4.65	3.97	4.73	4.04	4.73	4.04
4.50	4.05	4.50	4.05	4.55	4.10	4.65	4.19	4.73	4.27	4.73	4.27
4.50	4.15	4.50	4.15	4.55	4.15	4.65	4.25	4.73	4.33	4.73	4.33
9.50	9.50	9.50	9.50	9.69	9.69	9.91	9.91	10.09	10.09	10.09	10.09
3.25	3.00	3.25	3.00	3.32	3.06	3.32	3.06	3.38	3.12	3.38	3.12
3.50	3.50	3.50	3.50	3.57	3.57	3.57	3.57	3.63	3.63	3.63	3.63
4.25	4.00	4.25	4.00	4.34	4.08	4.34	4.08	4.42	4.15	4.42	4.15
5.00	4.00	5.00	4.00	5.10	4.08	5.10	4.08	5.19	4.15	5.19	4.15
5.50	4.00	5.50	4.00	5.61	4.08	5.61	4.08	5.71	4.15	5.71	4.15
14.00	-	14.00	-	14.28	-	14.61	-	14.87	-	14.87	-
4.00	-	4.00	-	4.08	-	4.17	-	4.25	-	4.25	-
5.00	-	5.00	-	5.10	-	5.10	-	5.19	-	5.19	-
6.00	-	6.00	-	6.12	-	6.12	-	6.23	-	6.23	-

**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,			
	2012	2013	2014	2015
	2011 Tax Year	2012 Tax Year	2013 Tax Year	2014 Tax Year
<b>Real Property</b>				
Real Residential	\$ 3,966,049,464	\$ 3,852,056,577	\$ 3,872,765,988	\$ 4,099,197,425
Real Commercial	1,237,888,449	1,328,287,594	1,534,186,202	1,724,550,745
Real Industrial	165,773,388	170,231,894	162,926,484	159,908,910
Real Agriculture	241,507	227,549	188,270	184,971
Real Vacant	120,572,974	127,123,041	143,130,709	159,066,568
Real Acreage Undeveloped	42,021,873	37,424,971	41,471,437	52,404,929
Real Farm and Ranch Improved	-	248,262	252,079	251,507
<b>Total Real Property</b>	<b>5,532,547,655</b>	<b>5,515,599,888</b>	<b>5,754,921,169</b>	<b>6,195,565,055</b>
<b>Less: Exemptions</b>	<b>(813,327,025)</b>	<b>(792,375,980)</b>	<b>(798,795,765)</b>	<b>(826,800,278)</b>
<b>Net Total Real Property</b>	<b>4,719,220,630</b>	<b>4,723,223,908</b>	<b>4,956,125,404</b>	<b>5,368,764,777</b>
<b>Other Property</b>				
Oil Gas and Mineral Reserves	241,610	1,100	-	-
Real and Tangible Personal - Utility	272,549	234,003	234,003	406,911
Gas Companies	7,515,900	7,635,305	9,007,545	9,650,985
Electric Companies	52,011,882	54,036,712	61,544,486	58,880,213
Telephone Companies	16,078,872	12,681,172	12,137,483	11,620,085
Railroad	495,520	1,474,440	1,639,650	1,835,930
Pipelines	30,614,337	35,354,411	37,023,276	48,033,250
Inventory	26,438,731	28,837,389	24,752,105	24,902,586
Major Cable TV Systems	13,783,892	12,539,470	13,071,100	13,833,260
Tangible Personal Commercial	525,877,003	541,207,611	551,411,132	585,993,827
Tangible Personal Industrial	1,053,499,087	1,182,300,519	1,176,456,318	936,387,584
Tangible Personal Other - Mobile Homes	16,357,302	15,604,926	15,146,856	14,582,987
Governmental Exemption	558,111,018	598,471,214	-	-
Charitable Exemption	26,110,291	28,122,328	2,033,915	1,911,572
Religious Exemption	119,018,125	121,779,281	-	-
Private School Exempt	17,595,212	17,427,256	17,839,420	17,839,420
Miscellaneous Exempt	844,407	879,116	705,880	712,254
Low-Moderate Income Housing	216,978	338,200	-	-
Improving Prop-Housing w/Volunteer Labor	-	-	262,987	479,025
Economic Devel Svcs to Local Community	-	-	301,508	385,458
Other Exempt	-	-	787,048,320	804,209,783
<b>Total Other Property</b>	<b>2,465,082,716</b>	<b>2,658,924,453</b>	<b>2,710,615,984</b>	<b>2,531,665,130</b>
<b>Less: Exemptions</b>	<b>(1,402,974,610)</b>	<b>(1,356,134,366)</b>	<b>(1,401,752,949)</b>	<b>(1,217,268,714)</b>
<b>Net Total Other Property</b>	<b>1,062,108,106</b>	<b>1,302,790,087</b>	<b>1,308,863,035</b>	<b>1,314,396,416</b>
<b>Total Property</b>	<b>7,997,630,371</b>	<b>8,174,524,341</b>	<b>8,465,537,153</b>	<b>8,727,230,185</b>
<b>Less: Total Exemptions</b>	<b>(2,216,301,635)</b>	<b>(2,148,510,346)</b>	<b>(2,200,548,714)</b>	<b>(2,044,068,992)</b>
<b>Total Assessed Value of Taxable Property</b>	<b>\$ 5,781,328,736</b>	<b>\$ 6,026,013,995</b>	<b>\$ 6,264,988,439</b>	<b>\$ 6,683,161,193</b>
<b>Total Actual Value of Taxable Property</b>	<b>\$ 5,781,328,736</b>	<b>\$ 6,026,013,995</b>	<b>\$ 6,264,988,439</b>	<b>\$ 6,683,161,193</b>
<b>Total Direct Tax Rate Per \$ 100</b>	<b>\$ 0.591593</b>	<b>\$ 0.591593</b>	<b>\$ 0.591593</b>	<b>\$ 0.576904</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>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>2015 Tax Year</b>	<b>2016 Tax Year</b>	<b>2017 Tax Year</b>	<b>2018 Tax Year</b>	<b>2019 Tax Year</b>	<b>2020 Tax Year</b>
\$ 4,437,264,879	\$ 4,801,040,252	\$ 5,216,450,255	\$ 5,432,053,439	\$ 6,030,017,970	\$ 6,594,218,098
1,882,514,422	2,104,704,433	2,292,894,922	2,522,237,422	2,797,689,438	3,071,709,482
209,572,611	163,121,239	259,068,236	311,132,429	648,763,941	720,549,416
178,264	174,043	172,013	201,898	193,840	188,210
159,267,801	162,772,196	165,840,846	167,671,843	185,865,930	168,139,341
48,308,431	43,056,354	65,400,460	56,662,873	59,849,706	40,766,174
276,657	304,322	334,754	507,736	539,695	575,995
<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>9,722,920,520</b>	<b>10,596,146,716</b>
<b>(865,038,283)</b>	<b>(912,947,500)</b>	<b>(950,691,089)</b>	<b>(1,000,278,706)</b>	<b>(1,079,875,270)</b>	<b>(1,140,682,015)</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>	<b>8,643,045,250</b>	<b>9,455,464,701</b>
-	-	-	-	7,175,170	21,322,460
407,011	406,544	406,019	495,029	-	-
10,335,973	12,317,323	13,109,983	13,411,853	14,537,239	16,837,002
57,137,279	61,384,866	61,503,698	64,781,607	72,432,189	73,880,727
10,927,075	11,279,634	11,537,505	11,171,007	12,350,356	11,735,970
2,018,640	2,162,940	2,301,400	2,444,700	2,543,770	2,671,660
50,440,617	50,120,569	54,052,943	55,365,334	59,210,618	60,943,805
26,789,396	29,168,367	29,622,033	30,714,967	34,382,796	40,136,743
14,288,850	15,472,020	14,589,260	17,308,050	18,261,030	21,018,120
674,994,577	696,606,477	719,461,700	745,403,874	759,091,423	827,365,705
729,540,148	760,780,633	892,809,207	948,676,201	915,629,782	947,516,866
14,958,005	14,308,581	14,784,917	14,142,635	15,189,955	15,886,762
-	-	-	-	-	-
1,914,822	1,907,665	2,553,957	2,596,095	3,519,312	2,063,945
-	-	-	-	-	-
17,839,420	17,839,420	36,157,374	40,241,025	42,119,145	42,224,174
718,082	718,993	814,532	845,219	831,399	811,964
-	-	-	-	-	-
180,466	-	-	-	-	-
386,379	392,693	388,627	391,679	407,137	404,307
866,099,527	883,706,307	1,008,233,881	1,127,560,912	1,199,514,435	1,208,462,759
<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>3,157,195,756</b>	<b>3,293,282,969</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>(1,338,678,127)</b>	<b>(1,309,793,080)</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>1,818,517,629</b>	<b>1,983,489,889</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>12,880,116,276</b>	<b>13,889,429,685</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>(2,418,553,397)</b>	<b>(2,450,475,095)</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>\$ 10,461,562,879</b>	<b>\$ 11,438,954,590</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>\$ 10,461,562,879</b>	<b>\$ 11,438,954,590</b>
<b>\$ 0.575388</b>	<b>\$ 0.575388</b>	<b>\$ 0.575388</b>	<b>\$ 0.615446</b>	<b>\$ 0.570342</b>	<b>\$ 0.533677</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
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
2020	2019	0.4507	0.1196	0.5703	0.2700	1.3100	1.4151
2021	2020	0.4233	0.1104	0.5337	0.2600	1.2659	1.3496

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>
\$1.3550	\$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
1.2800	1.3784	0.6117	0.0050	0.1782	7.0187
1.2697	1.3830	0.5992	0.0050	0.1694	6.8354

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

Property Taxpayer	Fiscal Year Ended September 30, 2021			Fiscal Year Ended September 30, 2012		
	2020 Tax Year		% of Taxable Assessed Value	2011 Tax Year		% of Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Intercontinental Terminals Company LLC	\$ 297,034,297	1	2.60%	\$ -	-	-
Bay Bluff LP	157,905,364	2	1.38%	34,230,214	10	0.59%
GATX Terminals Kinder	142,987,204	3	1.25%	41,049,724	6	0.71%
Pasadena Refining Systems Inc	132,103,992	4	1.15%	-	-	-
LIT Industrial LP	112,500,000	5	0.98%	-	-	-
Phillips 66 Co.	104,459,887	6	0.91%	-	-	-
Calpine Operating	96,591,700	7	0.84%	88,596,020	2	1.53%
CenterPoint Energy Hou Ele	90,687,020	8	0.79%	59,566,122	3	1.03%
PEPF Red Bluff LLC	86,932,774	9	0.76%	-	-	-
Kinder Morgan	81,811,537	10	0.72%	-	-	-
KIR Pasadena	-	-	-	45,989,914	4	0.80%
Shell Oil Co.	-	-	-	151,282,586	1	2.62%
The Boeing Co.	-	-	-	41,583,586	5	0.72%
PRSI Trading	-	-	-	40,352,465	7	0.70%
Wal-Mart	-	-	-	39,670,618	8	0.69%
Valero Energy Corp	-	-	-	36,107,819	9	0.62%
Subtotal	\$ 1,303,013,775		11.39%	\$ 578,429,068		10.01%
Other Taxpayers	\$ 10,135,940,815		88.61%	5,202,899,668		89.99%
Total	\$ 11,438,954,590		100.00%	\$ 5,781,328,736		100.00%

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

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

Collected within the  
Fiscal Year of the Levy      Total Collections to Date

Fiscal Year Ended September 30,	Tax Year	Tax Rate / \$100	Total Tax Levy for Fiscal Year	Collections/(Refunds)					
				Amount	Percentage of Levy	in Subsequent Years	Amount	Percentage of Levy	
2012	2011	\$ 0.5916	\$ 33,935,213	\$ 33,262,827	98.02%	\$ 585,669	\$ 33,848,496	99.74%	
2013	2012	0.5916	34,493,201	34,147,313	99.00%	262,948	34,410,261	99.76%	
2014	2013	0.5916	36,684,431	36,231,129	98.76%	382,049	36,613,178	99.81%	
2015	2014	0.5769	38,046,454	37,619,372	98.88%	354,748	37,974,120	99.81%	
2016	2015	0.5754	41,645,744	41,198,200	98.93%	351,949	41,550,149	99.77%	
2017	2016	0.5754	45,119,547	44,280,747	98.14%	717,033	44,997,780	99.73%	
2018	2017	0.5754	49,020,748	48,025,807	97.97%	827,513	48,853,320	99.66%	
2019	2018	0.6154	55,344,765	55,129,294	99.61%	(36,636)	55,092,658	99.54%	
2020	2019	0.5703	57,807,815	56,975,572	98.56%	50,670	57,026,242	98.65%	
2021	2020	0.5337	59,758,197	58,709,043	98.24%	-	58,709,043	98.24%	



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

<b>Fiscal Year Ended September 30,</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Governmental Activities</b>				
General Obligation Bonds	\$ 41,960,000	\$ 30,152,196	\$ 27,835,000	\$ 17,475,000
General Obligation Refunding Bonds	26,680,000	45,303,868	42,009,458	55,201,099
General Obligation and Refunding Bonds	24,080,000	14,336,973	12,896,876	2,102,603
Certificates of Obligation	5,010,000	4,720,000	4,430,000	4,130,000
Combination Tax and Revenue				
Certificates of Obligation	-	-	-	-
Blended Component Unit - Pasadena Second Century Corporation				
Sales Tax Notes	-	-	-	-
Sales Tax Revenue Bonds	4,190,000	3,507,979	2,667,467	1,801,955
	<b>101,920,000</b>	<b>98,021,016</b>	<b>89,838,801</b>	<b>80,710,657</b>
<b>Business-Type Activities</b>				
Waterworks and Sewer System Revenue Bonds	53,430,000	53,846,804	53,693,635	53,445,465
Waterworks and Sewer System Revenue Refunding Bonds	13,255,000	12,441,550	11,268,996	9,166,441
Combination Tax and Revenue				
Certificates of Obligation	-	-	-	-
General Obligation Refunding Bonds	12,740,000	17,459,587	14,539,259	13,055,250
General Obligation and Refunding Bonds	9,970,000	4,112,109	4,085,278	-
	<b>89,395,000</b>	<b>87,860,050</b>	<b>83,587,168</b>	<b>75,667,156</b>
<b>Total Primary Government</b>	<b>\$ 191,315,000</b>	<b>\$ 185,881,066</b>	<b>\$ 173,425,969</b>	<b>\$ 156,377,813</b>
Percentage of Personal Income	6.16%	6.01%	5.64%	4.94%
Per Capita	\$ 1,256	\$ 1,221	\$ 1,135	\$ 1,016
(1) Population	152,281	152,272	152,735	153,887
(1) Per Capita Personal Income	\$ 20,383	\$ 20,305	\$ 20,146	\$ 20,590
(1) Personal Income (amount expressed in thousands)	\$ 3,103,944	\$ 3,091,883	\$ 3,076,999	\$ 3,168,533

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

The debt amounts presented in 2012 are 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.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 2,025,000	\$ 1,035,000	\$ -	\$ -	\$ -	\$ -
69,391,828	62,927,351	56,388,209	48,567,368	40,475,996	32,088,938
-	-	-	-	-	-
310,000	-	-	-	-	-
-	-	19,946,595	55,426,862	54,646,907	53,836,952
-	1,000,000	1,000,000	-	-	-
906,443	-	-	-	-	-
<b>72,633,271</b>	<b>64,962,351</b>	<b>77,334,804</b>	<b>103,994,230</b>	<b>95,122,903</b>	<b>85,925,890</b>
488,169	-	-	-	-	-
6,983,886	4,726,332	2,388,777	-	-	-
-	-	16,664,513	16,006,648	15,338,784	15,290,919
66,108,784	64,256,796	61,938,110	59,766,122	55,412,547	50,452,391
-	-	-	-	-	-
<b>73,580,839</b>	<b>68,983,128</b>	<b>80,991,400</b>	<b>75,772,770</b>	<b>70,751,331</b>	<b>65,743,310</b>
<b>\$ 146,214,110</b>	<b>\$ 133,945,479</b>	<b>\$ 158,326,204</b>	<b>\$ 179,767,000</b>	<b>\$ 165,874,234</b>	<b>\$ 151,669,200</b>
4.57%	4.03%	4.65%	5.10%	4.66%	4.24%
\$ 951	\$ 873	\$ 1,031	\$ 1,173	\$ 1,096	\$ 998
153,784	153,351	153,520	153,219	151,277	151,950
\$ 20,805	\$ 21,692	\$ 22,178	\$ 22,993	\$ 23,526	\$ 23,534
\$ 3,199,476	\$ 3,326,490	\$ 3,404,767	\$ 3,522,964	\$ 3,558,976	\$ 3,575,991

**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
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
2020	165,874,234	(3,490,412)	162,383,822	10,461,562,879	1.55%	151,277	1,073
2021	151,669,200	(4,116,848)	147,552,352	11,438,954,590	1.29%	151,950	971

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 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, 2021**

<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	9/30/2021	\$1,723,192,125	2.02%	\$ 34,808,481
Harris County Flood Control District	9/30/2021	590,725,000	2.02%	11,932,645
Harris County Hospital District	9/30/2021	81,540,000	2.02%	1,647,108
Port of Houston Authority	9/30/2021	492,439,397	2.02%	9,947,276
Clear Lake City Water Authority	9/30/2021	108,375,000	20.09%	21,772,538
Clear Creek Independent School District	9/30/2021	1,032,420,000	4.57%	47,181,594
Deer Park Independent School District	9/30/2021	278,495,000	22.49%	62,633,526
La Porte Independent School District	9/30/2021	315,810,000	5.83%	18,411,723
Pasadena Independent School District	9/30/2021	701,105,000	40.61%	284,718,741
San Jacinto College District	9/30/2021	529,434,594	18.51%	97,998,343
Harris County Dept. of Education	9/30/2021	20,185,000	2.02%	407,737
<b>Subtotal, overlapping debt</b>				<b>591,459,711</b>
<b>Add - City direct debt</b>				<b>85,925,890</b>
<b>Total direct and overlapping debt</b>				<b>\$ 677,385,601</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**

<b>Fiscal Year Ended September 30,</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Debt limit</b>				
Tax Year	2011	2012	2013	2014
Assessed value based on tax year	<u>\$5,781,328,736</u>	<u>\$6,026,013,995</u>	<u>\$6,264,988,439</u>	<u>\$6,683,161,193</u>
10% of assessed value	<b>578,132,874</b>	<b>602,601,400</b>	<b>626,498,844</b>	<b>668,316,119</b>
<b>Less: net debt applicable to limit</b>				
Debt to be repaid from ad valorem tax	97,730,000	91,952,482	87,243,801	78,908,702
Less: amount available in debt service fund	<u>(4,097,226)</u>	<u>(5,219,578)</u>	<u>(6,272,408)</u>	<u>(1,783,393)</u>
	<b>93,632,774</b>	<b>86,732,904</b>	<b>80,971,393</b>	<b>77,125,309</b>
<b>Legal Debt Margin</b>	<b><u>\$ 484,500,100</u></b>	<b><u>\$ 515,868,496</u></b>	<b><u>\$ 545,527,451</u></b>	<b><u>\$ 591,190,810</u></b>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>16.20%</b>	<b>14.39%</b>	<b>12.92%</b>	<b>11.54%</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
2015	2016	2017	2018	2019	2020
<u>\$7,321,103,445</u>	<u>\$7,921,029,575</u>	<u>\$8,719,401,740</u>	<u>\$9,271,188,543</u>	<u>\$ 10,461,562,879</u>	<u>\$ 11,438,954,590</u>
<b>732,110,345</b>	<b>792,102,958</b>	<b>871,940,174</b>	<b>927,118,854</b>	<b>1,046,156,288</b>	<b>1,143,895,459</b>
71,726,828	63,962,351	76,334,804	103,994,230	95,122,903	85,925,890
<u>(1,493,541)</u>	<u>(2,060,784)</u>	<u>(2,339,765)</u>	<u>(3,039,922)</u>	<u>(3,490,412)</u>	<u>(4,116,848)</u>
<b>70,233,287</b>	<b>61,901,567</b>	<b>73,995,039</b>	<b>100,954,308</b>	<b>91,632,491</b>	<b>81,809,042</b>
<b><u>\$ 661,877,058</u></b>	<b><u>\$ 730,201,391</u></b>	<b><u>\$ 797,945,135</u></b>	<b><u>\$ 826,164,546</u></b>	<b><u>\$ 954,523,797</u></b>	<b><u>\$ 1,062,086,417</u></b>
<b>9.59%</b>	<b>7.81%</b>	<b>8.49%</b>	<b>10.89%</b>	<b>8.76%</b>	<b>7.15%</b>

**CITY OF PASADENA, TEXAS**  
**PLEDGED-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>	
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
2020	44,994,585	25,677,467	19,317,118	4,526,858	2,765,973	2.65
2021	49,450,010	22,691,878	26,758,132	4,551,170	2,576,738	3.75

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>
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%
2020	151,277	3,558,976	23,526	31.3	53,291	8.7% (4)
2021	151,950	3,575,991	23,534	31.6	52,878	6.7% (4)

Data sources:

(1) Bureau of the Census - 2019/2020 latest information available

(2) Bureau of Labor Statistics

(3) National Center for Education Statistics

(4) Due to COVID-19

(P) - Preliminary



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

<u>Employer</u>	<u>2021</u>			<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Pasadena ISD	7,981	1	10.80%	5,800	1	6.25%
Turner Industries	3,364	2	4.55%	-	-	-
San Jacinto College	2,776	3	3.76%	2,924	3	3.15%
The Boeing Company	2,334	4	3.16%	2,300	4	2.48%
University of Houston-Clear Lake	1,593	5	2.16%	-	-	-
HCA Houston Healthcare	1,473	6	1.99%	-	-	-
Lyondell Chemical Co	1,175	7	1.59%	-	-	-
Kaneka North America	1,111	8	1.50%	-	-	-
City of Pasadena *	1,068	9	1.44%	1,030	10	1.11%
Pinnacle ART	438	10	0.59%	-	-	-
Dorsett Brothers Concrete Supply, Inc	-	-	-	3,400	2	3.67%
Shell - Deer Park	-	-	-	1,400	7	1.51%
Mundy Company	-	-	-	1,500	5	1.62%
Zachry Industries Inc.	-	-	-	1,400	6	1.51%
SGS Petroleum Service Corp	-	-	-	1,127	8	1.21%
Silver Eagle Distributors, L.P.	-	-	-	1,100	9	1.19%
	<u>23,313</u>		<u>31.54%</u>	<u>21,981</u>		<u>23.70%</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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
City Council	8	7	7	7	8	8	8	8	8	8
Mayor	3	2	2	2	2	3	4	4	4	4
Budget and Financial Planning	2	2	4	3	4	5	4	3	4	5
Municipal Court	34	34	32	32	35	36	35	37	32	32
City Controller	15	15	15	15	16	15	16	17	17	15
Purchasing	4	4	3	4	4	4	5	5	5	5
Legal	8	7	7	6	8	7	8	9	7	7
City Secretary	4	4	4	4	4	4	5	4	4	4
Human Resources	11	7	7	7	7	8	7	11	10	10
City Marshal	6	7	7	7	7	8	10	11	10	10
Community Relations	7	8	9	9	8	7	9	9	9	8
Pasadena Action Line	6	6	6	6	5	7	6	6	6	6
Planning	4	5	2	4	4	8	4	5	5	5
Planning/Development Administration	1	1	-	-	-	-	-	-	-	-
Neighborhood Network	1	1	2	1	2	4	5	5	4	4
Inspections	15	15	18	17	15	18	17	17	17	16
Project Development	1	3	2	-	1	1	3	3	3	3
Impound/Storage	5	6	6	6	6	6	4	5	6	4
Economic Development Liaison	1	2	2	2	2	2	3	5	5	5
Public Safety										
Emergency Preparedness	3	3	3	3	5	5	6	6	6	5
Fire Fighting	7	10	6	10	8	8	8	7	3	3
Fire Prevention	10	10	11	12	12	14	14	13	12	15
Police	349	335	349	353	349	362	363	376	378	368
Code Enforcement	-	-	-	8	7	8	14	14	13	11
Public Works										
Engineering	15	17	24	24	21	16	15	15	14	15
Sanitation	37	39	40	37	41	41	38	36	41	42
Street and Bridge	30	32	31	31	36	33	33	29	31	32
Traffic and Transportation	10	9	10	10	12	12	12	12	11	10
Health										
Health	10	11	11	11	12	12	15	15	14	15
Animal Rescue and Assistance	18	22	23	26	29	30	30	36	37	35
Culture and Recreation										
Leisure Services Administration	4	4	3	3	3	2	4	4	4	5
Parks	38	42	39	40	39	41	39	38	39	34
Recreation	60	64	62	94	38	39	51	44	33	33
Clean Streets	14	19	20	18	19	20	19	18	17	19
Golf Course	9	6	6	5	5	3	7	8	7	7
Multi-Purpose Center	9	8	8	8	7	9	9	9	9	8
Civic Center	6	7	9	7	10	6	6	7	8	8
Senior Center - Madison Jobe	4	4	4	5	6	6	6	7	9	9
Library	45	53	54	51	45	48	45	40	40	39
Water and Sewer System										
Maintenance	116	119	114	121	115	115	109	113	106	105
Health Insurance	75	78	82	83	83	66	82	80	79	83
Grant Management	4	1	1	1	-	-	-	-	1	2
	21	16	18	16	16	9	14	14	14	14
<b>TOTAL CITY POSITIONS</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>	<b>1,082</b>	<b>1,068</b>

Source: City's Payroll department.

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

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

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

	Fiscal Year Ended September 30,			
	2012	2013	2014	2015
<b>Function</b>				
Public Safety				
Police				
Arrests	10,747	11,185	10,970	9,890
Accident reports	3,474	3,520	3,693	4,143
Citations issued	69,209	69,888	73,062	64,210
Calls for service	75,869	84,146	63,488	65,515
Public Works				
Refuse collection				
Refuse collected Type 1 (tons/day)	103	105	107	110
Refuse collected Type 2 (cubic yards/day)	166	179	178	185
Mulching collected (cubic yards/day)	107	83	72	56
Recyclables collected (tons/day)	4.35	7.31	6.23	6.62
Health				
Number of food permits issued	1,229	1,219	1,373	1,936
Number of health inspections	2,529	2,675	2,719	2,315
Culture and Recreation				
Convention Center				
Number of Events	165	158	172	196
Library				
Visitors	342,628	(1)	(1)	356,240
Water and Sewer System				
Average daily consumption (millions of gallons)	20.37	18.90	17.80	18.80
Total Consumption (billions of gallons)	7,435.00	7,100.00	6,900.00	6,800.00
Average daily Waste Water Plant Flow (millions of gallons)	12.41	11.57	12.60	14.20
Total Waste Water Plant Flow (millions of gallons)	4,542.14	4,212.54	4,573.59	5,172.20

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.

(6) Reductions due to COVID-19 virus.

**Fiscal Year Ended September 30,**

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
10,496	9,081	8,067 (5)	8,155	5,784	3,849
4,200	3,917	4,390 (5)	4,114	3,202	3,744
67,603	64,330	57,367 (5)	59,047	46,456	25,709
75,847	77,466	91,265 (5)	84,880	94,346	97,720
112	112	113	111	120	122
211	256 (4)	380 (4)	220	218	248
48	60 (4)	82 (4)	116	119	156
7.00	6.00	6.00	7.00	7.00	8.00
1,503	1,730	1,828	1,616	1,683	1,180
2,663	2,954	3,367	3,487	3,157	3,415
188	183	192	211	110 (6)	214
280,992	413,292 (3)	397,098	354,402	94,045 (6)	87,663 (6)
17.62	17.30	17.44	17.26	18.69	23.61
6,449.37	6,316.06	6,374.22	6,304.78	6,824.73	6,960.71
13.50	11.80	12.37	13.32	12.01	13.18
4,926.12	4,274.09	4,500.81	4,859.34	4,394.48	4,824.20

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

Function / Program	Fiscal Year Ended September 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Public Safety</b>										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	198	181	181	171	172	182	197	197	201	199
Fire stations	10	10	10	10	10	10	10	10	10	10
<b>Public Works</b>										
Streets (miles)	542	522	522	523	524	525	521	520	520	520
Streetlights	7,541	7,590	7,584	7,565	7,560	7,628	7,699	7,751	7,886	7,921
Traffic signals	191	195	194	194	196	196	203	207	207	208
Sanitation										
Collection trucks	26	25	27	20	18	18	20	20	20	31
<b>Culture and Recreation</b>										
Parks	47	47	48	48	48	48	48	48	44	44
Parks acreage	1,104	1,120	1,180	1,180	1,180	1,180	1,180	1,180	1,179	1,180
Swimming pools	4	4	4	4	4	4	4	4	4	4
Tennis courts	15	15	15	15	15	15	15	15	15	15
Community centers	8	8	8	8	8	8	8	8	8	8
<b>Water and Sewer System</b>										
Water										
Water mains (miles)	474	476	479	480	481	487	487	488	488	500
Fire hydrants	2,283	2,327	2,327	2,314	2,314	2,315	2,314	2,314	2,314	2,354
Maximum daily capacity (millions of gallons)	26	26	24	26	25	22	22	26	26	35
Sewer										
Sanitary sewers (miles)	402	404	405	406	407	407	407	408	408	408
Storm sewers (miles)	259	340	406	406	409	409	409	410	410	416
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.

CITY OF PASADENA, TEXAS  
**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021



**JEFF WAGNER**  
**MAYOR**

**CITY OF PASADENA, TEXAS**

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