



City of Pasadena, Texas

Comprehensive Annual Financial Report
For the fiscal year ended September 30, 2007



**CITY OF PASADENA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2007**

**PREPARED BY:
OFFICE OF THE CITY CONTROLLER
WAYNE F. LONG, JR., CPA
CITY CONTROLLER**

**CITY OF PASADENA, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

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INTRODUCTORY SECTION



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CITY OF PASADENA

OFFICE OF THE CITY CONTROLLER

March 14, 2008

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

The comprehensive annual financial report of the City of Pasadena, Texas, ("City") for the fiscal year ended September 30, 2007, including the independent auditor's report, is presented to comply with both local charter and state statutes.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Mosher, Seifert and Company, Certified Public Accountants, issued an unqualified (clean) opinion on the City of Pasadena, Texas' financial statements for the fiscal year ended September 30, 2007. The independent auditor's report is presented as the first component of the financial section of this report.

This letter of transmittal is designed to compliment 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 15-26.

Profile of the Government

The City of Pasadena is located in the southeastern part of the state, along the Houston Ship Channel. It is the largest suburban city in the Houston metropolitan area and the fifteenth largest city in Texas. The City currently has a land area of 59.5 square miles, and is divided into 15 square miles of industrial area and 44.5 square miles of residential/commercial area, with an estimated population of 146,769 in 2007 (141,674 in the 2000 Census). It was first settled in 1893 and was incorporated December 28, 1928. The City adopted the "Home Rule Charter" on December 12, 1964, pursuant to the laws of the State of Texas.

The City operates under a "Strong Mayor-Council" form of government. Council members can serve a maximum of four consecutive two-year terms and are elected from eight single member districts. The mayor is elected by voters of the entire city and serves four-year terms with a limit of two consecutive terms. Together, the Mayor and the eight members of City Council are responsible for

enacting legislation, adopting budgets, determining the policies of the City, and ultimately providing services to the citizens as authorized by the City's Charter. The Mayor, John Manlove, unexpectedly resigned on October 1, 2007 to seek nomination to a congressional seat. The City has since conducted a special election and elected Johnny Isbell to fulfill the remaining term through June, 2009. This marks the third term that Isbell has served as mayor; in addition, he was a city council representative twice.

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

The City Charter requires the adoption of the City budget no later than September 27th. The appropriated budget is prepared by fund, function, and department/division. Within the department/division, it is categorized further by object and subject. City department heads may make transfers between two subjects within the same object (e.g. transfer between postage and office supplies within the object of materials and supplies). Any other transfers or changes to the appropriations require the approval of City Council and an amendment to the budget. For additional information on the City's budgetary practices, see Note III.A on page 55, in the financial statement notes.

Local Economy

In spite of all the recent discussion about sub prime markets and a possibility of recession, the local economists have reported that our economy should progress on a steadier path due in large to increasing export traffic because of the weakened dollar and the strong energy sector.

Energy comprises slightly over fifty percent of the metropolitan economic base and affects the general financial health of the entire Houston metropolitan area including the City of Pasadena. The City's economy has strong connections to the energy sector, including upstream or exploration activities, and downstream or refining activities. The economy also relies on the industrial and manufacturing sectors and, while much of it is related to energy, the City has strong connections to other industries such as petrochemicals and construction materials. International trade also influences the City's economy significantly with its close proximity of the Houston Ship Channel, Galveston Bay, and the recent opening of phase 1 of the Bayport Container Terminal.

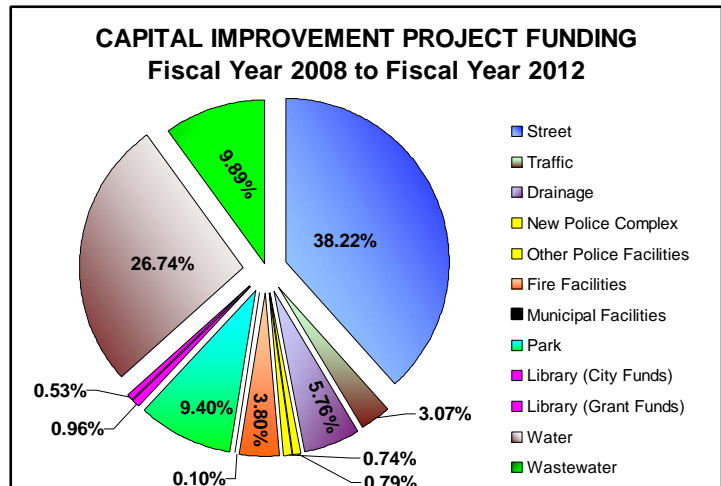
The other half of the metropolitan area's economic basis is primarily composed of space and medicine employment. All of these factors combined create a diversity that serves as a stabilizing factor that offsets the upswings and downswings in the energy sector.

A significant indicator that impacts the economic downturn or upturn is seen in the City's employment and unemployment statistics. In December 2006, the unemployment rate was 4.7%. In December 2007, the Texas Workforce Commission reported the unemployment rate remained fairly steady at 4.8%. With the National average rate at 5.0%, it confirms that the region has positioned itself well and that the slow down in the national economy would not be significant enough to effect the long-term growth of the region. The recent opening of phase 1 of the Bayport Container Terminal, a major marine terminal complex being developed by the Houston Port Authority, is promising to deliver thousands of jobs, rapid trade growth, and influx of new revenues. All will provide tremendous benefit to Houston and the surrounding communities, including City of Pasadena. The potential of Bayport, which is expected to cost \$1.4 billion and be completed in 15 to 20 years, will not only enhance the region's world trade position but also a conduit for world goods.

The area's small business and trucking industry is also improving due to increase demand to move products inland along with having to warehouse these products until they are transported out of the area. The need for warehousing has led developers rushing to add warehouses nearby, thus spurring a building boom which resulted in increasing land costs. With the expected opening of the Bayport Cruise Terminal in the fall, further improvements to Port of Houston's security and the demand for various products and services to support the Terminal's operational efforts all will add significantly to the local economy. It is forecasted that the Cruise Terminal alone, with a steady increase in volume and value, will add an estimated 750 jobs annually.

Long-term Financial Planning

In August 2002, the City adopted the first-ever Capital Improvement Plan (“CIP”) and since then the City has updated the CIP for fiscal years 2008-2012 including up-to-date cost estimates and schedules. The proposed CIP of \$283.7 million represents a level of investment similar to previous years reflecting the priorities of Pasadena’s residents and taxpayers. Some of the proposed projects include streets and traffic (\$116.8 million), drainage (\$16.3 million), water (\$75.7 million) and wastewater (\$28 million) amount to \$236.8 million or eighty three percent of the total CIP.



The highlight of the police program is the construction of the new police station and jail which started in May of 2007. The total project cost is estimated at \$26.7 million, including \$8.6 million in prior years and \$18.1 million proposed for fiscal year 2008 and 2009. This estimate assumes that the station will be built without a crime lab which the City already has at its Shaw Street location, and with 80,000 to 85,000 square feet next to City Hall on a site bounded by Strawberry, Dunhill and Davis streets. The project includes acquisition, demolition, design, construction, equipment and project management. Several funding sources are being used for this project, including the existing and proposed public improvement bonds, the Pasadena Crime Control and Prevention District, and federal grants specifically for public safety purposes. Also included in the police program is \$345,000 for a permanent building to be located at the firing range and \$2.1 million for a Police/Fire Training Academy.

The Central Library renovation and expansion in the amount of \$4.7 million is underway. The project is being funded in part by \$750,000 grants from two major private foundations. In order to take advantage and secure these grants, the City had to shift funding to the Central Library project that was previously set aside for the renovation of the Fairmont Branch Library. The Library will continue operations at its Fairmont Branch and the offices of the Central Branch will be relocated to the third floor of the City’s 901 Curtis location until the completion of the project.

Two new fire stations have been constructed since the CIP began with plans for three more stations to be replaced in the next five years. The proposed \$10.8 million is scheduled to relocate and replace stations #4, #3 and #5 in that order. New funding is being anticipated from the Community Development Block Grant program for each of these three stations totaling \$1.2 million over the next three years.

Certain capital improvements are provided through a legally separate entity, Pasadena Second Century Corporation, which functions, in essence, as a department of the City and therefore has been included as an integral part of the City of Pasadena’s financial statements. The City also is financially accountable for the Pasadena Crime Control and Prevention District, another legally separate entity, which is reported separately, within the City of Pasadena’s financial statements. Additional information on these two legally separate entities can be found in the notes to the financial statements. (See Note I.A on page 47).

The City continues with its prior policy direction – investing in infrastructure, its employees, and basic services at an affordable rate. In fiscal year 2008’s CIP, the City anticipates maintaining a level of work consistent with past years while scaling back the proposed sale of tax-supported bonds to ensure that projects underway are complete and important new projects – including the new police complex, the renovations to the Central Library, and new fire stations – are funded. The City is also positioned to address several major capital investment decisions this year with the water and sewer system. Through the long term planned CIP, the restructured City’s debt payment schedule along with the steady growth in economy all have contributed to the success in implementation of the CIP. The citizens, businesses, and neighborhoods have and will continue to see the positive benefits resulting from various improvement projects carried out by the CIP since 2002 and into the future.

The 2008 budget includes a three percent overall raise for City employees. Health insurance rates will remain steady through 2008 with the City contracting Fiserv Health as its new administrator of health insurance as of January 2008. Employees can also benefit with a \$10/month discount by participating in the Health Awareness Program provided by the City in hopes to reduce health insurance costs by keeping employees aware of health issues.

The City's annual required Texas Municipal Retirement System (TMRS) contribution is projected to increase the 2009 budget line item by \$2,061,986 citywide. TMRS has voted to diversify the fund's investments from all-bonds to a mix of equity and bond investments and to change the actuarial method to projected unit credit actuarial cost method. These changes will result in a significant increase in the City's contribution rate by 4.56% of covered payroll; an increase from the current rate of 15.73% for calendar year 2008 to 20.29% for calendar year 2009.

Relevant Financial Policies

The City is in the process of a \$55 million revenue bonds sale in order to provide funds for the expansion of the Southeast Water Purification Plant (SEWPP), a jointly owned facility by City of Houston and surrounding Cities and Agencies, from the existing 120 Million Gallon Per Day (MGD) TO 200 MGD. This expansion will increase the City's share of the Plant's capacity from 23 ½ MGD to 40 MGD at a cost of \$45.7 million. In addition, the City plans to spend \$3.6 million on the loop completion of water distribution system, \$1.5 million on the improvement to the Golden Acres Treatment Plant, \$4.2 million on the new transmission line/shaver water line/improvements to the Southeast Plant Pump Station. Due to continuation of abundant rain fall, water and sewer revenues remained flat in fiscal year 2007. The City has conducted a review of the current water and sewer rates and charges and found, not only that the water and sewer taps and related activities were last revised in 1968, but also the City's rates and charges are much less than the surrounding Cities and Agencies. The Mayor has since appointed a committee consisted of four council members to study and explore various options in raising the water and sewer rates and charges to fund and maintain the debt service coverage requirement.

The City is required to implement the Governmental Accounting Standards Board's (GASB) Statement No. 45, (GASB 45) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* starting fiscal year 2009. The main concept of GASB 45 is to require, for the first time, that public-sector employers to recognize the cost of other post employment benefits (OPEB), include health care, as well as all other retiree benefits that are not a part of pension plan, over the active service life of their employees rather than on a pay-as-you-go (PAYGO) basis.

With completion of the GASB 45 actuarial groundwork, the employer will have a clear picture of its OPEB actuarial liability exposure. The challenges then become how to manage this liability, especially in an environment characterized by an increasing retirement-age population and escalating healthcare costs.

The City has engaged an actuary firm, Gabriel Roeder Smith and Company, to prepare an actuarial valuation of the assets and benefit values associated with employer financed retiree health benefits provided by the City, with the annual required contribution (ARC) calculated for the fiscal year beginning October 1, 2007. This report includes two scenario assumptions, the City's current PAYGO funding policy and an advance funding policy. The estimated annual contribution for fiscal year 2008 was presented to the City with both assumptions and will be recalculated for fiscal year 2009 for the purpose of implementing GASB 45.

Management is going to wrestle with the decision whether it will fund the plan or continue to handle it as a PAYGO basis. Advance funding the plan may add great stress to the City's budget; on the other hand, continuing to pay only the PAYGO amount will result in a growing unfunded actuarial liability and net OPEB obligation. The management will take a step back and look at the entire picture of the OPEB to see whether there are other strategies such as reducing OPEB benefits, offering new employees (or new retirees) a lower benefit level, or placing a cap on employer-provided benefits to lower the total cost and the unfunded liability.

Major Initiatives

The City is into its sixth year in implementing the long-term capital improvement plan (CIP), with fiscal year 2012 added to the newly adopted FY 2008-2012 plan. The local economy has maintained a healthy growth rate in the last few years, providing Pasadena the financial and economic capacity to continue its program as proposed in the original and subsequent CIP's. Proposed projects serve every sector of the city, with slightly more allocated for projects in areas of greatest need caused by deterioration and age as well as rapid growth. A number of the projects also have been rescheduled in an effort to live within the City's financial means.

The CIP covers a wide range of improvements to street, drainage, traffic, police facilities, fire facilities, park, library, municipal facilities, and water and wastewater system. The CIP has so far completed approximately seventy-four projects totaling \$111 million and an additional \$97.2 million has been appropriated for projects in some stage of design, acquisition or construction. The City has established a solid track record in accomplishing plans and proposals in the CIP since the initial adoption of the CIP. In addition to improve the quality of life, it has also improved the City's image in an enduring and evident way.

The City, Pasadena Second Century Corporation, and the citizens are also participating together in a plan to redevelop the deteriorating northern side of Pasadena. The North Pasadena Redevelopment Plan (the Plan) has goals of increasing the long-term sustainability of its tax base, distinguishing itself through local pride in ownership and attractive urban form, creating more "green" space, and expanding alternatives to the automobile for mobility to local shopping, medical, educational, and recreational destinations. This is a community program involving citizens' opinions on what they would like to see happen in this transformation of north Pasadena. The Plan is in phase one of four which will take participants from the initial stage of base studies through final development and approval of the Plan which will make the area more vital. The Plan could be the most significant and wide-ranging rehabilitation of the City in its 114-year history and would transform the face of North Pasadena.

Awards and Acknowledgements

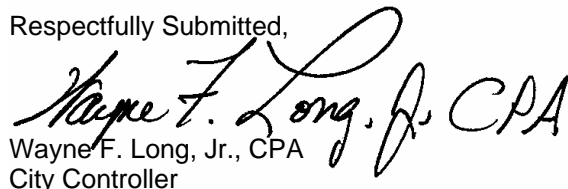
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2006. This was the thirteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2006. In order to receive this award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

This report could not have been completed without the efficient and dedicated service of the entire staff of the City Controller's Office. Our sincere gratitude is extended to the Mayor and City Council for their support and leadership in conducting the financial operations of the City throughout the year.

Respectfully Submitted,



Wayne F. Long, Jr., CPA
City Controller

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pasadena
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



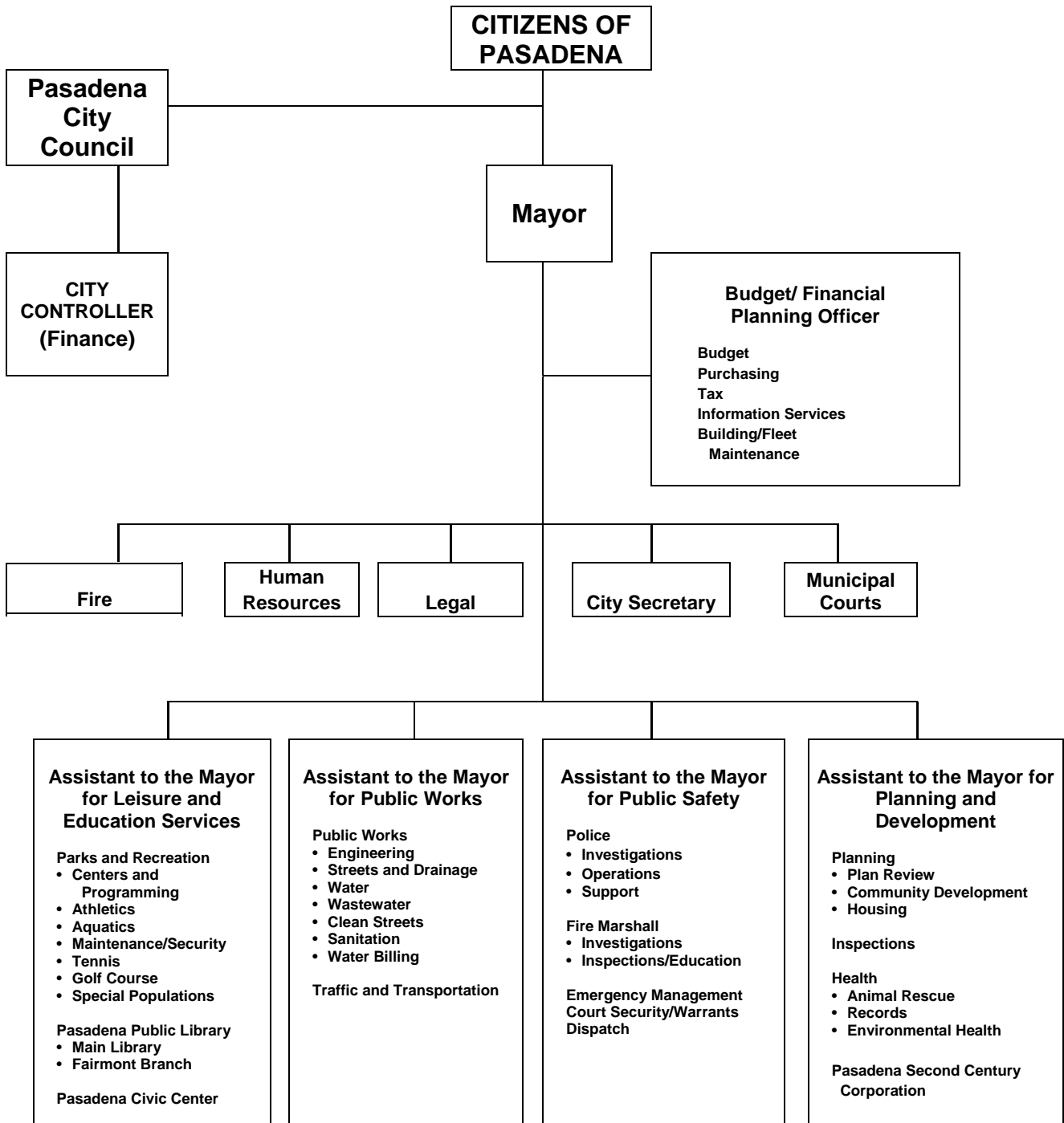
Charles S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF PASADENA, TEXAS ORGANIZATION CHART



**CITY OF PASADENA, TEXAS
PRINCIPAL OFFICIALS**

MAYOR

JOHNNY ISBELL

BUDGET & FINANCIAL PLANNING

ANDY HELMS

**ASSISTANT TO MAYOR
FOR PLANNING & DEVELOPMENT**

MELVIN EMBRY

**ASSISTANT TO MAYOR
PUBLIC SAFETY/CHIEF OF POLICE**

MICHAEL MASSEY

**ASSISTANT TO MAYOR
FOR PUBLIC WORKS**

ROBIN GREEN

**ASSISTANT TO MAYOR
LEISURE & EDUCATIONAL SERVICES**

MICHAEL ISERMANN

CITY COUNCIL

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

RALPH RIGGS
JACKIE WELCH
DON HARRISON
JACK DOUGLASS (MAYOR PRO-TEM)
ERV BRANNON
PHIL CAYTEN
DANA PHILIBERT
J. J. ISBELL

CITY CONTROLLER

WAYNE F. LONG, JR., CPA

CITY SECRETARY

LINDA RORICK

CITY ATTORNEY

LEE CLARK

DIRECTOR OF PERSONNEL

RICHARD NELSON (Deceased)

DIRECTOR OF MAINTENANCE

BRUCE MCCOY

FIRE MARSHAL

DAVID BRANNON

LIBRARY DIRECTOR

SHEILA HENDERSON

DIRECTOR OF PLANNING

TIM TIETJENS

DIRECTOR OF HEALTH

THAD GINN

FIRE CHIEF

LANNY ARMSTRONG

**PRESIDING JUDGE,
MUNICIPAL COURTS**

LESTER RORICK

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FINANCIAL SECTION



MOSHER, SEIFERT & COMPANY

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Members American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2007, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and certain Grant Management (Major Special Revenue Fund) – Federal Equitable Sharing of Forfeited Property Justice and Treasury Department Grant for the year then ended in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2008, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 15 through 26 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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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 nonmajor fund financial statements, schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements and schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Mosher, Seifert and Company
Mosher, Seifert & Company
Certified Public Accountants
March 14, 2008

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**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Pasadena's ("City") Comprehensive Annual Financial Report ("CAFR") presents a narrative overview and analysis of the financial performance of the City for the fiscal year ended September 30, 2007. This discussion and analysis includes comparative data for fiscal year 2006. 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, 2007 are as follows:

Government-Wide Financial Statements

The City's assets exceeded its liabilities by \$637,583,454 (net assets), showing an increase of \$40,484,944 (6.8%) compared to the prior fiscal year of \$597,098,510. Total net assets of the City are comprised of the following:

- Capital assets, net of related debt, of \$566,908,401 (88.9%) include 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 assets of \$48,141,256 (7.6%) are restricted by constraints imposed from outside the City such as debt covenants, laws, and regulations.
- Net assets of \$22,533,797 (3.5%) represent 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 \$99,154,636. This compares to the prior fiscal year combined fund balances of \$82,795,039, showing an increase of \$16,359,597 (19.8%). Approximately 97.7% of the fund balances, \$96,894,792, is available for spending at the City's discretion (unreserved, undesignated fund balance).
- At the end of fiscal year, general fund had a total fund balance of \$17,439,686. The unreserved and designated portion of the fund balance was \$570,622. The unreserved, undesignated portion of the fund balance was \$16,869,064 or 23.0% of total general fund expenditures of \$73,263,596. The City has a policy which requires the unreserved, undesignated portion of the fund balance to be equivalent of two months of regular general fund operating expenditures. At the end of September 30, 2007, the unreserved, undesignated fund balance exceeded this required balance by \$4,658,465.

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 Assets. This statements shows the City of Pasadena's total assets and liabilities with the difference reported as *net assets*. Over time, increases or decreases in net assets 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 assets

changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the Statement of Activities is to show the relative financial burden of the City's distinct functions/programs on its taxpayers.

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

The government-wide financial statements include the City of Pasadena (*the primary government*), and the Pasadena Crime Control and Prevention District, a legally separate entity, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information of the City. The Pasadena Second Century Corporation, also a legally separate entity, is operated like a department of the City and therefore its financial information has been included as an integral part of the City (the primary government).

The government-wide financial statements can be found on pages 27-29 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 fiscal accountability, focusing on the use 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 statement 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 government fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Pasadena maintains nine individual governmental funds. Information for the general fund, debt service fund, Pasadena Second Century Corporation fund, capital projects fund, and grant management fund, is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All of the aforementioned funds are considered to be major funds. Information from the remaining four funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is presented in the Combining and Individual Fund Statements and Schedules section of this report.

The City of Pasadena adopts an annual appropriated budget for its general fund, debt service fund, the Federal equitable sharing of forfeited property of Justice and Treasury Departments within the grant management fund and four nonmajor 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 30-39 of this report.

Proprietary funds. The City has two types of proprietary funds: 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 governmental-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 40-45 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 47-78.

Other information. The combining and individual fund statements and schedules referred to earlier in connection with budgetary schedules, nonmajor governmental funds, and internal service funds can be found on pages 79-105.

Government-Wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. The City's assets exceeded liabilities by \$637,583,454 at fiscal year ended September 30, 2007.

CITY OF PASADENA'S Net Assets						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 141,298,214	\$ 113,569,248	\$ 25,524,339	\$ 23,528,165	\$ 166,822,553	\$ 137,097,413
Capital assets	477,695,580	459,451,949	195,160,872	196,621,393	672,856,452	656,073,342
Total assets	618,993,794	573,021,197	220,685,211	220,149,558	839,679,005	793,170,755
Long-term liabilities, outstanding	128,746,892	122,281,153	52,612,668	56,365,859	181,359,560	178,647,012
Other liabilities	15,171,361	11,359,047	5,564,630	6,066,186	20,735,991	17,425,233
Total liabilities	143,918,253	133,640,200	58,177,298	62,432,045	202,095,551	196,072,245
Net assets:						
Invested in capital assets, net of debt	412,109,172	403,974,440	154,799,229	154,352,867	566,908,401	558,327,307
Restricted	47,012,981	30,687,355	1,128,275	1,272,277	48,141,256	31,959,632
Unrestricted	15,953,388	4,719,202	6,580,409	2,092,369	22,533,797	6,811,571
Total net assets	\$ 475,075,541	\$ 439,380,997	\$ 162,507,913	\$ 157,717,513	\$ 637,583,454	\$ 597,098,510

By far the largest portion of the City's net assets, \$566,908,401 (88.9%), reflects its 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 assets increased by \$8,581,094 (1.5%) compared to prior fiscal year of \$558,327,307. The increase was due to the starting and completion of numerous capital project activities and the net impact on the amount of new debt issued and the amount of debt paid off.

The second portion of the City's net assets, \$48,141,256 (7.6%), represents resources that are subject to external restrictions on how they may be used. This compared to the prior fiscal year of \$31,959,632, showing an increase of \$16,181,624 (50.6%). The majority of the increase was from the payments received from the Harris County on their share of participation in two major street improvement projects.

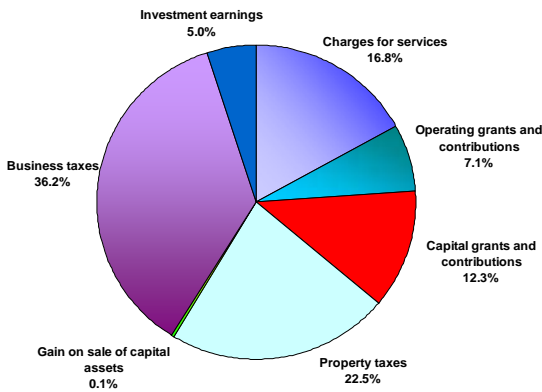
The third and final portion of the City's net assets, \$22,533,797 (3.5%) represents unrestricted resources that can be used to meet the City's ongoing obligations to citizens and creditors. This portion of net assets increased by \$15,722,226 (230.8%) compared to the prior fiscal year of \$6,811,571. This large increase can be traced to (1) decrease in overall expenses in general governmental activities and (2) decrease in water and sewer expenses, which attributed to the significant decline in interest expense since the City defeased \$30,130,000 Certificates of Obligation in the prior fiscal year and decreased in water purchase cost and transfers out to other funds, and (3) the overall increases in the City's general revenue, specifically in property and business taxes.

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

**CITY OF PASADENA'S
Changes in Net Assets**

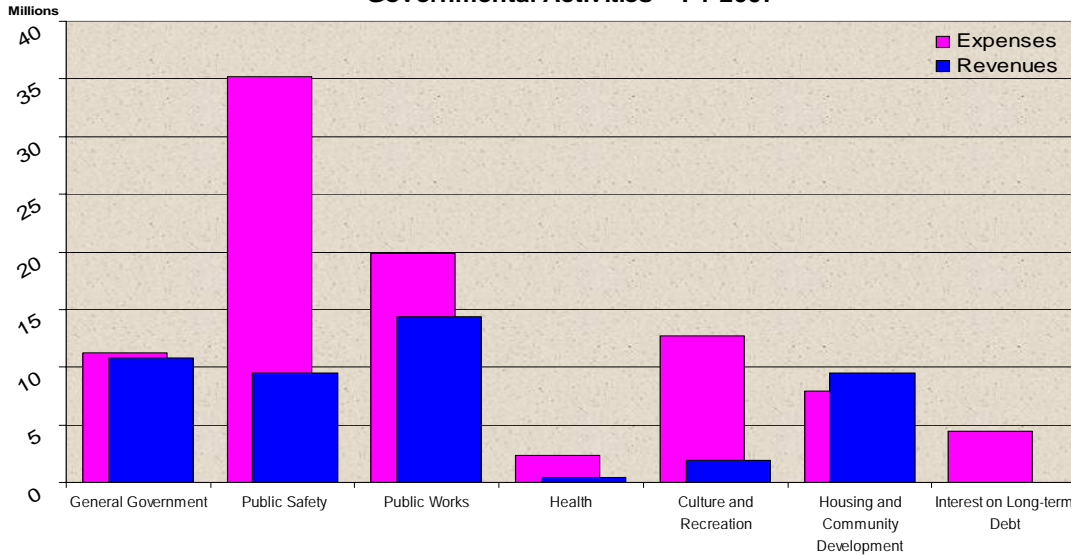
	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for services	\$ 21,585,430	\$ 20,227,675	\$ 30,744,928	\$ 31,279,537	\$ 52,330,358	\$ 51,507,212
Operating grants and contributions	9,148,611	11,135,131	-	-	9,148,611	11,135,131
Capital grants and contributions	15,711,854	2,266,320	-	-	15,711,854	2,266,320
General revenues						
Property taxes	28,855,714	27,210,647	-	-	28,855,714	27,210,647
Business taxes	45,824,738	42,696,275	-	-	45,824,738	42,696,275
Other taxes	604,342	579,428	-	-	604,342	579,428
Investment earnings	6,420,506	4,967,373	956,094	2,086,713	7,376,600	7,054,086
Gain on sale, of capital assets	102,835	-	-	-	102,835	-
Total Revenues	128,254,030	109,082,849	31,701,022	33,366,250	159,955,052	142,449,099
Expenses:						
General government	11,200,559	11,958,225	-	-	11,200,559	11,958,225
Public safety	35,213,887	36,671,473	-	-	35,213,887	36,671,473
Public works	19,851,288	20,305,363	-	-	19,851,288	20,305,363
Health	2,340,163	2,322,840	-	-	2,340,163	2,322,840
Culture and recreation	12,687,318	13,022,789	-	-	12,687,318	13,022,789
Housing and community development	7,968,458	8,720,771	-	-	7,968,458	8,720,771
Interest on long-term debt	4,478,707	4,231,769	-	-	4,478,707	4,231,769
Water and sewer	-	-	25,729,728	29,117,047	25,729,728	29,117,047
Total Expenses	93,740,380	97,233,230	25,729,728	29,117,047	119,470,108	126,350,277
Increase in net assets before transfers	34,513,650	11,849,619	5,971,294	4,249,203	40,484,944	16,098,822
Transfers	1,180,894	30,424,114	(1,180,894)	(30,424,114)	-	-
Increase (decrease) in net assets	35,694,544	42,273,733	4,790,400	(26,174,911)	40,484,944	16,098,822
Net assets - beginning	439,380,997	397,107,264	157,717,513	183,892,424	597,098,510	580,999,688
Net assets - ending	\$ 475,075,541	\$ 439,380,997	\$ 162,507,913	\$ 157,717,513	\$ 637,583,454	\$ 597,098,510

**Revenues by Source
Governmental Activities ~ FY 2007**



Governmental Activities. Governmental activities increased the City's net assets by \$35,694,544 (8.1%) during this fiscal year. The increase is attributed to combination of (1) increase in general revenues by \$4,798,444 (6.8%) because of the City's rising property value and sales tax collection, (2) monies received from Harris County for their participation in the City's capital projects in the amount of \$11,808,182, (3) increase in investment earnings by \$1,453,133 (29.3%) due to an increase in both the amount invested and the interest rates and (4) a decrease in overall expenses by \$3,492,850 (3.6%), due in part to tighter budget controls.

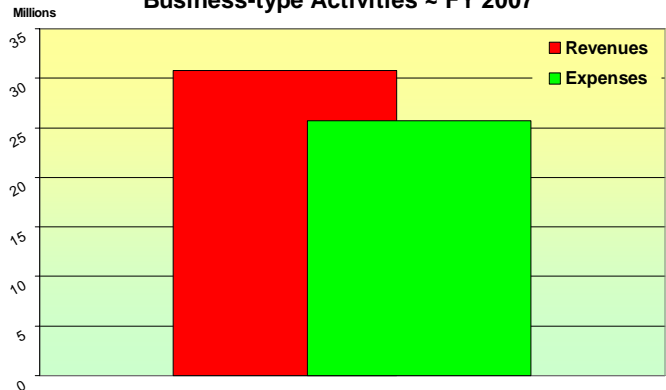
**Expenses and Program Revenues
Governmental Activities ~ FY 2007**

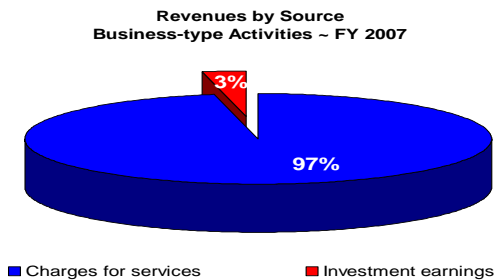


Business-type Activities. Business-type activities increased the City's net assets by \$4,790,400. The key elements of this increase include:

- Even though the charges for water and sewer services decreased by \$534,609 (1.7%) due to the continued trend of increased rainfall, however, this decrease was matched with a decrease in water purchase costs. Investment earnings decreased by \$1,130,619 due to the decreased in investment portfolio since the defeasement of \$30,130,000 debt in the prior year, which corresponded with the decrease in debt interest expense of \$1,813,647 in the current fiscal year.

**Expenses and Program Revenues
Business-type Activities ~ FY 2007**





- Transfers were reduced compared to prior fiscal year due to (1) prior year's one time recording of transfer of water and sewer portion of the general obligation refunding bond debt back from the governmental activities to the water and sewer enterprise fund (business-type activities) in the amount of \$27,645,000 and (2) transfer from the water and sewer system fund to the general fund was reduced to \$1,000,000 from \$2,400,000.

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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City reported combined ending fund balances of \$99,154,636; approximately 97.7% of this amount (\$96,894,792) represents unreserved, undesignated fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either reserved or designated to show that it is not available for other spending because it has already been committed to:

- 1) liquidate contracts and purchase orders from the prior fiscal year (\$685,739 or 0.7%)
- 2) pay debt service (\$1,495,924 or 1.5%)
- 3) pay for certain capital and technological improvements and recall, election, and charter revision (\$78,181 or 0.1%)

The general fund is the principal operating fund of the City of Pasadena. As of September 30, 2007, the general fund reported fund balance of \$17,439,686. This compared to the prior fiscal year of \$14,572,714, showing an increase of \$2,866,972 (19.7%).

The unreserved, undesignated portion of the general fund balance was \$16,869,064. 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 including transfers out of \$73,961,070 (22.8%) versus the total fund balance to the same amount (23.6%).

The debt service fund has a total fund balance of \$1,495,924, all of which is reserved for the payment of debt service. An increase of \$475,760 (46.6%) in fund balance compared to prior fiscal year of \$1,020,164 was due to increase in property taxes collections correlated with increase in 2006 taxable assessed valuation by 5.6%.

The Pasadena Second Century Corporation fund has a total fund balance of \$15,664,093, all of which is restricted for economic development capital projects. The net decrease in fund balance during the current fiscal year was \$640,359 (3.9%) compared to prior fiscal year of \$16,304,452. The decrease was in part due to the transfer of \$7,779,404 to the City for their share of project costs that are currently under construction or contract.

The capital projects fund has a total fund balance of \$57,067,439, all of which is restricted for capital improvement projects. The net increase in fund balance during the current fiscal year amounted to \$12,962,105 (29.4%) compared to prior fiscal year of \$44,105,334. Even though the capital outlay expenditures has increased significantly by \$7,135,280 (50.0%), it was offset by (1) new debt issuances in the amount of \$12,450,000, (2) the transfer in of \$7,779,404 from the Pasadena Second Century

Corporation for the Vista Drainage Improvement Phase II and the Pasadena Boulevard Phase II and III projects and (3) monies received \$11,808,182 from the Harris County for their share of participation in City's street improvement projects.

The grant management fund has a total fund balance of \$3,669,281, all of which is restricted for specific grant purposes. The net increase in fund balance during the fiscal year was \$337,520 (10.1%) compared to prior fiscal year of \$3,331,761. The increase was primarily due to ongoing grant revenues and the City's required match/transfers outpaced the grants expenditures.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the City's proprietary funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The final amended expenditure budget of \$75,113,452, including transfers out, was \$46,521 (0.1%) less than the original budget of \$75,159,973.

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

- \$869,925 decrease for General Government - included a decrease of \$1,000,000 in personal services under other charges.
- \$1,289,177 increase for Public Safety - included increased costs in various salary accounts.
- \$368,445 decrease for Public Works - included a decrease in street lighting and signals in the amount of \$119,380.
- \$59,500 increase in Health - included an increase in animal rescue services in the amount of \$68,000.
- \$172,505 decrease in Culture and Recreation - included a decrease of \$174,000 for personnel services in the multi-purpose center department.
- \$1,515,677 decrease in interfund transfers - included a decrease of \$1,500,00 of amount transferred to the General Fund from the Water and Sewer System Fund.

Even with the abovementioned amendments, total actual expenditures, including transfers out, of \$73,961,070 were \$1,152,382 (1.5%) below the final budget. The actual personnel and contractual service expenditures came in under the final budgeted amount by \$330,612 and \$537,647, respectively.

Actual revenues including the transfers in totaled to \$76,828,042, which was over the final budgeted amount of \$74,567,411 by \$2,260,631 (3.0%). The largest favorable variance was in the business taxes and municipal court fines in the amount of \$836,740 and \$636,004, respectively.

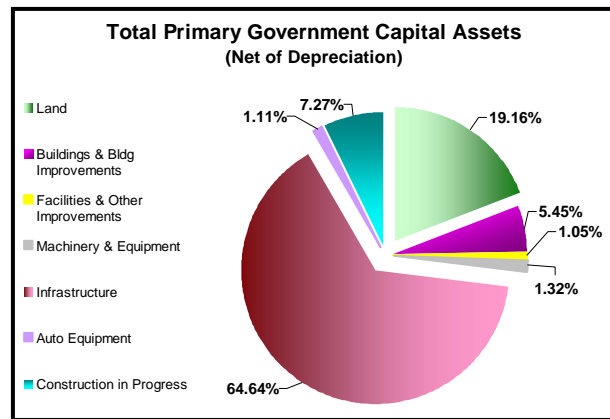
Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounted to \$672,856,452 (net of accumulated depreciation). This investment includes land, buildings and building improvements, facilities and other improvements, machinery and equipment, infrastructure (streets, bridges, storm drains, water and sewer systems), automotive, and construction in progress.

The total increase in the City's investment in capital assets for the current fiscal year was \$16,783,110 (2.6%) compared to prior fiscal year of \$656,073,342. A 4.0% increase for governmental activities and a 0.7% decrease for business-type activities.

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

- Continued with the Crenshaw drainage (D005) – \$1,148,471 with \$1,247,334 construction in progress at the end of fiscal year.
- Started the Hays Street drainage (D016) – with \$183,692 construction in progress at the end of fiscal year.
- Continued with the Vista drainage improvements (D017) - \$1,630,454 with \$2,046,118 construction in progress at the end of fiscal year.
- Continued with Pine Street drainage (D021) - \$3,671,368 with \$4,066,551 construction in progress at the end of fiscal year.
- Continued and completed the 2006 storm sewer replacement project (D030) - \$106,143 with final capitalized project cost in the amount of \$468,898.
- Started the 2007 storm sewer replacement project (D030) - \$246,028 construction in progress at the end of fiscal year.
- The regional flood detention facility (DZ014) – PISD is to design and construct the facility and bills the City for its share of the cost. \$225 paid to PISD at the end of fiscal year.
- Continued and completed the rebuilding of fire station #2 (F003) - \$174,521 with the final capitalized project cost in the amount of \$2,587,754.
- Continued and completed the traffic signal preemption installation (F008) - \$76,181 with the final capitalized project cost in the amount of \$528,152.
- Started and completed moving a house to the fire training academy (FZ002) – \$36,000
- Started the central library renovation (L001) - with \$191,158 construction in progress at the end of fiscal year.
- Started the remodeling of City Hall facilities (M001) – with \$53,940 construction in progress at the end of fiscal year.
- Continued and completed the remodeling offices at Vince Bayou WW Treatment Facility (M004) - \$346,089 with final capitalized project cost in the amount of \$574,490.
- Continued and completed the monitored security and access ID system (MZ001) - \$40,148 with the final capitalized project cost of \$184,374.
- Continued with the new police complex (P001) - \$4,014,509 with \$8,606,695 construction in progress at the end of fiscal year.
- Started the preliminary phase of the police shooting range building (PZ002) - with \$26,500 survey and design costs at the end of fiscal year.
- Continued with Memorial park renovation project (R007) - \$272,397 with \$3,141,862 construction in progress at the end of fiscal year.
- Continued with the preliminary phase of Preston/Crenshaw Park (R018) - \$10,205 with \$26,335 landscape architecture design in progress at the end of fiscal year.
- Started the preliminary phase of sports complex (R019) - with \$4,226 study costs in progress at the end of fiscal year.
- Continued with the Armand Bayou hike and bike trail project (R029) - \$906,730 with \$2,779,045 construction in progress at the end of fiscal year.
- Continued with Vince Bayou hike and bike trail phase I (R031) - \$15,028 with \$59,525 land acquisitions and design costs in progress at the end of fiscal year.
- Continued with the Holly Bay spur hike and bike trail (R033) - \$243,153 with \$267,883 construction in progress at the end of fiscal year.
- Continued with the Village Grove pedestrian bridge (R034) - \$182,642 with \$209,742 construction in progress at the end of fiscal year.
- Started and completed the park restroom renovations (R050) - \$39,205 total construction costs.
- Continued with the aquatic facility feasibility study (R052) - \$16,168 with \$33,082 study cost in progress at the end of fiscal year.



- Started and completed the Sunset pool building renovation (R053) - with the final capitalized project cost in the amount of \$176,447.
- Continued with the Memorial Park basketball pavilion (R058) - \$173,361 with \$187,017 construction in progress at the end of fiscal year.
- Continued and completed the Pavilion at Burke-Crenshaw Park (RZ001) - \$237,812 with the final capitalized project cost in the amount of \$619,930.
- Continued with the Pasadena Blvd, Phase II (S006) - \$1,208,658 with \$1,655,448 construction in progress at the end of fiscal year.
- Started and completed the Harris Avenue Bridge (S009) - with the final capitalized project cost in the amount of \$723,965.
- Started the Jana Street bridge extension (S009) - with \$116,511 construction in progress at the end of fiscal year.
- Started the 2007 annual sidewalk project (S013) - with \$313,052 construction in progress at the end of fiscal year.
- Continued with right of way acquisitions (S014) - \$52,500 with \$492,614 accumulated costs at the end of fiscal year.
- Continued and completed the Vista extension phase I (S017) - \$95,953 with final capitalized project cost in the amount of \$5,239,350.
- Continued and completed the Lamar Street reconstruction (S022) - \$869,259 with final capitalized project cost in the amount of \$1,166,519.
- Continued with the Pasadena Blvd phase III (S027) - \$2,716,356 with \$2,921,993 construction in progress at the end of fiscal year.
- Continued with the reconstruction of Strawberry phase III (S035) - \$290,500 with \$5,476,083 construction in progress at the end of the fiscal year.
- Preliminary phase of Strawberry Road extension (S044) - \$28,669 with \$3,089,975 land acquisitions and engineering costs at the end of fiscal year, this project is currently placed on hold.
- Continued with the preliminary phase of the Preston Street extension project (S049) - \$7,000 with \$74,344 engineering and surveying costs at the end of fiscal year.
- Continued and completed the Pansy (S052) - \$273,248 with \$276,348 final capitalized project cost at the end of fiscal year.
- Continued and completed the 2006 annual pavement replacement (S056) - \$498,631 with final capitalized project cost in the amount of \$1,034,116
- Started the 2007 annual pavement replacement (S056) - with \$538,485 construction in progress at the end of fiscal year.
- Started the preliminary phase of the Beverly Court paving project (S059) - with \$5,600 surveying cost at the end of fiscal year.
- Started the Pasadena Blvd asphalt overlay project (S060) – with \$30,700 construction in progress at the end of fiscal year.
- Started the land acquisitions for the West Harris Avenue bridge project (S078) - with \$15,655 land purchased at the end of fiscal year.
- Continued with the intersection redesign (T002, T002A) - \$24,716 with \$898,468 construction in progress at the end of fiscal year.
- Started and completed installation of (4) school zone flashers and replacement of lighting on SH 225 (T004) - \$43,144.
- Started the thermo pavement marking (T05A) - with \$30,096 construction in progress at the end of fiscal year.
- Continued with the Beltway 8 exit ramp study (TZ001) - \$22,945 with \$58,300 construction in progress at the end of fiscal year.
- Continued and completed the elevated water tanks' renovation and construction (W003) - \$500 with the final capitalized project cost in the amount of \$3,813,522.
- Continued with the El Jardin water line project (W006) - \$25,207 with \$233,941 engineering design costs at the end of fiscal year. This project is currently placed on hold pending the expansion of the Southeast Water Purification Plant
- Continued with the SE Water Pump Station (W012) - \$107,709 with \$150,749 engineering design costs at the end of fiscal year. This project is currently placed on hold pending the expansion of the Southeast Water Purification Plant.

- Started the loop completion of distribution system (W014) design phase - with \$101,006 construction in progress at the end of fiscal year.
- Continued and completed the water well rehabilitation (W016) – \$789 with the final capitalized project cost in the amount of \$189,706.
- Continued with updating the water distribution plan (WZ004) - \$6,000 with \$54,600 engineering costs at the end of fiscal year.
- Continued and completed the lift station replacements on Burke and Strawberry (WW002) - with final capitalized project cost in the amount of \$2,192,639.
- Continued with the lift station replacements: Pansy, Crenshaw and El Cary (WW002) - \$543,340 with \$714,697 construction in progress at the end of fiscal year.
- Started and completed wastewater line rehabilitation – Brook Street (WW018) – with the final capitalized project in the amount of \$100,370.
- Started the Southmore wastewater line rehabilitation (WW018)- with \$137,305 construction in progress at the end of fiscal year.
- Purchased the Deepwater wastewater treatment plant site (WW023) - \$618,296.
- Continued with Golden Acres WWTP Improvements (WWZ010) - \$317,051 with \$417,851 construction in progress at the end of fiscal year.
- Continued and completed the Louisiana Street sanitary sewer installation (WWZ11) - \$46,927 with the final capitalized project cost in the amount of \$195,300
- Started the demolition of various properties (Z020) – with \$517,574 incurred costs in progress at the end of fiscal year.

**Capital Assets
(net of depreciation)
September 30, 2007**

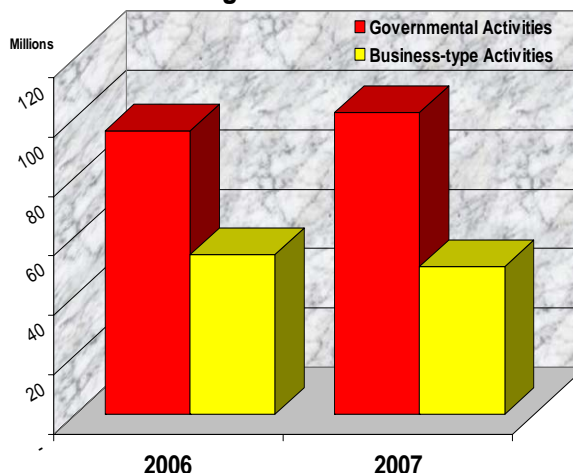
	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land	\$ 126,987,778	\$ 126,300,879	\$ 1,970,647	\$ 1,238,951	\$ 128,958,425	\$ 127,539,830
Buildings and building improvements	34,310,063	32,388,091	2,432,899	1,977,004	36,742,962	34,365,095
Facilities and other improvements	3,037,046	3,125,632	4,062,561	3,348,869	7,099,607	6,474,501
Machinery and equipment	5,379,680	4,845,559	3,580,661	3,742,838	8,960,341	8,588,397
Infrastructure	255,486,641	250,810,628	179,490,232	177,130,425	434,976,873	427,941,053
Automotive equipment	6,894,519	7,072,977	217,794	305,585	7,112,313	7,378,562
Construction in progress	45,599,853	34,908,183	3,406,078	8,877,721	49,005,931	43,785,904
Totals	<u>\$ 477,695,580</u>	<u>\$ 459,451,949</u>	<u>\$ 195,160,872</u>	<u>\$ 196,621,393</u>	<u>\$ 672,856,452</u>	<u>\$ 656,073,342</u>

Additional information on the City of Pasadena’s capital assets can be found in note IV, D to the financial statements.

Long-term debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$151,234,283. Of this amount, \$125,480,000 represents debts backed by the full faith and credit of the City, \$3,737,371 represents debt secured by the sales tax revenues, \$21,165,000 represents debts secured solely by the net revenues of the City’s water and sewer operations and \$851,912 unsecured debt.

During the fiscal year, the City issued two new debts – (1) General Obligation and Refunding Bonds, Series 2006 in the amount of \$8,915,000, which provided new funding (\$6,500,000) to various capital projects and refunded \$2,270,000 in principal of Combination Tax and Revenue Bonds, Series 2001 and (2) Certificates of Obligations, Series 2007 in

Outstanding Debt ~ 2006 vs. 2007



the amount of \$5,950,000 to partially fund the construction of the new police complex.

The overall debt increased by \$2,325,290 (1.56%). Please refer to note IV, G 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, 2007**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
General and certificate						
obligation bonds including refunding	\$ 97,835,000	\$ 89,512,875	\$ 27,645,000	\$ 27,645,000	\$ 125,480,000	\$ 117,157,875
Other long-term debt	3,737,371	5,736,264	-	-	3,737,371	5,736,264
Revenue bonds	-	-	17,120,000	18,625,000	17,120,000	18,625,000
Refunding revenue bonds	-	-	1,550,000	2,565,000	1,550,000	2,565,000
Tax and revenue						
certificate of obligation bonds	-	-	2,495,000	3,405,000	2,495,000	3,405,000
Deferred water charges debt	-	-	851,912	1,419,854	851,912	1,419,854
Total	\$ 101,572,371	\$ 95,249,139	\$ 49,661,912	\$ 53,659,854	\$ 151,234,283	\$ 148,908,993

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

Standard & Poors – "A+"
Moody's Investor Services – "A1"
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 \$503,276,838, 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 2007) was 4.8%, up from 4.7% for the previous December per the Texas Workforce Commission.
- Assessed value for property tax used for the fiscal year 2008 budget preparation is up approximately \$200 million (4.2%) from fiscal year 2007 and is expected to bring in an additional \$1,052,342 in revenues.
- The sales tax revenue per the fiscal year 2008 adopted budget is expected to grow by (2.6%) over fiscal year 2007, reflecting the growth in the region's energy base, and local economy district fee revenue. Sales tax revenue is expected to continue this upward trend.
- The fiscal year 2008 adopted budget anticipates a fifth year of slight decline in industrial revenue. This small decline can be traced to the industrial district agreement calculation.
- The 2008 budget includes an increase in water and sewer operating revenues of approximately \$2,605,490 (8.3%) compared to the actual fiscal year 2007. This should cover the City's cost in providing water and sewer service while minimizing the impact on residential customers over 65.
- Transfers have been derived based on the anticipated costs during the upcoming year for services or for subsidy purposes.

These indicators were taken into account when adopting the general fund budget for fiscal year 2008. Revenues in the general fund are budgeted in the amount of \$77,481,595, an increase of 3.9% over the final fiscal year 2007 budget of \$74,577,411 (including transfer in).

Expenditures are budgeted to increase by 3.2%, or \$2,385,009, in comparison to the final budgeted expenditures of fiscal year 2007. The City under spent in the personnel category in this fiscal year 2007 budget but anticipates a \$4.1 million increase in the general funds during fiscal year 2008. This is mostly attributed to fully funding vacant positions plus benefits.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and 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's Finance Department.

BASIC FINANCIAL STATEMENTS

**CITY OF PASADENA, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pasadena Crime Control and Prevention District
ASSETS				
Cash and cash equivalents	\$ 1,426,859	\$ 94,757	\$ 1,521,616	\$ -
Investments	43,907,528	7,123,262	51,030,790	1,900,785
Receivables (net of allowances for uncollectible)	6,636,473	6,109,638	12,746,111	1,215,846
Due from primary government	-	-	-	52,345
Due from component unit	11,695	-	11,695	-
Internal balances	(554,947)	554,947	-	-
Inventories	507,185	-	507,185	-
Deposits	41,000	-	41,000	-
Deferred charges	1,195,654	774,628	1,970,282	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	1,092,279	-	1,092,279	-
Investments	85,650,119	10,867,107	96,517,226	-
Intergovernmental receivables	1,384,369	-	1,384,369	-
Capital assets not being depreciated:				
Land	126,987,778	1,970,647	128,958,425	-
Construction in progress	45,599,853	3,406,078	49,005,931	-
Capital assets net of accumulated depreciation:				
Buildings and building improvements	34,310,063	2,432,899	36,742,962	-
Facilities and other improvements	3,037,046	4,062,561	7,099,607	-
Machinery and equipment	5,379,680	3,580,661	8,960,341	-
Infrastructure	255,486,641	179,490,232	434,976,873	-
Automotive	6,894,519	217,794	7,112,313	-
TOTAL ASSETS	618,993,794	220,685,211	839,679,005	3,168,976
LIABILITIES				
Accounts payable and other current liabilities	6,290,474	1,304,379	7,594,853	33,868
Accrued payroll payable	1,084,567	127,328	1,211,895	88,379
Accrued interest payable	539,378	171,424	710,802	-
Due to primary government	-	-	-	11,695
Due to component unit	52,345	-	52,345	-
Liabilities payable from restricted assets	5,832,103	1,364,411	7,196,514	-
Customer deposits	-	2,597,088	2,597,088	-
Unearned revenue	1,372,494	-	1,372,494	-
Noncurrent liabilities:				
Due within one year	11,538,087	3,877,947	15,416,034	82,800
Due in more than one year	117,208,805	48,734,721	165,943,526	151,800
TOTAL LIABILITIES	143,918,253	58,177,298	202,095,551	368,542
NET ASSETS				
Invested in capital assets, net of related debt	412,109,172	154,799,229	566,908,401	-
Restricted for:				
Capital projects	36,761,305	-	36,761,305	-
Grant and special revenue activities	8,535,648	-	8,535,648	-
Public safety	-	-	-	2,800,434
Debt service	1,716,028	1,128,275	2,844,303	-
Unrestricted	15,953,388	6,580,409	22,533,797	-
TOTAL NET ASSETS	\$ 475,075,541	\$ 162,507,913	\$ 637,583,454	\$ 2,800,434

The accompanying notes are an integral part of the financial statements

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**CITY OF PASADENA, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Pasadena Crime Control and Prevention District
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 11,200,559	\$ 9,077,366	\$ 17,348	\$ 1,670,411	\$ (435,434)	\$ -	\$ (435,434)	\$ -
Public safety	35,213,887	7,845,825	861,285	823,394	(25,683,383)	-	(25,683,383)	-
Public works	19,851,288	2,542,083	-	11,808,182	(5,501,023)	-	(5,501,023)	-
Health	2,340,163	435,441	-	-	(1,904,722)	-	(1,904,722)	-
Culture and recreation	12,687,318	1,634,984	120,283	126,321	(10,805,730)	-	(10,805,730)	-
Housing and community development	7,968,458	49,731	8,149,695	1,283,546	1,514,514	-	1,514,514	-
Interest on long-term debt	4,478,707	-	-	-	(4,478,707)	-	(4,478,707)	-
Total governmental activities	93,740,380	21,585,430	9,148,611	15,711,854	(47,294,485)	-	(47,294,485)	-
Business-type activities:								
Water and sewer system	25,729,728	30,744,928	-	-	-	5,015,200	5,015,200	-
TOTAL PRIMARY GOVERNMENT	\$ 119,470,108	\$ 52,330,358	\$ 9,148,611	\$ 15,711,854	(47,294,485)	5,015,200	(42,279,285)	-
Component unit:								
Pasadena Crime Control District	\$ 7,421,548	\$ -	\$ -	\$ -	28,855,714	-	28,855,714	7,421,548
General revenues:								
General property taxes								
Business taxes								
Industrial district fees					15,153,643	-	15,153,643	-
Sales taxes					23,088,652	-	23,088,652	7,513,218
Utility taxes					7,582,443	-	7,582,443	-
Other taxes					604,342	-	604,342	-
Total business taxes					46,429,080	-	46,429,080	7,513,218
Investment earnings								
Unrestricted					2,580,560	386,097	2,966,657	-
Restricted					3,839,946	569,997	4,409,943	131,370
Gain on sale of capital assets					102,835	-	102,835	-
Transfers					1,180,894	(1,180,894)	-	-
Total general revenues and transfers					82,989,029	(224,800)	82,764,229	7,644,588
CHANGE IN NET ASSETS					35,694,544	4,790,400	40,484,944	223,040
NET ASSETS - BEGINNING					439,380,997	157,717,513	597,098,510	2,577,394
NET ASSETS - ENDING					\$ 475,075,541	\$ 162,507,913	\$ 637,583,454	\$ 2,800,434

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007**

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,426,859	\$ -	\$ -	\$ -
Investments	20,057,293	-	-	-
Receivables (net of allowance for uncollectible)	4,289,225	391,844	1,260,563	16,163
Due from other funds	441,543	92,289	85,951	-
Due from component unit	-	-	-	-
Restricted assets				
Cash and cash equivalents	-	-	13,348	-
Investments	-	1,324,184	14,432,448	62,206,566
Receivables (net of allowance for uncollectible)	69,253	-	-	-
TOTAL ASSETS	\$ 26,284,173	\$ 1,808,317	\$ 15,792,310	\$ 62,222,729
<u>LIABILITIES</u>				
Accounts payable	\$ 5,736,045	\$ 2,750	\$ -	\$ -
Accrued payroll payable	993,540	-	-	-
Intergovernmental payable	-	-	-	-
Due to other funds	1,703,720	-	-	77,673
Due to component unit	52,345	-	-	-
Compensated absences payable	-	-	-	-
Deferred revenue	358,837	309,643	-	-
Liabilities payable from restricted assets	-	-	128,217	5,077,617
TOTAL LIABILITIES	8,844,487	312,393	128,217	5,155,290
<u>FUND BALANCES</u>				
Reserved for:				
Debt service	-	1,495,924	-	-
Total reserved	-	1,495,924	-	-
Unreserved, designated for, reported in:				
Encumbrances	492,441	-	-	43,500
General fund				
Capital and technology improvements	63,181	-	-	-
Recall, election, and charter revisions	15,000	-	-	-
Total unreserved and designated	570,622	-	-	43,500
Unreserved, undesignated for, reported in:				
General fund	16,869,064	-	-	-
Pasadena Second Century Corporation fund	-	-	15,664,093	-
Capital projects fund	-	-	-	57,023,939
Grant management fund	-	-	-	-
Special revenue funds	-	-	-	-
Total unreserved, undesignated	16,869,064	-	15,664,093	57,023,939
TOTAL FUND BALANCES	17,439,686	1,495,924	15,664,093	57,067,439
TOTAL LIABILITIES AND FUND BALANCES	\$ 26,284,173	\$ 1,808,317	\$ 15,792,310	\$ 62,222,729

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

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

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

Internal service funds are used by management to charge the costs of technical services, warehouse, fleet, facilities operations, mail room, risk management - in regards to workers' compensation claims, general liabilities, and health care benefits to individual funds. These assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

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

NET ASSETS OF GOVERNMENTAL ACTIVITIES

Grant Management	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ -	\$ 1,426,859
-	-	20,057,293
-	-	5,957,795
-	39,888	659,671
-	-	-
1,025,964	52,967	1,092,279
4,084,276	3,602,645	85,650,119
1,148,331	166,785	1,384,369
\$ 6,258,571	\$ 3,862,285	\$ 116,228,385

\$ -	\$ -	\$ 5,738,795
-	-	993,540
31,684	-	31,684
335,078	5,033	2,121,504
-	-	52,345
247,291	-	247,291
1,372,494	-	2,040,974
602,743	39,039	5,847,616
2,589,290	44,072	17,073,749

-	-	1,495,924
-	-	1,495,924

103,750	46,048	685,739
-	-	63,181
-	-	15,000
103,750	46,048	763,920

-	-	16,869,064
-	-	15,664,093
-	-	57,023,939
3,565,531	-	3,565,531
-	3,772,165	3,772,165
3,565,531	3,772,165	96,894,792
3,669,281	3,818,213	99,154,636
\$ 6,258,571	\$ 3,862,285	

470,339,393

668,480

28,217,251

(123,304,219)

\$ 475,075,541

The accompanying notes are an integral part of the financial statements

CITY OF PASADENA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects
REVENUES				
General property taxes	\$ 17,401,123	\$ 11,468,596	\$ -	\$ -
Business taxes				
Industrial district fees	15,153,643	-	-	-
Sales taxes	15,392,434	-	7,696,218	-
Utility taxes	7,582,443	-	-	-
Other taxes	205,220	-	-	-
Total business taxes	<u>38,333,740</u>	<u>-</u>	<u>7,696,218</u>	<u>-</u>
Licenses and permits	2,611,192	-	-	-
Municipal court fines	6,019,004	-	-	-
Charges for services	9,143,891	-	-	-
Intergovernmental	316,014	-	-	-
Program income	-	-	-	-
Contribution from outside sources	-	-	-	11,808,182
Miscellaneous	488,940	-	-	-
Investment income	1,514,138	103,610	758,795	2,616,137
TOTAL REVENUES	<u>75,828,042</u>	<u>11,572,206</u>	<u>8,455,013</u>	<u>14,424,319</u>
EXPENDITURES				
Current:				
General government	10,903,880	-	-	19,401
Public safety	32,969,436	-	-	-
Public works	14,551,840	-	242,608	31,841
Health	2,396,944	-	-	-
Culture and recreation	12,441,496	-	-	32,719
Housing and community development	-	-	-	-
Debt Service:				
Principal	-	5,444,315	768,220	-
Interest	-	5,819,860	133,214	-
Fiscal charges	-	10,386	-	-
Bond issuance cost	-	50,081	-	286,172
Capital Outlay:				
General government	-	-	-	10,314
Public safety	-	-	-	4,269,920
Public works	-	-	171,926	15,038,246
Culture and recreation	-	-	-	2,048,923
TOTAL EXPENDITURES	<u>73,263,596</u>	<u>11,324,642</u>	<u>1,315,968</u>	<u>21,737,536</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,564,446</u>	<u>247,564</u>	<u>7,139,045</u>	<u>(7,313,217)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	166,440	-	7,779,404
Transfers out	(697,474)	-	(7,779,404)	-
Bonds issued	-	-	-	12,450,000
Refunding bonds issued	-	2,415,000	-	-
Premiums on bonds issued	-	10,875	-	45,918
Payment to refunded bond escrow agent	-	(2,364,119)	-	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>302,526</u>	<u>228,196</u>	<u>(7,779,404)</u>	<u>20,275,322</u>
NET CHANGE IN FUND BALANCES	<u>2,866,972</u>	<u>475,760</u>	<u>(640,359)</u>	<u>12,962,105</u>
FUND BALANCES, BEGINNING	<u>14,572,714</u>	<u>1,020,164</u>	<u>16,304,452</u>	<u>44,105,334</u>
FUND BALANCES, ENDING	<u>\$ 17,439,686</u>	<u>\$ 1,495,924</u>	<u>\$ 15,664,093</u>	<u>\$ 57,067,439</u>

Grant Management	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ -	\$ 28,869,719
-	-	15,153,643
-	-	23,088,652
-	-	7,582,443
-	399,122	604,342
-	399,122	46,429,080
-	3,330	2,614,522
-	459,329	6,478,333
-	-	9,143,891
12,320,755	326,782	12,963,551
185,920	-	185,920
-	-	11,808,182
-	279,310	768,250
175,257	186,147	5,354,084
12,681,932	1,654,020	124,615,532
1,665,153	475,435	13,063,869
1,283,804	544,280	34,797,520
-	-	14,826,289
-	-	2,396,944
260,222	276,706	13,011,143
9,166,267	-	9,166,267
-	-	6,212,535
-	-	5,953,074
-	-	10,386
-	-	336,253
-	-	10,314
-	-	4,269,920
-	-	15,210,172
-	-	2,048,923
12,375,446	1,296,421	121,313,609
306,486	357,599	3,301,923
31,034	-	8,976,878
-	-	(8,476,878)
-	-	12,450,000
-	-	2,415,000
-	-	56,793
-	-	(2,364,119)
31,034	-	13,057,674
337,520	357,599	16,359,597
3,331,761	3,460,614	82,795,039
\$ 3,669,281	\$ 3,818,213	\$ 99,154,636

The accompanying notes are an integral part of the financial statements

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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, 2007**

Amounts reported for governmental activities in the statement of activities (page 29) are different because:

Net change in fund balances - total governmental funds (page 33)	\$	16,359,597
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.		18,340,808
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfer and donations) is to increase net assets		441,108
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(14,005)
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 assets. 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.		(5,994,350)
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.		292,472
Internal service funds are used by management to charge the costs of technical services, warehouse, fleet, facilities operations, mailroom, risk managements 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 fund is reported with governmental activities.		6,268,914
Change in net assets of governmental activities (page 29)	\$	<u>35,694,544</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 17,404,000	\$ 17,404,000	\$ 17,401,123	\$ (2,877)
Business taxes				
Industrial district fees	14,750,000	15,030,000	15,153,643	123,643
Sales taxes	14,280,000	14,550,000	15,392,434	842,434
Utility taxes	7,419,000	7,719,000	7,582,443	(136,557)
Other taxes	198,000	198,000	205,220	7,220
Total business taxes	<u>36,647,000</u>	<u>37,497,000</u>	<u>38,333,740</u>	<u>836,740</u>
Licenses and permits	2,119,300	2,369,300	2,611,192	241,892
Municipal court fines	5,383,000	5,383,000	6,019,004	636,004
Charges for services	9,002,500	9,002,500	9,143,891	141,391
Intergovernmental	216,300	220,300	316,014	95,714
Miscellaneous	372,800	378,490	488,940	110,450
Investment income	908,500	1,312,821	1,514,138	201,317
TOTAL REVENUES	<u>72,053,400</u>	<u>73,567,411</u>	<u>75,828,042</u>	<u>2,260,631</u>
EXPENDITURES				
Current				
General Government				
City council	103,688	111,933	89,597	22,336
Mayor	430,523	489,182	462,173	27,009
Budget and financial planning	235,876	259,096	255,440	3,656
Municipal court	1,669,322	1,661,642	1,650,161	11,481
City controller	1,312,252	1,312,412	1,294,558	17,854
Tax	363,050	354,490	354,335	155
Purchasing	258,395	267,750	249,617	18,133
Legal	893,367	852,967	817,650	35,317
City secretary	268,645	300,736	294,830	5,906
Elections	70,153	61,553	58,104	3,449
Human resources	627,000	629,345	624,236	5,109
City marshal	618,815	658,135	649,955	8,180
Community relations	594,702	605,672	582,186	23,486
Pasadena action line	281,617	285,867	284,582	1,285
Planning	282,974	331,235	312,990	18,245
Planning/development administration	225,784	213,538	200,238	13,300
Neighborhood network	222,684	253,789	252,988	801
Inspections	1,548,813	1,542,563	1,503,173	39,390
Property management	736,688	732,218	719,789	12,429
Technology	105,040	105,040	80,203	24,837
Other charges	1,262,410	212,710	167,075	45,635
Total General Government	<u>12,111,798</u>	<u>11,241,873</u>	<u>10,903,880</u>	<u>337,993</u>
Public Safety				
Emergency preparedness	203,125	212,375	205,460	6,915
Fire fighting	3,739,319	3,789,819	3,697,855	91,964
Fire prevention	893,702	903,702	886,525	17,177
Police	27,071,489	28,290,916	28,179,596	111,320
Total Public Safety	<u>31,907,635</u>	<u>33,196,812</u>	<u>32,969,436</u>	<u>227,376</u>
Public Works				
Public works administration	226,891	222,151	219,676	2,475
Engineering	1,778,544	1,700,069	1,647,917	52,152
Street lighting and signals	1,400,000	1,280,620	1,278,585	2,035
Sanitation	7,360,928	7,175,228	6,849,730	325,498
Street and bridge	3,612,627	3,562,627	3,459,803	102,824
Traffic and transportation	1,105,110	1,170,160	1,091,354	78,806
Environment services	-	4,800	4,775	25
Total Public Works	<u>\$ 15,484,100</u>	<u>\$ 15,115,655</u>	<u>\$ 14,551,840</u>	<u>\$ 563,815</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Health				
Health	\$ 1,529,091	\$ 1,520,591	\$ 1,426,901	\$ 93,690
Animal rescue and assistance	947,516	1,015,516	970,043	45,473
Total Health	2,476,607	2,536,107	2,396,944	139,163
Culture and Recreation				
Leisure services administration	217,459	237,769	237,421	348
Parks	3,462,064	3,469,264	3,657,618	(188,354)
Recreation	2,337,330	2,315,010	2,213,329	101,681
Clean streets	981,245	1,016,845	1,008,447	8,398
Golf course	672,026	685,801	650,548	35,253
Multi-purpose center	559,779	385,779	366,307	19,472
Civic center	838,153	779,453	746,967	32,486
Senior center - Madison Jobe	389,477	403,402	396,750	6,652
Library	3,222,300	3,214,005	3,164,109	49,896
Total Culture and Recreation	12,679,833	12,507,328	12,441,496	65,832
TOTAL EXPENDITURES	74,659,973	74,597,775	73,263,596	1,334,179
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,606,573)	(1,030,364)	2,564,446	3,594,810
OTHER FINANCING SOURCES (USES)				
Transfers in	2,500,000	1,000,000	1,000,000	-
Transfers out	(500,000)	(515,677)	(697,474)	(181,797)
Sale of capital assets	10,000	10,000	-	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	2,010,000	494,323	302,526	(191,797)
NET CHANGE IN FUND BALANCES	(596,573)	(536,041)	2,866,972	3,403,013
FUND BALANCES - BEGINNING	12,434,151	14,572,714	14,572,714	-
FUND BALANCES - ENDING	\$ 11,837,578	\$ 14,036,673	\$ 17,439,686	\$ 3,403,013

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 BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 711,500	\$ 711,500	\$ 309,333	\$ (402,167)
Program Income	13,900	13,900	56,420	42,520
TOTAL REVENUES	<u>725,400</u>	<u>725,400</u>	<u>365,753</u>	<u>(359,647)</u>
EXPENDITURES				
Current				
Public safety				
Contractual services	114,400	114,400	78,993	35,407
Materials and supplies	231,958	246,958	200,103	46,855
Intergovernmental	-	561,300	134,200	427,100
Capital outlay	-	42,000	28,465	13,535
TOTAL EXPENDITURES	<u>346,358</u>	<u>964,658</u>	<u>441,761</u>	<u>522,897</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	379,042	(239,258)	(76,008)	163,250
FUND (PROGRAM) BALANCE - BEGINNING	<u>919,349</u>	<u>1,059,013</u>	<u>1,059,013</u>	<u>-</u>
FUND (PROGRAM) BALANCE - ENDING	<u>\$ 1,298,391</u>	<u>\$ 819,755</u>	<u>\$ 983,005</u>	<u>\$ 163,250</u>

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 50,600	\$ 50,600	\$ -	\$ (50,600)
Program income	6,700	6,700	12,272	5,572
TOTAL REVENUES	57,300	57,300	12,272	(45,028)
EXPENDITURES				
Current				
Public safety				
Contractual services	25,000	25,000	24,090	910
Materials and supplies	25,000	25,000	24,538	462
Other charges	-	7,300	-	7,300
TOTAL EXPENDITURES	50,000	57,300	48,627	8,673
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,300	-	(36,355)	(36,355)
FUND (PROGRAM) BALANCE - BEGINNING	137,126	255,831	255,831	-
FUND (PROGRAM) BALANCE - ENDING	\$ 144,426	\$ 255,831	\$ 219,476	\$ (36,355)

The accompanying notes are an integral part of the financial statements

**CITY OF PASADENA, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2007**

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	Water and Sewer System		
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 94,757		\$ -
Investments			
TexPool	7,081,379		23,850,235
CLASS	41,883		-
Receivables (net of allowances for uncollectible)	6,109,638		-
Due from other funds	1,250,135		423,908
Due from component unit	-		11,695
Inventory, at cost	-		507,185
Restricted assets			
Investments			
Texpool	1,128,275		-
CLASS	9,738,832		-
Total Current Assets	25,444,899		24,793,023
Noncurrent Assets			
Deposits	-		41,000
Deferred charges - revenue bond issuance costs, bond insurance premium and administrative cost recovery fees	774,628		-
Capital assets			
Land	1,970,647		602
Buildings and building improvements	7,065,761		2,086,911
Accumulated depreciation - buildings and building improvements	(4,632,862)		(1,642,732)
Facilities and other improvements	6,121,635		175,754
Accumulated depreciation - facilities and other improvements	(2,059,074)		(40,549)
Machinery and equipment	9,801,033		4,491,854
Accumulated depreciation - machinery and equipment	(6,220,372)		(3,967,475)
Infrastructure	251,640,471		41,746
Accumulated depreciation - Infrastructure	(72,150,239)		(5,765)
Automotive	600,428		29,730,347
Accumulated depreciation - automotive	(382,634)		(22,835,828)
Construction in progress	3,406,078		-
Net capital assets	195,160,872		8,034,865
Total Noncurrent Assets	195,935,500		8,075,865
TOTAL ASSETS	\$ 221,380,399		\$ 32,868,888

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	\$ 1,304,379	\$ 551,679
Accrued payroll payable	127,328	91,027
Accrued interest payable	171,424	-
Revenue bonds payable - current	1,956,725	-
Deferred water charges payable - City of Houston	567,941	-
Due to other funds	55,745	156,465
Claims payable	-	1,749,384
Compensated absences payable	225,006	157,627
Customer deposits	2,597,088	-
Liabilities payable from restricted assets		
Accounts payable	1,317,898	-
Retainage payable	46,513	-
Revenue bonds payable	1,128,275	-
Total Current Liabilities	<u>9,498,322</u>	<u>2,706,182</u>
Noncurrent Liabilities		
Deferred water charges payable - City of Houston	283,971	-
Revenue and general obligation bonds payable (including the unamortized discounts/premium and deferred amount on refunding \$569,288)	46,294,286	-
Claims payable	-	1,166,255
Arbitrage payable	131,406	-
Compensated absences payable	2,025,058	1,418,643
Total Noncurrent Liabilities	<u>48,734,721</u>	<u>2,584,898</u>
TOTAL LIABILITIES	<u>58,233,043</u>	<u>5,291,080</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	154,799,229	8,034,865
Restricted for debt service	1,128,275	-
Unrestricted	7,219,852	19,542,943
TOTAL NET ASSETS	163,147,356	\$ 27,577,808
Adjustments to reflect the consolidation of internal service fund activities related to enterprise fund	<u>(639,443)</u>	
Net assets of business-type activities (page 27)	<u>\$ 162,507,913</u>	

The accompanying notes are an integral part of the financial statements

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CITY OF PASADENA, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
OPERATING REVENUES		
Charges for sales and services	<u>\$ 30,744,928</u>	<u>\$ 27,508,051</u>
OPERATING EXPENSES		
Personnel services	6,941,514	4,892,023
Contractual services	5,499,795	1,332,294
Material and supplies	1,116,472	3,617,152
Maintenance charges	1,259,699	703,947
Sewer and water payments - Clear Lake Water Authority and City of Seabrook	144,014	-
Operating, maintenance and water charges - Southeast Water Purification Plant	4,816,419	-
Insurance/reinsurance premiums	-	2,749,614
Claims and legal expenses	-	6,737,920
Administration fees	-	460,376
Miscellaneous	171,875	51,697
Depreciation	4,114,939	1,950,197
TOTAL OPERATING EXPENSES	<u>24,064,727</u>	<u>22,495,220</u>
OPERATING INCOME	<u>6,680,201</u>	<u>5,012,831</u>
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on sale and retirement of capital assets	-	151,577
Investment income	956,094	1,066,422
Interest expense on bonds	(2,240,280)	-
Amortization	(73,191)	-
Fiscal agent fees	(1,539)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(1,358,916)</u>	<u>1,217,999</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	5,321,285	6,230,830
CAPITAL CONTRIBUTIONS	119,106	16,077
TRANSFERS IN	-	800,000
TRANSFERS (OUT)	<u>(1,300,000)</u>	<u>(127,984)</u>
CHANGES IN NET ASSETS	4,140,391	6,918,923
TOTAL NET ASSETS - BEGINNING		<u>20,658,885</u>
TOTAL NET ASSETS - ENDING		<u><u>\$ 27,577,808</u></u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	<u>650,009</u>	
Change in net assets of business-type activities (page 29)	<u><u>\$ 4,790,400</u></u>	

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, 2007**

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers and users	\$ 30,534,389	\$ 27,431,149
Cash payments to suppliers for goods and services	(15,296,127)	(5,614,515)
Cash payments to employees for services	(6,906,556)	(4,737,520)
Cash payments for insurance premiums, liability claims and administration	-	(11,323,816)
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,331,706	5,755,298
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers (to)/from other funds		
General fund	(1,000,000)	500,000
Water and sewer system fund	-	300,000
General liability insurance fund	(300,000)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,300,000)	800,000
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from sale of capital assets	-	319,150
Debt defeasement paid to escrow agent	-	-
Acquisition and construction of capital assets	(2,535,312)	(1,955,683)
Principal paid on revenue bonds	(3,430,000)	-
Principal paid on deferred loan from City of Houston	(567,941)	-
Interest and fiscal agent fees paid on revenue bonds	(2,241,819)	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(8,775,072)	(1,636,533)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(17,325,524)	(20,987,155)
Proceeds from sale and maturities of investments	18,094,311	15,001,968
Investment income received	956,094	1,066,422
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,724,881	(4,918,765)
NET (DECREASE) IN CASH AND CASH EQUIVALENT	(18,485)	-
CASH AND CASH EQUIVALENTS - BEGINNING	113,242	-
CASH AND CASH EQUIVALENTS - ENDING	\$ 94,757	\$ -

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATION ACTIVITIES		
Operating income	\$ 6,680,201	\$ 5,012,831
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	4,114,939	1,950,197
Changes in assets and liabilities		
(Increase) in accounts receivables	(423,743)	-
(Increase) in due from other funds	(1,212,127)	(72,753)
(Increase) in due from component unit	-	(4,149)
(Increase) in inventory	-	(131,275)
Decrease in deposits	-	9,000
(Decrease) in accounts and claims payable	(619,663)	(1,208,085)
(Decrease) in accrued payroll liabilities	(95,097)	(58,261)
Increase in compensated absences payable	130,055	212,764
Increase (decrease) in due to other funds	(587,469)	45,029
Increase in arbitrage payable	131,406	-
Increase in customer deposits	213,204	-
Total Adjustments	1,651,505	742,467
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 8,331,706	\$ 5,755,298
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contribution of capital assets from the government	\$ 119,106	\$ 16,077

The accompanying notes are an integral part of the financial statements

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NOTES TO FINANCIAL STATEMENTS

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

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**CITY OF PASADENA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pasadena, Texas, ("City") was incorporated December 26, 1928 and adopted the "Home Rule Charter" on December 12, 1964 pursuant to the Laws of the State of Texas. The City is governed by an elected Mayor and eight-member council and provides such services as authorized by the Charter to advance the welfare, health, comfort, safety and convenience of the City and its citizens.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to state and local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitute GAAP for state and local governments. The City has applied all relevant GASB pronouncements and applicable private sector standards (Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions) issued on or before December 1, 1989 for its government-wide reporting and proprietary fund to the extent that they are not conflict with GASB guidance. The City has the option to continue following subsequent private-sector standards for business-type activities and enterprise fund issued after November 30, 1989 and the City has elected not to do so.

A. Reporting Entity

As required by generally accepted accounting principles, the accompanying financial statements present the City (the primary government) and its component units over which the City has significant relationship and influence.

Blended Component Unit. The Pasadena Second Century Corporation is reported as a capital projects fund. Pasadena Second Century Corporation is managed by a seven-member board of directors appointed by the Mayor and approved by the City Council. Although it is legally separate from the City, the Pasadena Second Century Corporation is reported as if it were part of the City (the primary government) because its sole purpose is to provide economic resources to fund 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 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 citizenry 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 Assets* and the *Statement of Activities*.

The *Statement of Net Assets* is to display the financial position on 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 unit for which the City has ongoing financial relationship.

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 specific function/program. Indirect expenses are automatically allocated to 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; it also includes user fees for culture and recreational facilities, charges for licenses and permits, and fines and forfeitures; (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 revenues 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 fund 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental Funds

The governmental fund financial statements are presented using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. This is the manner in which these funds (general, debt service, four of the special revenue funds, and two grant management programs) are normally budgeted. This presentation is to demonstrate legal and covenant compliance, the source and use of liquid resources, and to establish that the City's actual performance conforms to the budgeted fiscal plan. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue is available to finance the expenditures of the same fiscal period for which it is recorded. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, 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 type), 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 non-operating 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 non-operating 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.

Debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Pasadena Second Century Corporation fund accounts for the resources accumulated and payments made for City's capital improvement projects.

Capital projects fund accounts for the acquisition of capital assets and construction of major capital projects not being financed by Pasadena Second Century Corporation or proprietary funds.

Grant management fund accounts for the City's federal and state grant programs. Major grants included in the fund are Section 8 Rental Voucher Program, HOME Investment Partnership Program, Community Development Block Grants and Urban Area Security Initiative grants from the Department of Housing and Urban Development; the Federal Equitable Sharing of Forfeited Property, Justice and Treasury Departments.

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.

It is the City's policy to always use the restricted resources first when both restricted and unrestricted resources are available for use.

D. Assets, Liabilities and Net Assets or 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, 2007.

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. Restricted Assets

Certain resources are set aside and classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and grant agreements.

5. 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, water and sewer lines and plants), automotive equipment, and construction in progress, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in-excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, of business-type activities, is included as part of the capitalized value of the constructed assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Buildings and building improvements	41 to 50
Facilities and other improvements	20 to 75
Machinery and equipment	5 to 10
Infrastructure	10 to 88
Automotive	5 to 12

6. 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 employ 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.

7. Long-Term Debt, Bond Discounts/Premiums and Issuance Costs

In the government-wide and proprietary fund type financial statements, outstanding debts are reported as liabilities.

Bond discounts/premiums, issuance costs, and the difference between the reacquisition price (new debt) and the net carrying value of the refunded debt is capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

In the governmental fund financial statements, the proceeds of debt, premiums, and discounts are recognized as other financing sources/uses. The issuance costs are reported as expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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 Assets

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. 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 \$123,304,219 difference are as follows:

Bonds Payable	\$ 97,835,000
Other long-term debt	3,737,371
Add: bond premiums	1,486,416
Less: deferred gain/loss on refunded bonds	(192,462)
Less: issuance costs	(1,195,654)
Rebatable arbitrage payable	349,267
Accrued interest payable	539,378
Compensated absences	20,744,903
	<hr/>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$ 123,304,219

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, 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 assets.” The details of this \$28,217,251 difference are as follows:

Net assets of the internal service funds	\$ 27,577,808
Add: Internal receivable representing charges less the cost to business-type activities - prior years	1,289,452
Less: Internal receivable representing charges less the cost to business-type activities - current year	(650,009)
	<hr/>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	\$ 28,217,251

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 assets 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 \$18,340,808 difference is as follows:

Capital outlay	\$ 25,339,736
Depreciation expense	(6,998,928)
	<hr/>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ 18,340,808
	<hr/> <hr/>

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 assets." The detail of this \$441,108 difference is as follows:

In the statement of activities, only the loss and note received on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold less the note received.	\$ (125,086)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	438,210
Transfer of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial uses.	127,984
	<hr/>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.	\$ 441,108
	<hr/> <hr/>

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 assets. 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 \$5,994,350 difference is as follows:

Debt issued or incurred:	
Issuance of general obligation and refunding bonds	
Principal	\$ 8,915,000
Issuance costs	(213,499)
Bonds premiums	56,793
Deferred loss	(94,119)
Payments to escrow agent for refunding	(2,270,000)
Issuance of certificate of obligation bonds	
Principal	5,950,000
Issuance costs	(78,057)
Less: principal repayments	(6,271,768)
	<hr/>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ 5,994,350
	<hr/> <hr/>

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 \$292,472 difference is as follows:

Compensated absences	\$ 1,231,672
Arbitrage	196,344
Accrued interest	(1,695,331)
Amortization of bond issuance costs	134,481
Amortization of bond premiums	(339,736)
Amortization of deferred amounts on refunding	180,098
	<hr/>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ (292,472)
	<hr/> <hr/>

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, risk management in regards to workers’ compensation claims, general liabilities, 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 \$6,268,914 difference is as follows:

Change in net assets of the internal service funds	\$ 6,918,923
Less: Profits from charges from business-type activities	<u>(650,009)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 6,268,914</u></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 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 general, debt service, four of the special revenue funds (state forfeited property fund, special charge allocation fund, hotel and motel tax fund and abandoned motor vehicles and property fund), equitable sharing of forfeited property grants received from the U.S. Department of Justice and Treasury (accounted for in the grant management fund), enterprise, and internal service funds. Annual budgets are adopted on a basis consistent with generally accepted accounting principles except for the enterprise and internal service funds which use a modified accrual approach. The capital projects and grant management fund (except equitable sharing of forfeited property grants mentioned above) do not have annual appropriated budgets. Instead, control over capital projects is maintained by means of “project-length” budgets, and the grant contract and agreement itself served as a control device over the expenditures of grant proceeds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department/division. Within the department/division, it is categorized further by object and subject. The City department heads may make transfers of appropriations between the subject within the same object (e.g. transfer between postage and office supplies within the object of materials and supplies), but any other transfers or changes to the appropriations require the approval of the City Council and an amendment to the budget. The legal level of budgetary control is at the object level.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to designate that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at the fiscal year end are reported as a designation of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

During the current fiscal year, general fund expenditure budget decreased in the amount of \$62,198. A majority of the budget amendments were transfers of already budgeted amounts between different departments, ending with little change at year end. Under the other financing sources (uses), transfers out increased by \$15,677, which included transfers to the grant management fund. Transfers in decreased by \$1,500,000 due to a reduction of transfer from the water and sewer system fund from \$2,500,000 to \$1,000,000.

B. Grant Management Reconciliation (Major Special Revenue) – Budgeted

The following provides actual fiscal year 2007 results for both budgeted and non-budgeted grant programs under the grant management fund:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Sources (Uses)</u>
Budgeted grant programs:			
Federal equitable sharing of forfeited property:			
Justice Department	\$ 365,753	\$ 441,761	\$ -
Treasury Department	12,272	48,627	-
Nonbudgeted grant programs:			
Various grants	2,708,543	2,718,791	31,034
HUD section 8 rental voucher program	6,981,008	6,573,351	-
FEMA DHAP program	24,988	3,548	-
HUD CDBG entitlement program	1,747,562	1,747,562	-
HUD HOME investment partnerships program	756,222	756,222	-
HUD emergency shelter program	85,584	85,584	-
Total grant management fund - actual	<u>\$ 12,681,932</u>	<u>\$ 12,375,446</u>	<u>\$ 31,034</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended September 30, 2007 expenditures exceeded the budget at the object level as follows:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
General Government			
Pasadena Action Line			
Personnel services	\$ 263,867	\$ 264,408	\$ (541)
Property Management			
Capital outlay	178,308	187,122	(8,814)
Public Safety			
Emergency Preparedness			
Personnel services	132,292	134,656	(2,364)
Fire Prevention			
Contractual services	29,815	30,991	(1,176)
Materials and supplies	18,022	18,419	(397)
Culture and Recreation			
Parks			
Capital outlay	102,593	306,350	(203,757)
Recreation			
Capital outlay	41,096	42,385	(1,289)
<u>Other Financing Sources (Uses)</u>			
Operating transfers in (out)			
Debt service fund	-	166,440	(166,440)
Grant management fund	15,677	31,034	(15,357)
<u>Debt Service Fund</u>			
Debt service			
Principal	5,258,000	5,444,315	(186,315)

Each excess was due to increases in contractual services, materials and supplies, maintenance charges and capital outlay. All excess expenditures were funded by available and appropriated fund balance.

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, 2007, the carrying amount of the City's deposits with financial institutions was \$2,526,855. The City's bank balance is the sum of all accounts, which totals \$2,599,943 and the market values of pledged securities were \$7,101,373. The pledged securities are held by a third party custodian in the City's name.

Investments

As of September 30, 2007 the city has the following investments:

Investment Type	Fair Value			Weighted Average Maturity (Years)
	Primary Government	Discretely Presented		
		Blended Component Unit	Component Unit	
		Pasadena Second Century Corporation	Pasadena Crime Control and Prevention District	
Texpool Local Government Investment Pools	\$ 47,622,998	\$ 12,341,091	\$ 1,900,785	0.00
Logic Local Government Investment Pools	1,136,673	-	-	0.00
Class Local Government Investment Pools	84,355,897	2,091,357	-	0.00
Total Fair Value	<u>\$ 133,115,568</u>	<u>\$ 14,432,448</u>	<u>\$ 1,900,785</u>	
Portfolio Weighted Average Maturity				0.00

The City divides their investments between TexPool, LOGIC, and CLASS.

The State of Texas Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & 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 & Poor's, which monitors the funds compliance with its rating requirements.

CLASS is required by the Public Funds Investment Act to maintain an "AAA" rating. It has an "AAA" rating from Moody's Investor's Service and Standard and Poor's which monitors the funds compliance with its rating requirements.

GASB Statement No. 31 provides an exception to the fair value reporting for investments in an external pool if the pool operates as a "2a7-like" pool. TexPool, LOGIC, and CLASS are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool, LOGIC and CLASS is the same as the value of their shares.

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 on going operations, thereby avoiding the need to sell securities on the open market prior to maturity; and by investing operating funds primarily in short-term securities.

Credit risk. State law and the City's investment policy limits the types of investments as well as the rating of the investments to A-1, P-1 or equivalent.

Concentration of credit risk. The City's investment policy requires diversification of the portfolio. This is to be achieved by investing in liquid funds or securities, varying the maturity dates of the securities and avoiding over-concentration of securities in a specific issuer or business sector (excluding US Securities).

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective market value of at least 102%.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to keep securities at a third party institution, avoiding physical possession. Further, all trades are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

B. Property Tax Calendar and Receivables

1. Property Tax Calendar

The appraisal of property within the City is the responsibility of the Harris County Appraisal District ("Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value.

Effective with the 2006 tax year, the City has contracted with the Harris County Tax Office for billing and collection of City's property taxes. Property taxes can be attached as an enforceable lien on property as of January 1st of the year based on the assessed valuation of the property at January 1st of the same year. The tax levy date is at October 1st of the same year when the City receives the certified assessed valuation from the Appraisal District. Property tax receivables are recognized on the levy date. Property taxes become due and

payable upon receipt of the tax statements mailed around the second week of October or as soon thereafter as possible and are considered delinquent after January 31st of the following year.

Article XI, Section 5 of the Texas Constitution, provides for an overall limitation for Home Rule Cities of \$2.50 per \$100 assessed valuation of which not more than \$1.50 can be used for general operating purposes under the City Charter.

The 2006 taxable assessed valuation of the City's property in the amount of \$5,032,768,382 was certified by the Appraisal District. The City Council adopted the following tax rate per \$100 of assessed taxable value for the current year.

Purpose	Tax Rate
General government	\$ 0.3414
Debt service	0.2256
	<u>\$ 0.5670</u>

2. Receivables

Receivables as of September 30, 2007, for the City's individual major and nonmajor funds and water and sewer system in the aggregate, including allowance for uncollectible accounts, are as follows:

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects	Grant Management	Nonmajor Governmental Funds	Water and Sewer System	Total
Receivables								
Property taxes	\$ 1,592,873	\$ 1,305,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,898,617
Sales taxes	2,521,127	-	1,260,563	-	-	-	-	3,781,690
Accounts	1,290,225	-	-	16,163	-	-	6,478,010	7,784,398
Less: allowance for for uncollectible	(1,115,000)	(913,900)	-	-	-	-	(368,372)	(2,397,272)
	4,289,225	391,844	1,260,563	16,163	-	-	6,109,638	12,067,433
Intergovernmental - restricted	-	-	-	-	1,134,854	12,082	-	1,146,936
Accounts restricted	69,253	-	-	-	13,477	154,703	-	237,433
Net total receivables	<u>\$ 4,358,478</u>	<u>\$ 391,844</u>	<u>\$ 1,260,563</u>	<u>\$ 16,163</u>	<u>\$ 1,148,331</u>	<u>\$ 166,785</u>	<u>\$ 6,109,638</u>	<u>\$ 13,451,802</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer 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 deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General fund)	\$ 358,837	\$ -
Delinquent property taxes receivable (Debt service fund)	309,643	-
Grant received prior to meeting all eligibility requirements	-	1,372,494
Total deferred/unearned revenue for governmental funds	<u>\$ 668,480</u>	<u>\$ 1,372,494</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 interlocal agreement.

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects	Grant Management	Nonmajor Governmental Funds	Water and Sewer Enterprise
Cash and cash equivalents	\$ -	\$ -	\$ 13,348	\$ -	\$ 1,025,964	\$ 52,967	\$ -
Investments	-	1,324,184	14,432,448	62,206,566	4,084,276	3,602,645	10,867,107
Intergovernmental receivables	69,253	-	-	-	1,134,854	154,703	-
Accounts receivables					13,477	12,082	
	<u>\$ 69,253</u>	<u>\$1,324,184</u>	<u>\$ 14,445,796</u>	<u>\$62,206,566</u>	<u>\$ 6,258,571</u>	<u>\$ 3,822,397</u>	<u>\$10,867,107</u>
	(2)	(1)	(3)	(3)	(2)	(2)	(1) and (3)

D. Capital Assets

Capital asset activity of the City (the primary government) for the fiscal year ended September 30, 2007 was as follows:

1. Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 126,300,879	\$ 686,899	\$ -	\$ 126,987,778
Construction in progress	34,908,183	20,925,269	(10,233,599)	45,599,853
Total capital assets, not being depreciated	<u>161,209,062</u>	<u>21,612,168</u>	<u>(10,233,599)</u>	<u>172,587,631</u>
Capital assets, being depreciated:				
Buildings and building improvements	47,186,715	2,709,569	-	49,896,284
Facilities and other improvements	4,732,726	-	-	4,732,726
Machinery and equipment	18,454,850	1,300,317	(19,895)	19,735,272
Infrastructure	372,850,589	10,219,127	-	383,069,716
Automotive equipment	29,946,361	1,752,748	(1,968,762)	29,730,347
Total capital assets being depreciated:	<u>473,171,241</u>	<u>15,981,761</u>	<u>(1,988,657)</u>	<u>487,164,345</u>
Less accumulated depreciation for:				
Building and building improvements	(14,798,624)	(787,597)	-	(15,586,221)
Facilities and other improvements	(1,607,094)	(88,586)	-	(1,695,680)
Machinery and equipment	(13,609,291)	(765,201)	18,900	(14,355,592)
Infrastructure	(122,039,961)	(5,543,114)	-	(127,583,075)
Automotive equipment	(22,873,384)	(1,764,626)	1,802,182	(22,835,828)
Total accumulated depreciation	<u>(174,928,354)</u>	<u>(8,949,124)</u>	<u>1,821,082</u>	<u>(182,056,396)</u>
Total capital assets, being depreciated, net	<u>298,242,887</u>	<u>7,032,637</u>	<u>(167,575)</u>	<u>305,107,949</u>
Governmental activities capital assets, net	<u>\$ 459,451,949</u>	<u>\$ 28,644,805</u>	<u>\$ (10,401,174)</u>	<u>\$ 477,695,580</u>

2. Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,238,951	\$ 731,696	\$ -	\$ 1,970,647
Construction in progress	8,877,721	1,376,159	(6,847,802)	3,406,078
Total capital assets, not being depreciated	<u>10,116,672</u>	<u>2,107,855</u>	<u>(6,847,802)</u>	<u>5,376,725</u>
Capital assets, being depreciated:				
Buildings and building improvements	6,491,271	574,490	-	7,065,761
Facilities and other improvements	5,333,900	787,735	-	6,121,635
Machinery and equipment	9,558,765	242,268	-	9,801,033
Infrastructure	245,850,599	5,789,872	-	251,640,471
Automotive equipment	600,428	-	-	600,428
Total capital assets being depreciated:	<u>267,834,963</u>	<u>7,394,365</u>	<u>-</u>	<u>275,229,328</u>
Less accumulated depreciation for:				
Building and building improvements	(4,514,267)	(118,595)	-	(4,632,862)
Facilities and other improvements	(1,985,031)	(74,043)	-	(2,059,074)
Machinery and equipment	(5,815,927)	(404,445)	-	(6,220,372)
Infrastructure	(68,720,174)	(3,430,065)	-	(72,150,239)
Automotive equipment	(294,843)	(87,791)	-	(382,634)
Total accumulated depreciation	<u>(81,330,242)</u>	<u>(4,114,939)</u>	<u>-</u>	<u>(85,445,181)</u>
Total capital assets, being depreciated, net	<u>186,504,721</u>	<u>3,279,426</u>	<u>-</u>	<u>189,784,147</u>
Business-type activities capital assets, net	<u>\$ 196,621,393</u>	<u>\$ 5,387,281</u>	<u>\$ (6,847,802)</u>	<u>\$ 195,160,872</u>

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

Governmental activities:

General Government	\$ 355,545
Public Safety	608,207
Public Works	5,356,280
Health	641,102
Culture and Recreation	37,793
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,950,197</u>
	<u>\$ 8,949,124</u>

Business-type activities

Water and Sewer System	<u>\$ 4,114,939</u>
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E. Construction Commitments

The City's commitments with contractors are as follows as of September 30, 2007:

Projects		Project Appropriation	Spent-to-Date
<u>Drainage</u>			
D005	Crenshaw Drainage: Allen Genoa to Vince Bayou	\$ 3,252,725	\$ 1,247,334
D007	Fairdale Drainage Improvements	22,780	22,339
D016	Hays St. Drainage: Preston to Glenmore Ditch	537,055	183,692
D017	Vista Improvements Phase II: Strawberry to Watters	4,342,000	1,520,945
D021	Pine St Drainage Phase I: Preston to Beltway 8	4,616,129	4,066,551
D030	2007 Storm Sewer Replacement	786,975	246,028
DZ014	Regional Denton Pond Facility	372,720	225
		<u>\$ 13,930,384</u>	<u>\$ 7,287,114</u>
<u>Library</u>			
L001	Renovate Central Library	4,434,893	191,158
		<u>\$ 4,434,893</u>	<u>\$ 191,158</u>
<u>Municipal Facilities</u>			
M001	Renovate City Hall Facilities	96,300	53,941
		<u>\$ 96,300</u>	<u>\$ 53,941</u>
<u>Police</u>			
P001	Design and Construction of a New Police Complex	\$ 24,334,559	\$ 8,606,694
		<u>\$ 24,334,559</u>	<u>\$ 8,606,694</u>
<u>Parks</u>			
R007	Memorial Park Renovation	\$ 3,204,547	\$ 3,141,862
R014	Park Land Acquisition	332,000	198,903
R018	Preston/Crenshaw Nature Park Phase I	30,400	26,335
R029	Armand Bayou Hike and Bike Trail	2,794,412	2,602,457
R031	Vince Bayou Trail: Phase I	686,832	27,757
R033	Holly Bay Trail Spur	347,350	258,778
R034	Village Grove Pedestrian Bridge Construction	466,840	209,741
R049	General Park Renovations	91,040	-
R052	Aquatic Facility	46,670	33,082
R058	Basketball Pavilion at Memorial Park	468,617	187,017
		<u>\$ 8,468,708</u>	<u>\$ 6,685,932</u>
<u>Streets</u>			
S006	Pasadena Blvd Phase II: Pansy-Burke and Beltway 8 - Red Bluff	\$ 10,423,670	\$ 1,174,324
S009	Jana Street Bridge	277,407	116,511
S013	2007 Sidewalk Construction	351,855	313,051
S014	Right of Way Acquisition	520,992	492,614
S017	Vista Extension Phase I: Beltway 8 to Space Center	600,000	595,675
S019	Pasadena Blvd Phase VI: Southmore to Strawberry	212,806	-
S022	Lamar Construction	1,349,461	1,166,519
S024	Garner: Judy to Pasadena Blvd	372,205	174,953
S027	Pasadena Blvd Phase III: Strawberry to East of Burke	5,639,159	2,921,993
S035	Strawberry Phase III: Spencer to Cherrybrook	5,555,638	5,476,083
S041	Southmore Phase I: Richey to Johnson	12,911	-
S043	Pasadena Blvd Phase V: SH 225 to Laird	137,866	35,600
S044	Strawberry Phase II: Jackson to Harris	2,958,089	2,800,762
S049	Preston: Beltway 8 to Genoa Red Bluff	164,293	74,344
S052	Pansy: Old Vista to Crenshaw	372,498	276,348
S056	2007 Paving Improvements	1,011,659	538,486
S058	Shaver: SH 225 to Southmore	5,846,884	-
S078	West Harris Avenue Bridge Reconstruction	50,000	15,655
		<u>\$ 35,857,393</u>	<u>\$ 16,172,918</u>
<u>Traffic</u>			
T002	Intersection Redesign	\$ 1,091,482	\$ 898,468
T003/4	Installation of Computerized Traffic Control System	866,757	791,874
T05A	Thermo Pavement Markers	250,330	30,095
TZ001	Exit Ramp Study	68,300	58,300
		<u>\$ 2,276,869</u>	<u>\$ 1,778,737</u>

Projects		Project Appropriation	Spent-to-Date
<u>Water</u>			
W004	New Transmission Line	\$ 1,267,436	\$ 1,033,055
W005	Red Bluff Pump Station - Phase I	403,000	377,477
W006	El Jardin Waterline	505,500	233,941
W012	Southeast Water Plant Pump Station Improvement	594,050	150,749
W014	Loop Completion of Distribution System	339,700	101,006
WZ004	Update Water Distribution Master Plan	60,000	54,600
WZ006	Water Meter Test & Inspection	84,604	-
		<u>\$ 1,583,854</u>	<u>\$ 540,296</u>
<u>Wastewater</u>			
WW002	Lift Station Replacement - Pansy/Crenshaw/El Cary	\$ 1,478,213	\$ 714,696
WW014	Richey Trunkline Phase I	400,000	147,226
WW018	Wastewater Line Improvements	296,721	292,670
WWZ010	Golden Acres Treatment Plant Improvements	565,335	417,851
		<u>\$ 2,740,269</u>	<u>\$ 1,572,443</u>
<u>Others</u>			
Z009	Topographic Survey - Nantucket Street	\$ 1,950	\$ -
Z020	Demolition Properties	579,395	520,650
		<u>\$ 581,345</u>	<u>\$ 520,650</u>

Pasadena Second Century Corporation, the City's blended component unit has commitments with contractors and appropriations are as follows:

Projects		Project Appropriation	Spent-to-Date
<u>Drainage</u>			
D017	Vista Improvements Ph II: Strawberry to Watters	998,000	525,173
		<u>\$ 998,000</u>	<u>\$ 525,173</u>
<u>Parks</u>			
R019	Sports Complex	3,030,000	-
R035	Vince Bayou Trail: Phase II	1,000,000	-
		<u>\$ 4,030,000</u>	<u>\$ -</u>
<u>Streets</u>			
S006	Pasadena Blvd Phase II: Pansy-Burke & BW8 - Red Bluff	1,922,596	481,123
S017	Vista Extension Phase I: BW8 to Space Center	5,400,000	4,643,675
S043	Pasadena Blvd Phase V: SH 225 to Laird	300,000	147,607
S060	Pasadena BLVD Overlay	245,260	30,700
		<u>\$ 7,867,856</u>	<u>\$ 5,303,105</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, 2007, is as follows:

1. Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital projects	\$ 77,674
	Grant management	334,126
	** Hotel and motel tax	3,541
	* Health insurance	<u>26,202</u>
		\$ 441,543
Debt service	General	92,289
Pasadena Second Century Corporation	General	85,951
** Special charge allocation	General	767
** Abandoned motor vehicles and property	General	<u>39,121</u>
Water and sewer system	General	1,250,135
* Maintenance	General	999
	Grant management	625
	** Hotel and motel tax	59
	Water and sewer system	1,845
	* General liability insurance	<u>90,427</u>
		<u>93,955</u>
* Workers' compensation insurance	General	223,401
	Grant management	326
	** Hotel and motel tax	1,433
	Water and sewer system	53,900
	* Maintenance	16,588
	* General liability insurance	23,214
	* Health insurance	<u>34</u>
	<u>318,896</u>	
* General liability insurance	General	<u>11,057</u>
	Total	<u>\$ 423,908</u>
		<u>\$ 2,333,714</u>
* Internal service funds		
** Nonmajor governmental		

2. Due to/from Primary Government and Component Units:

<u>Receiving Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government -		
* Workers' compensation insurance fund	Pasadena Crime Control and Prevention District	\$ 11,695
Pasadena Crime Control and Prevention District	Primary government - General fund	\$ 52,345
* Internal service funds		

3. Interfund Transfers:

Fund Financial Statements

Interfund Transfers:

Transfer out:	Transfer In:				
	General	Debt Service	Capital Projects	Grant Management	* General Liability Insurance
General	\$ -	\$ 166,440	\$ -	\$ 31,034	\$ 500,000
Capital project	-	-	-	-	-
Water and Sewer System	1,000,000	-	-	-	300,000
Pasadena Second Century Corporation	-	-	7,779,404	-	-
Total	\$ 1,000,000	\$ 166,440	\$ 7,779,404	\$ 31,034	\$ 800,000

* Internal service funds

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

During the fiscal year, the Board of Directors for the Pasadena Second Century Corporation (City's blended component unit) authorized a transfer of \$7,779,404 to the City for the Vista drainage improvement phase II and Pasadena Blvd. phase II and III projects. The Board opted to transfer the entire amount authorized and have the City handle the administration and payments of the contracts.

There were transfers that were not reflected in the above schedule as follows:

- Capital assets in the amount of \$127,984 were transferred out from the internal service/maintenance fund to capital assets - governmental activities.
- Transfer of capital assets in the amount of \$119,106 and \$16,077 were recorded as transfer out and capital contribution in the water and sewer system and internal service/maintenance fund, respectively.

Government-Wide Financial Statements

During the fiscal year, the transfer activities summarized between the governmental and business activities totaled \$ 1,180,894 and it can be summaries as follows:

- Operating transfers in the amount of \$1,300,000 were transferred out to the government from the business type activities.
- Capital assets in the amount of \$119,106 were transferred out to the government from the business activities.

G. Long-Term Debt

1. Governmental Activities

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

The City issues general obligation bonds and certificates of obligation to provide funds for the construction and improvement of the City's infrastructures (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 amount of general obligation bonds and certificates of obligation issued in prior years was \$94,005,000. The original amount of general obligation refunding bonds was \$27,147,875.

All bonds are direct obligations and are secured by the full faith and credit of the City. General obligation bonds (GOB), certificates of obligations (COB), general obligation refunding bonds (GOB refunding) and general obligation and refunding bonds (GO and Refunding) currently outstanding are as follows:

	Interest %	Maturity	Purpose	Installments	Amount
\$15,125,000 COB, 2001	4.00 - 5.50	2/15/2021	Governmental type	\$625,000 to \$ 805,000	9,605,000
\$16,350,000 GOB, 2002	3.50 - 5.00	2/15/2022	Governmental type	\$50,000 to \$ 1,195,000	16,050,000
\$17,500,000 GOB, 2003	3.25 - 5.25	2/15/2023	Governmental type	\$880,000 to \$ 1,375,000	17,500,000
\$18,640,000 GOB Refunding, 2004	2.00 - 5.00	2/15/2009	Both	\$2,515,000 to \$ 6,700,000	5,330,000
\$13,200,000 GOB, 2004	3.00 - 4.50	2/15/2024	Governmental type	\$615,000 to \$ 980,000	13,200,000
\$1,925,000 GOB Refunding, 2005	3.00 - 5.00	2/15/2020	Governmental type	\$120,000 to \$ 3,730,000	1,925,000
\$19,380,000 GO and Refunding, 2005A	3.25 - 5.00	2/15/2025	Governmental type	\$60,000 to \$ 4,140,000	19,380,000
\$8,915,000 GO and Refunding, 2006	3.50 - 4.00	2/15/2026	Both	\$100,000 to \$1,540,000	8,895,000
\$5,950,000 COB, 2007	4.00 - 4.875	2/15/2007	Governmental type	\$55,000 to \$390,000	5,950,000
					\$ 97,835,000

During the current fiscal year, the City issued general obligation and refunding bonds, series 2006 in the amount of \$ 8,915,000 to provide funds for capital projects in drainage, parks, library and public safety and to advance refund certain outstanding obligations of the City.

The City also issued certificates of obligations, series 2007 in the amount of \$5,950,000 to provide funds for construction of the new police complex.

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2008	\$ 6,520,000	\$ 4,060,387	\$ 10,580,387
2009	6,280,000	3,796,762	10,076,762
2010	5,095,000	3,576,704	8,671,704
2011	5,050,000	3,392,310	8,442,310
2012	5,150,000	3,202,350	8,352,350
2013-2017	28,125,000	12,547,124	40,672,124
2018-2022	30,305,000	5,900,924	36,205,924
2023-2027	11,310,000	801,700	12,111,700
	\$ 97,835,000	\$ 37,278,261	\$ 135,113,261

Other Long-Term Debt

(a) \$5,000,000 Sales Tax Revenue Bonds, Series 2004 dated October 20, 2004, interest at 3.95%, due in installments of \$625,000 to \$805,000 through February 15, 2011 were issued by the City's blended component unit – Pasadena Second Century Corporation ("PSCC") to fund the cost of certain capital improvement projects. The notes are payable and secured solely from one-half of one percent sales and use tax collected by the PSCC.

(b) A sales tax audit was conducted by the City in fiscal year 2006. The audit concluded that The Texas State Comptroller's office (Comptroller) had overpaid the City and its blended component unit, Pasadena Second Century Corporation in the amount of \$666,043 and \$333,021 respectively. The Comptroller's office has agreed to a four year repayment plan

with no interest charge.

Annual debt service requirements to maturity for the other long-term debt are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2008	964,660	105,564	1,070,224
2009	989,661	76,827	1,066,488
2010	978,050	47,005	1,025,055
2011	805,000	15,899	820,899
	<u>\$ 3,737,371</u>	<u>\$ 245,295</u>	<u>\$ 3,982,666</u>

Advance Refunding

As mentioned earlier, the City issued 2006 general obligation and refunding bonds to advance certain outstanding obligations as follow:

- Principal amount due on February 15, 2020 and 2021 in the amount of \$1,120,000 and \$1,150,000 – combination tax and revenue certificates of obligations, series 2001

The purpose of this advance refunding was to take advantage of the lower interest rate.

The net proceeds in the amount of \$2,364,119 were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities for the debt service payments of the refunded debt.

As a result, the above mentioned refunded debt are considered defeased and the corresponding liabilities have been removed from the governmental activities column of the statement of net assets.

The reacquisition price exceeded the net carrying amount of old debt by \$94,119. This amount is being netted against the new debt and is being amortized over the life of the refunded debt, which is shorter than the new debt issued. This advance refunding in effect decreased the debt service payments by \$ 149,218 and obtained an economic gain (difference between present value of the debt service payments on the new and old debt) of \$118,403.

2. Business-Type Activities

Revenue Bonds, Tax and Revenue Certificates of Obligations (COB), and Revenue Refunding Bonds (Refunding)

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 debts outstanding at the fiscal year end are as follows:

	Interest %	Maturity	Purpose	Installments	Amount
\$ 7,105,000 Refunding, 1998	5.875 - 6.00	4/1/2009	Water and sewer	\$365,000 to \$1,050,000	\$ 1,550,000
\$ 31,370,000 Revenue bonds, 1998A	2.00 - 3.40	4/1/2019	Vince Bayou WWTP	\$5,000 to \$2,355,000	17,120,000
\$ 17,720,000 Revenue COB, 1999	5.00 - 6.50	10/1/2009	Water and sewer	\$780,000 to \$1,690,000	2,495,000
\$17,675,000 GO Refunding, 2005	3.25 - 5.00	2/15/2020	Water and sewer	\$120,000 to \$2,755,000	17,675,000
\$9,970,000 GO Refunding, 2005A	3.25 - 5.00	2/15/2022	Water and sewer	\$440,000 to \$2,860,000	9,970,000
					<u>\$ 48,810,000</u>

Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2008	\$ 3,085,000	\$ 2,092,568	\$ 5,177,568
2009	2,870,000	1,957,144	4,827,144
2010	1,565,000	1,822,641	3,387,641
2011	2,740,000	1,727,211	4,467,211
2012	2,740,000	1,614,026	4,354,026
2013-2017	19,365,000	5,742,981	25,107,981
2018-2022	16,445,000	1,633,460	18,078,460
	<u>\$ 48,810,000</u>	<u>\$ 16,590,031</u>	<u>\$ 65,400,031</u>

Deferred Debt

The City of Pasadena entered into a contract with the City of Houston on October 17, 2000 for the purchase and delivery of water from the Southeast Water Purification Plant with an initial minimum monthly quantity of 180 million gallons per month, with the City authorized to revise the minimum monthly quantity no more than once each calendar year.

The City of Houston agrees to defer a percentage of payments required as follows:

April 2001 - March 2002	50% of payment
April 2002 - March 2003	30% of payment
April 2004 - March 2004	10% of payment

Following year three of the contract, the City of Pasadena is required to pay the deferred payment amount over a period of not more than five years at no interest. In April 2004, the City started to make a monthly payment of \$47,328 towards this deferred debt. As of September 30, 2007, the deferred debt amount was \$851,912.

Annual principal payment requirements to maturity for this deferred debt are as follows:

Fiscal Year Ending September 30,	Principal
2008	567,941
2009	283,971
	<u>\$ 851,912</u>

3. Defeasance of Debt

In prior and current 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, 2007 \$2,110,000 of general obligation bonds and \$1,660,000 of waterworks and sewer system revenue bonds (business-type activities) 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. At September 30, 2007, the remaining authorized but unissued bonds was \$35,300,000.

5. Legal Debt Margin

At September 30, 2007, the City's legal debt margin was 10% of assessed property valuation totaling \$5,032,768,382, reduced by the amount of bonded debt outstanding of \$96,339,876 which was netted with the amount available in the debt service fund, the City's legal debt margin was \$406,936,962.

6. Rebatable Arbitrage

The City is taking the approach of treating rebatable arbitrage as a claim. For the interim computation period through September 30, 2007, the City has an estimated cumulative rebate liability of \$527,870, with \$47,197 become due and payable soon after the fiscal year end.

7. Changes in Long-Term Liabilities

Governmental Activities:

Long-term liability activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Additions/ Reclassification	Refunding/ Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General obligation and refunding bonds	\$ 77,602,875	\$ 8,915,000	\$ (4,237,875)	\$ 82,280,000	\$ 5,615,000
Certificate of obligation bonds	11,910,000	5,950,000	(2,305,000)	15,555,000	905,000
	89,512,875	14,865,000	(6,542,875)	97,835,000	6,520,000
Less deferred amounts:					
For issuance premium	318,504	-	(19,075)	299,429	-
On Refunding	1,172,413	-	(177,888)	994,525	-
Total bonds payable	91,003,792	14,865,000	(6,739,838)	99,128,954	6,520,000
Rebatable arbitrage	152,923	243,541	-	396,464	47,197
Other long-term notes	5,736,264	-	(1,998,893)	3,737,371	964,660
Claims	4,340,900	4,676,942	(6,102,203)	2,915,639	1,749,384
Compensated absences	21,047,274	7,023,645	(5,502,455)	22,568,464	2,256,846
Governmental activity Long-term liabilities	<u>\$ 122,281,153</u>	<u>\$ 26,809,128</u>	<u>\$ (20,343,389)</u>	<u>\$ 128,746,892</u>	<u>\$ 11,538,087</u>

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, 2007, \$1,576,270 of internal service funds' compensated absences is included in the above amounts.

For the governmental activities, claims and compensated absences are liquidated by the general fund, internal service funds, and grant management fund.

Business-Type Activities:

	<u>Beginning Balance</u>	<u>Additions/ Reclassification</u>	<u>Refunding/ Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 18,625,000	\$ -	\$ (1,505,000)	\$ 17,120,000	\$ 745,000
Revenue refunding bonds	2,565,000	-	(1,015,000)	1,550,000	1,000,000
Tax and revenue certificate of obligation	3,405,000	-	(910,000)	2,495,000	1,215,000
General obligation refunding bonds	27,645,000	-	-	27,645,000	125,000
Less deferred amounts:					
For premiums on issuance	1,799,283	-	(123,935)	1,675,349	-
On refunding					
For deferred loss on early retirement	(1,195,744)	-	100,207	(1,095,537)	-
For issuance discount	(17,543)	-	7,017	(10,526)	-
Rebatable arbitrage	-	131,406	-	131,406	-
Deferred water charges payable	1,419,854	-	(567,941)	851,912	567,941
Compensated absences	2,120,009	572,573	(442,518)	2,250,064	225,006
Business-type activity					
Long-term liabilities	<u>\$ 56,365,859</u>	<u>\$ 703,979</u>	<u>\$ (4,457,170)</u>	<u>\$ 52,612,668</u>	<u>\$ 3,877,947</u>

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 became fully insured in its liability and property risk effective December 1, 2004. Prior to this date, the City was self-insured. The City uses Arthur J. Gallagher and Company as its third-party administrator for claims incurred before November 30, 2004. The City purchases its liability and property insurance policies through Texas Municipal League Intergovernmental Risk Pool (TML-IRP). These policies encompass property, general, and auto liability, public officials' errors and omissions, mobile equipment, boiler and machinery. The deductible ranges from \$1,000 to \$100,000 with limit 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 is limited to the payment of premiums.

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 has been purchased through Arthur J. Gallagher & Co., from Safety National Casualty; stop-loss attachment point is \$375,000 for each claim other than police and fire, which is \$500,000. After April 1, 2004 the City became a member of the Texas Municipal League Intergovernmental Risk Pool. The City pays a premium based on the City's total payroll and past loss experience. As a member of the pool, stop loss insurance is no longer needed. The City includes the Pasadena Volunteer Fire Department in its workers' compensation program.

Unemployment Insurance

The City reimburses the Texas Workforce Commission for unemployment claims on a quarterly basis. By using this method, the City gives up certain appeal options, but it has only once paid more than what its taxable rate would have been. Staff from the Human Resources Department represents the City in the appeal procedures.

Health and Dental Insurance

The City is self insured in health coverage and purchases stop loss insurance from a commercial carrier. Texas Municipal League (TML) is the third party administrator. The City has two health insurance plans and two dental insurance plans. The health insurance, plan A or B, offers a wide range of medical care, services, and supplies depending on the needs of the employees. One of the two dental insurance plans is a fully insured plan provided through CIGNA and the other is self insured with TML as the third party administrator.

The City pays \$960 of the monthly premium for each employee, which includes health, dental, short-term and long-term disability income protection plan, life insurance and accident death and dismemberment insurance and the employees pay the remaining depending on which plan they choose. Dependent coverage is available for qualified dependents at the employee's option. If elected, the City pays a portion of the premium and the employee pays the remainder. A cafeteria style plan (e.g., health spending and dependent care) is available at the employee's election.

Unpaid Claims Liability

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

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

	Workers' Compensation	General Liabilities Insurance	Health/Dental Insurance
<u>Current Fiscal Year</u>			
Unpaid claims and claim adjustment expenses at the beginning of the current fiscal year	\$ 678,179	\$ 974,045	\$ 2,688,676
Incurred claims and claim adjustment expenses:			
Provisions for insured events of the current fiscal year	-	-	6,231,242
Increase (decrease) in provision for insured events prior years	154,032	(193,419)	(1,514,913)
Total incurred claims and claim adjustment expenses	<u>154,032</u>	<u>(193,419)</u>	<u>4,716,329</u>
Payments:			
Claims and claim adjustment expenses attributable to insured events-			
Current fiscal year	-	-	4,329,175
Prior fiscal years	383,501	215,765	1,173,762
Total payments	<u>383,501</u>	<u>215,765</u>	<u>5,502,937</u>
Total unpaid claims and claim adjustment expenses at end of current fiscal year	<u>\$ 448,710</u>	<u>\$ 564,861</u>	<u>\$ 1,902,068</u>
<u>Prior Fiscal Year</u>			
Unpaid claims and claim adjustment expenses at the beginning of the prior fiscal year	\$ 741,932	\$ 885,130	\$ 3,055,093
Incurred claims and claim adjustment expenses:			
Provisions for insured events of the current fiscal year	-	-	8,826,550
Increase (decrease) in provision for insured events prior years	224,183	270,253	(1,720,627)
Total incurred claims and claim adjustment expenses	<u>224,183</u>	<u>270,253</u>	<u>7,105,923</u>
Payments:			
Claims and claim adjustment expenses attributable to insured events-			
Current fiscal year	-	-	6,137,929
Prior fiscal years	287,936	181,338	1,334,411
Total payments	<u>287,936</u>	<u>181,338</u>	<u>7,472,340</u>
Total unpaid claims and claim adjustment expenses at end of prior fiscal year	<u>\$ 678,179</u>	<u>\$ 974,045</u>	<u>\$ 2,688,676</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 an amount cannot be determined.

3. Federal and State Grants

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

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

The City has offered health benefits to its retirees for many years. In fiscal year 2002, the City passed an ordinance that significantly reduced the retirees' contribution to their health benefit plan. Substantially all of the City's employees become eligible for the health benefits including dental if they reach normal retirement age while working for the City. The City is currently following a pay-as-you-go approach, paying an amount each year equal to the claims paid. For the fiscal year ended September 30, 2007, two hundred and sixty-four retirees participated and received OPEB.

In fiscal year 2007, retirees made contributions totaling \$545,364, while the City paid \$1,429,515 in claims on behalf of retirees, their spouses, and dependents. Effective January 1, 2004, retirees and their spouses age 65 or older, whom are no longer eligible for the City's health plan, were enrolled in a Medicare Supplement plan. For which the City paid \$370.05 from October to December 2006 and \$295.59 from January to September 2007 per person, per month, at a cost of \$420,569 for fiscal year 2007.

Under COBRA, the City provides continuation of health coverage to its eligible former employees and their eligible dependents. The federal government for this coverage outlines certain requirements, such as coverage periods, notification responsibilities, and premiums. There is no associated cost to the City under this program.

D. Employee Retirement Systems and Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees, other than volunteer firemen, through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 821 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows (as of 4/4/07):

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.**

Contribution

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2006 valuation is effective for rates beginning January 2008).

The City of Pasadena is one of 821 municipalities having the benefit plan administered by TMRS. Each of the 821 Municipalities have an annual, individual actuarial valuation performed. All assumptions for the 12-31-06 valuations are contained in the 2006 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

Trend Information - Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	<u>12/31/2004</u>	<u>12/31/2005</u>	<u>12/31/2006</u>
Actuarial Value of Assets	\$ 134,986,975	\$ 130,886,748	\$ 131,242,404
Actuarial Accrued Liability	170,358,196	169,844,348	173,298,075
Percentage Funded	79.24%	77.10%	75.73%
Unfunded Actuarial Accrued Liability (UAAL)	35,371,221	38,957,600	42,055,671
Annual Covered Payroll	42,078,577	42,297,739	42,637,154
UAAL as a Percentage of Covered Payroll	<u>84.10%</u>	<u>92.10%</u>	<u>98.64%</u>
Net Pension Obligation at the Beginning of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Annual Pension Cost:			
Annual required contribution (ARC)	\$ 6,292,899	\$ 6,422,590	\$ 6,298,021
Contributions Made	<u>6,292,899</u>	<u>6,422,590</u>	<u>6,298,021</u>
Net Pension Obligation at the end of the period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Actuarial Assumptions

Actuarial Cost Method -	Unit Credit
Amortization Method -	Level Percent of Payroll
Remaining Amortization Period -	25 Years - Open Period
Asset Valuation Method -	Amortized Cost
	(to accurately reflect the requirements of GASB statement, No. 25, paragraphs 36e and 138)
Investment Rate of Return -	7%
Projected Salary Increase -	None
Includes Inflation At -	3.50%
Cost-of-Living Adjustments -	None

2. Volunteer Firemen's Relief and Retirement Pension Trust Fund/Texas Statewide Emergency Service Personnel Retirement Fund

Plan Description

The Fire Fighters' Pension Commission is the administrator of the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. TESRS is considered a component unit of the State of Texas financial reporting entity and is included in the State's financial reports as a pension trust fund. A report may be obtained by contacting the Texas Comptroller (Post Office Box 13528, Capitol Station, Austin, Texas 78711-3528). At August 31, 2006 there were 181 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, 2006, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,766
Terminated members entitled to benefits but not yet receiving them	1,815
Current active members (vested and nonvested)	4,480
	<u>8,061</u>

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

Upon reaching age 55, a 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.

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

Contribution provisions were established by S.B. 411, 65th Legislature, Regular Session (1977) and were amended by board rule in 2006. No contributions are required by individual members of participating departments. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month for each active member and may contribute more. The City's contributions to the fund for the fiscal years ended September 30, 2007, 2006 and 2005 were \$332,660, \$349,537, and \$235,833 respectively, and have met the required contributions each year. Additional contributions may be made by a governing body to pay for granting credit for service before the department began participating in TESRS (prior service). The City's additional contributions to the fund for the fiscal year ended September 30, 2007, 2006 and 2005 were \$61,812, \$61,812 and \$61,812 respectively. The State may also be required to make annual contributions up a limited amount to make TESRS actuarially sound.

Annual Required Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 2006 total contributions (dues and prior service) of \$2,077,728 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. In addition, the state appropriated \$675,307 for the fiscal year ending August 31, 2006. Total contributions made were equal to the contributions required by the state statute and were equal to the contributions required based on the revised August 31, 2004 actuarial valuation.

The purpose of the biennial actuarial valuation is to test the adequacy of the financing arrangement to determine if it is adequate to pay the benefits that are promised. The actuarial valuation as of August 31, 2006 revealed the adequacy of the expected contributions from the political subdivisions (dues and prior service contributions) together with the actual state appropriations for the fiscal year ending August 31, 2007 (\$709,613 as the maximum state contribution according to state law plus approximately \$400,000 to help pay for the System's administrative expenses) and with the assumed continuation of legislative appropriations of (1) the maximum state contributions amount in future years for up to 30 years as is necessary for the System to have a 30-year amortization period, and (2) approximately \$400,000 each year to help pay for the System's administrative expenses. Expected contributions for the fiscal year ending August 31, 2007 are equal to the contributions required.

3. Deferred Compensation Plan

The City offers its employees a deferred compensation 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.

As a result of legislative changes, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income contributed to those amounts are held in trust for the exclusive benefit of the participants and their beneficiaries. Consequently, the deferred compensation investments are no longer reported in the City's financial statements as an Agency Fund.

E. Restatement

The grant management beginning fund balance/net assets has been restated in the amount of \$169,033 in order to be in compliance with Notice PIH 2006-03 issued by the U.S. Department of Housing and Urban Development (HUD). This notice states that any budget authority provided to the City's Housing Department (Department) that exceeds actual program expenses must be maintained in the Department's fund balance account, the excess is no longer required to be settled and returned to HUD.

Capital assets, compensated absences payable, and recognition of excess housing assistance payments - grant management have been restated in the governmental activities and the proprietary funds. Business and governmental type activities, have also been restated to include additional compensated absences payable in the beginning net assets. The restatement of the beginning fund balance/net assets for the activities is as follows:

	<u>Grant Management</u>
Prior year ending fund balances as reported	\$ 3,162,728
Change in recognition of excess Housing Assistance Payments - Grant Management	<u>169,033</u>
Restated beginning fund balances	<u><u>\$ 3,331,761</u></u>

Government-Wide:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Prior year ending net assets balances as reported	\$ 442,441,040	\$ 158,101,802
Change in recorded capital assets	551,369	-
Change in recognition of excess Housing Assistance Payments - Grant Management	169,033	-
Change in recorded compensated absences payables	<u>(3,780,445)</u>	<u>(384,289)</u>
Restated beginning net assets	<u><u>\$ 439,380,997</u></u>	<u><u>\$ 157,717,513</u></u>

Proprietary Fund:

	<u>Proprietary Fund</u>	
	<u>Business-type Activities Enterprise Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer System</u>	<u>Maintenance Fund</u>
Prior year ending net assets balances as reported	\$ 159,391,254	\$ 15,072,533
Change in recorded compensated absences payables	<u>(384,289)</u>	<u>(247,159)</u>
Restated beginning net assets	<u><u>\$ 159,006,965</u></u>	<u><u>\$ 14,825,374</u></u>

F. Subsequent Events

On February 26, 2008, the City issued a Waterworks and Sewer System Revenue Bonds, Series 2008 in the amount of \$55,400,000. The purposes of the issuance are (1) to provide \$45,700,000 funding for the Southeast Water Production Plant Line, (2) to fund \$3,600,000 for Loop Completion of Distribution System, (3) to make improvements in the amount of \$1,500,000 for the Golden Acres Treatment Plant, (4) to fund a new transmission line, Shaver water line, and Southeast Plant pump station improvements in the amount of \$4,200,000 and (5) pay the cost of issuance in the amount of \$400,000.

**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, 2007**

ASSETS

Cash and cash equivalents	\$	1,426,859
Investments		
TexPool		7,398,184
LOGIC CLASS A		416,270
CLASS		12,242,839
		20,057,293
Receivables (net, where applicable, of allowances for uncollectible)		
General Property Taxes		477,873
Accounts receivable		3,811,352
		4,289,225
Due from other funds		441,543
Restricted assets		
Receivables (net, where applicable, of allowances for uncollectible)-Intergovernmental		69,253
TOTAL ASSETS	\$	26,284,173

LIABILITIES

Accounts payable	\$	5,736,045
Accrued payroll payable		993,540
Due to other funds		1,703,720
Due to component unit		52,345
Deferred revenue		358,837
TOTAL LIABILITIES		8,844,487

FUND BALANCES

Designated for encumbrances		475,103
Designated for encumbrances - capital improvements		17,338
Designated for capital improvements		63,181
Designated for election, recall and charter revision		15,000
Undesignated		16,869,064
TOTAL FUND BALANCES		17,439,686
TOTAL LIABILITIES AND FUND BALANCES	\$	26,284,173

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**CITY OF PASADENA, TEXAS
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR YEAR ENDED SEPTEMBER 30, 2007**

REVENUES

General property taxes	\$ 17,401,123
Business taxes	
Industrial district fees	15,153,643
Sales taxes	15,392,434
Utility taxes	7,582,443
Other taxes	205,220
Total business taxes	38,333,740
Licenses and permits	2,611,192
Municipal court fines	6,019,004
Charges for services	9,143,891
Intergovernmental	316,014
Miscellaneous	488,940
Investment income	1,514,138
TOTAL REVENUES	75,828,042

EXPENDITURES

Current	
General government	10,903,880
Public safety	32,969,436
Public works	14,551,840
Health	2,396,944
Culture and recreation	12,441,496
TOTAL EXPENDITURES	73,263,596

**EXCESS OF REVENUES
OVER EXPENDITURES**

2,564,446

OTHER FINANCING SOURCES (USES)

Operating transfers in (out)	
Health insurance fund	(500,000)
Water and sewer system	1,000,000
Debt service fund	(166,440)
Grant management fund	(31,034)
TOTAL OTHER FINANCING SOURCES (USES)	302,526

NET CHANGE IN FUND BALANCES

2,866,972

FUND BALANCES - BEGINNING

14,572,714

FUND BALANCES - ENDING

\$ 17,439,686

**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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
General Property Taxes				
Ad valorem taxes	\$ 16,900,000	\$ 16,900,000	\$ 16,900,952	\$ 952
Penalty and interest	504,000	504,000	500,171	(3,829)
Total General Property Taxes	17,404,000	17,404,000	17,401,123	(2,877)
Business Taxes				
Industrial district fees	14,750,000	15,030,000	15,153,643	123,643
Sales tax	14,280,000	14,550,000	15,392,434	842,434
Utility taxes	7,419,000	7,719,000	7,582,443	(136,557)
Other taxes				
Mixed drink tax	145,000	145,000	159,405	14,405
Bingo tax	53,000	53,000	45,815	(7,185)
Total Business Taxes	36,647,000	37,497,000	38,333,740	836,740
Licenses and Permits				
Business types	1,952,800	2,202,800	2,421,227	218,427
Occupational types	93,500	93,500	86,411	(7,089)
Non-business types	73,000	73,000	103,554	30,554
Total Licenses and Permits	2,119,300	2,369,300	2,611,192	241,892
Municipal Court Fines and Fees				
	5,383,000	5,383,000	6,019,004	636,004
Charges for Services				
Ellington municipal golf course	556,000	556,000	498,165	(57,835)
Recreational activities	207,000	207,000	185,309	(21,691)
Swimming pool	67,500	67,500	77,021	9,521
Tennis court	5,500	5,500	4,183	(1,317)
Civic center	297,200	297,200	334,643	37,443
Other centers	67,600	67,600	88,201	20,601
Miscellaneous	571,200	571,200	718,926	147,726
Solid waste collection	6,553,800	6,553,800	6,501,126	(52,674)
Health services	328,300	328,300	371,395	43,095
Library services	69,500	69,500	80,484	10,984
Property management	278,900	278,900	284,438	5,538
Total Charges for Services	9,002,500	9,002,500	9,143,891	141,391
Intergovernmental				
Fire protection	58,600	58,600	59,436	836
Katrina - Disaster Grant	-	-	17,348	17,348
Reimbursement from other agency	50,000	54,000	126,606	72,606
TxDOT - traffic signal maintenance	25,000	25,000	29,205	4,205
Emergency management performance grant	81,500	81,500	80,198	(1,302)
Restitution - Harris County	1,200	1,200	3,221	2,021
Total Intergovernmental	216,300	220,300	316,014	95,714
Miscellaneous				
	372,800	378,490	488,940	110,450
Investment Income				
	908,500	1,312,821	1,514,138	201,317
TOTAL REVENUES	\$ 72,053,400	\$ 73,567,411	\$ 75,828,042	\$ 2,260,631

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Current				
General Government				
City Council				
Personnel services	\$ 33,238	\$ 33,268	\$ 33,268	\$ -
Contractual services	38,200	38,200	17,257	20,943
Materials and supplies	3,550	3,520	2,132	1,388
Maintenance charges	28,700	36,945	36,940	5
	103,688	111,933	89,597	22,336
Mayor				
Personnel services	390,998	444,607	421,266	23,341
Contractual services	17,900	20,900	18,941	1,959
Materials and supplies	2,625	4,625	2,924	1,701
Maintenance charges	19,000	19,050	19,042	8
	430,523	489,182	462,173	27,009
Budget and Financial Planning				
Personnel services	213,841	237,841	236,124	1,717
Contractual services	9,700	8,400	6,904	1,496
Materials and supplies	950	1,450	1,012	438
Maintenance charges	11,385	11,405	11,400	5
	235,876	259,096	255,440	3,656
Municipal Court				
Personnel services	1,535,792	1,511,092	1,501,805	9,287
Contractual services	54,000	66,400	65,647	753
Materials and supplies	28,225	31,025	29,738	1,287
Maintenance charges	51,305	53,125	52,971	154
	1,669,322	1,661,642	1,650,161	11,481
City Controller				
Personnel services	1,081,677	1,081,677	1,080,833	844
Contractual services	172,800	171,100	155,476	15,624
Materials and supplies	18,000	21,000	19,922	1,078
Maintenance charges	39,775	38,635	38,327	308
	\$ 1,312,252	\$ 1,312,412	\$ 1,294,558	\$ 17,854

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, 2007**

EXPENDITURES General Government, Continued	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Tax				
Contractual services	\$ 363,050	\$ 354,030	\$ 353,884	\$ 146
Materials and supplies	-	20	16	4
Maintenance charges	-	440	435	5
	363,050	354,490	354,335	155
Purchasing				
Personnel services	222,900	225,775	211,497	14,278
Contractual services	13,300	19,800	16,649	3,151
Materials and supplies	2,920	2,920	2,652	268
Maintenance charges	19,275	19,255	18,819	436
	258,395	267,750	249,617	18,133
Legal				
Personnel services	785,682	716,782	695,940	20,842
Contractual services	60,275	81,275	71,922	9,353
Materials and supplies	15,000	22,500	18,988	3,512
Maintenance charges	32,410	32,410	30,800	1,610
	893,367	852,967	817,650	35,317
City Secretary				
Personnel services	198,405	196,296	192,254	4,042
Contractual services	38,100	72,300	71,696	604
Materials and supplies	4,300	4,300	3,484	816
Maintenance charges	27,840	27,840	27,396	444
	268,645	300,736	294,830	5,906
Elections				
Personnel services	10,903	2,603	1,955	648
Contractual services	52,750	54,850	54,341	509
Materials and supplies	6,500	4,100	1,808	2,292
	70,153	61,553	58,104	3,449
Human Resources				
Personnel services	474,378	484,028	482,003	2,025
Contractual services	84,900	84,900	84,431	469
Materials and supplies	26,752	20,552	18,067	2,485
Maintenance charges	40,970	39,865	39,735	130
	\$ 627,000	\$ 629,345	\$ 624,236	\$ 5,109

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
City Marshal				
Personnel services	\$ 538,920	\$ 578,220	\$ 571,536	\$ 6,684
Contractual services	5,750	5,750	4,994	756
Materials and supplies	6,700	6,720	6,717	3
Maintenance charges	67,445	67,445	66,708	737
	618,815	658,135	649,955	8,180
Community Relations				
Personnel services	400,367	376,867	370,900	5,967
Contractual services	90,000	104,100	101,547	2,553
Materials and supplies	61,900	68,400	55,522	12,878
Maintenance charges	42,435	40,615	38,527	2,088
Capital outlay	-	15,690	15,690	-
	594,702	605,672	582,186	23,486
Pasadena Action Line				
Personnel services	257,517	263,867	264,408	(541)
Contractual services	4,200	1,000	164	836
Materials and supplies	2,300	2,300	1,324	976
Maintenance charges	17,600	18,700	18,686	14
	281,617	285,867	284,582	1,285
Planning				
Personnel services	212,234	224,485	212,106	12,379
Contractual services	13,025	13,025	8,466	4,559
Materials and supplies	4,300	4,300	3,557	743
Maintenance charges	53,415	89,425	88,861	564
	282,974	331,235	312,990	18,245
Planning/Development Administration				
Personnel services	222,374	210,123	199,645	10,478
Contractual services	500	500	-	500
Materials and supplies	2,350	2,350	28	2,322
Maintenance charges	560	565	565	-
	225,784	213,538	200,238	13,300
Neighborhood Network				
Personnel services	67,924	67,924	67,586	338
Contractual services	119,900	124,900	124,443	457
Materials and supplies	19,300	45,400	45,394	6
Maintenance charges	15,560	15,565	15,565	-
	\$ 222,684	\$ 253,789	\$ 252,988	\$ 801

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, 2007**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
General Government, Continued				
Inspections				
Personnel services	\$ 1,385,668	\$ 1,372,218	\$ 1,350,146	\$ 22,072
Contractual services	26,100	29,100	20,449	8,651
Materials and supplies	17,100	20,600	12,646	7,954
Maintenance charges	119,945	120,645	119,932	713
	1,548,813	1,542,563	1,503,173	39,390
Property Management				
Personnel services	-	75	-	75
Contractual services	216,000	234,500	216,880	17,620
Materials and supplies	21,075	21,075	19,564	1,511
Maintenance charges	295,085	298,260	296,223	2,037
Capital outlay	204,528	178,308	187,122	(8,814)
	736,688	732,218	719,789	12,429
Technology				
Contractual services	76,303	76,303	56,965	19,338
Materials and supplies	28,737	28,737	23,238	5,499
	105,040	105,040	80,203	24,837
Other Charges				
Personnel services	1,000,000	-	-	-
Contractual services	97,000	47,300	44,463	2,837
Materials and supplies	300	300	35	265
Other charges	63,610	63,610	31,281	32,329
Other uses	101,500	101,500	91,296	10,204
	1,262,410	212,710	167,075	45,635
Total General Government	\$ 12,111,798	\$ 11,241,873	\$ 10,903,880	\$ 337,993

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Personnel services	\$ 129,092	\$ 132,292	\$ 134,656	\$ (2,364)
Contractual services	31,878	32,878	23,624	9,254
Materials and supplies	10,225	14,275	14,269	6
Maintenance charges	31,930	32,930	32,911	19
	203,125	212,375	205,460	6,915

Fire Fighting

Personnel services	256,279	272,279	271,265	1,014
Contractual services	1,121,171	1,123,671	1,077,362	46,309
Materials and supplies	296,793	336,793	294,846	41,947
Maintenance charges	1,998,100	1,990,100	1,989,404	696
Capital outlay	66,976	66,976	64,978	1,998
	3,739,319	3,789,819	3,697,855	91,964

Fire Prevention

Personnel services	730,570	730,570	712,535	18,035
Contractual services	20,815	29,815	30,991	(1,176)
Materials and supplies	17,022	18,022	18,419	(397)
Maintenance charges	125,295	125,295	124,580	715
	893,702	903,702	886,525	17,177

Police

Personnel services	23,876,093	24,784,793	24,767,790	17,003
Contractual services	581,000	813,524	784,481	29,043
Materials and supplies	288,251	363,656	335,554	28,102
Maintenance charges	2,326,145	2,324,120	2,291,771	32,349
Capital outlay	-	4,823	-	4,823
	27,071,489	28,290,916	28,179,596	111,320

Total Public Safety

	\$ 31,907,635	\$ 33,196,812	\$ 32,969,436	\$ 227,376
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Continued

**CITY OF PASADENA, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Works				
Public Works Administration				
Personnel services	\$ 203,549	\$ 198,799	\$ 197,857	\$ 942
Contractual services	3,892	3,892	2,504	1,388
Materials and supplies	400	400	260	140
Maintenance charges	19,050	19,060	19,055	5
	226,891	222,151	219,676	2,475
Engineering				
Personnel services	1,516,919	1,400,819	1,387,247	13,572
Contractual services	83,350	85,350	48,653	36,697
Materials and supplies	34,000	52,448	50,582	1,866
Maintenance charges	116,275	125,900	125,884	16
Capital Outlay	28,000	35,552	35,551	1
	1,778,544	1,700,069	1,647,917	52,152
Street Lighting and Signals				
Contractual services	1,400,000	1,280,620	1,278,585	2,035
	1,400,000	1,280,620	1,278,585	2,035
Sanitation				
Personnel services	2,325,277	2,285,277	2,245,818	39,459
Contractual services	3,282,025	3,108,600	3,084,335	24,265
Materials and supplies	1,072,516	1,120,941	882,270	238,671
Maintenance charges	681,110	660,410	637,307	23,103
	7,360,928	7,175,228	6,849,730	325,498
Street and Bridge				
Personnel services	2,423,194	2,383,194	2,373,862	9,332
Contractual services	69,213	99,213	83,675	15,538
Materials and supplies	524,675	484,675	409,332	75,343
Maintenance charges	595,545	595,545	592,934	2,611
	3,612,627	3,562,627	3,459,803	102,824
Traffic and Transportation				
Personnel services	790,646	760,646	748,566	12,080
Contractual services	114,646	139,646	108,358	31,288
Materials and supplies	114,894	184,944	152,886	32,058
Maintenance charges	84,924	84,924	81,544	3,380
	1,105,110	1,170,160	1,091,354	78,806
Environmental Services				
Personnel services	-	4,800	4,775	25
	-	4,800	4,775	25
Total Public Works	\$ 15,484,100	\$ 15,115,655	\$ 14,551,840	\$ 563,815

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Health				
Health				
Personnel services	\$ 681,440	\$ 672,140	\$ 664,407	\$ 7,733
Contractual services	775,305	775,305	691,062	84,243
Materials and supplies	9,891	10,691	10,031	660
Maintenance charges	62,455	62,455	61,401	1,054
	1,529,091	1,520,591	1,426,901	93,690
Animal Rescue and Assistance				
Personnel services	707,130	735,130	724,489	10,641
Contractual services	131,100	166,100	132,493	33,607
Materials and supplies	53,771	58,771	57,810	961
Maintenance charges	55,515	55,515	55,251	264
	947,516	1,015,516	970,043	45,473
Total Health	2,476,607	2,536,107	2,396,944	139,163
Culture and Recreation				
Leisure Services Administration				
Personnel services	206,704	227,004	226,983	21
Contractual services	5,450	5,450	5,175	275
Materials and supplies	1,820	1,820	1,772	48
Maintenance charges	3,485	3,495	3,491	4
	217,459	237,769	237,421	348
Parks				
Personnel services	2,070,761	2,046,461	2,046,416	45
Contractual services	671,995	664,445	657,029	7,416
Materials and supplies	165,825	205,325	197,940	7,385
Maintenance charges	449,440	450,440	449,883	557
Capital outlay	104,043	102,593	306,350	(203,757)
	3,462,064	3,469,264	3,657,618	(188,354)
Recreation				
Personnel services	1,464,231	1,426,531	1,396,510	30,021
Contractual services	316,979	344,359	295,344	49,015
Materials and supplies	275,224	261,624	244,468	17,156
Maintenance charges	170,800	170,800	168,378	2,422
Other charges	69,000	70,600	66,244	4,356
Capital outlay	41,096	41,096	42,385	(1,289)
	\$ 2,337,330	\$ 2,315,010	\$ 2,213,329	\$ 101,681

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, 2007**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Culture and Recreation, Continued				
Clean Streets				
Personnel services	\$ 807,270	\$ 842,870	\$ 842,816	\$ 54
Contractual services	16,850	16,850	13,499	3,351
Materials and supplies	39,190	39,190	37,221	1,969
Maintenance charges	117,935	117,935	114,911	3,024
	981,245	1,016,845	1,008,447	8,398
Golf Course				
Personnel services	469,035	456,910	445,869	11,041
Contractual services	50,516	60,516	53,275	7,241
Materials and supplies	83,550	83,550	67,571	15,979
Maintenance charges	68,925	84,825	83,833	992
	672,026	685,801	650,548	35,253
Multi-Purpose Center				
Personnel services	413,132	239,132	235,016	4,116
Contractual services	38,360	33,435	31,910	1,525
Materials and supplies	26,592	31,517	24,647	6,870
Maintenance charges	71,695	71,695	69,642	2,053
Other charges	10,000	10,000	5,092	4,908
	559,779	385,779	366,307	19,472
Civic Center				
Personnel services	535,173	488,273	476,981	11,292
Contractual services	147,800	147,800	140,227	7,573
Materials and supplies	1,500	1,500	986	514
Maintenance charges	153,680	141,880	128,773	13,107
	838,153	779,453	746,967	32,486
Senior Center - Madison Jobe				
Personnel services	275,556	277,681	277,681	-
Contractual services	42,184	42,184	39,575	2,609
Materials and supplies	16,862	16,862	13,630	3,232
Maintenance charges	38,975	50,775	50,745	30
Other charges	15,900	15,900	15,119	781
	\$ 389,477	\$ 403,402	\$ 396,750	\$ 6,652

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Library				
Personnel services	\$ 2,416,552	\$ 2,409,552	\$ 2,397,478	\$ 12,074
Contractual services	295,838	301,123	268,086	33,037
Materials and supplies	112,760	114,475	112,658	1,817
Maintenance charges	226,970	218,675	215,724	2,951
Capital outlay	170,180	170,180	170,163	17
	3,222,300	3,214,005	3,164,109	49,896
Total Culture and Recreation	12,679,833	12,507,328	12,441,496	65,832
TOTAL EXPENDITURES	74,659,973	74,597,775	73,263,596	1,334,179
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,606,573)	(1,030,364)	2,564,446	3,594,810
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)				
Water and sewer system fund	2,500,000	1,000,000	1,000,000	-
General liability insurance fund	(500,000)	(500,000)	(500,000)	-
Debt service fund	-	-	(166,440)	(166,440)
Grant management fund	-	(15,677)	(31,034)	(15,357)
Sale of capital assets	10,000	10,000	-	(10,000)
TOTAL OTHER FINANCING SOURCES AND (USES)	2,010,000	494,323	302,526	(191,797)
NET CHANGE IN FUND BALANCES	(596,573)	(536,041)	2,866,972	3,403,013
FUND BALANCE - BEGINNING	12,434,151	14,572,714	14,572,714	-
FUND BALANCE - ENDING	\$ 11,837,578	\$ 14,036,673	\$ 17,439,686	\$ 3,403,013

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MAJOR FUND

DEBT SERVICE FUND

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

**CITY OF PASADENA, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes				
Ad valorem taxes	\$ 10,825,000	\$ 10,825,000	\$ 11,468,596	\$ 643,596
Investment income	80,000	80,000	103,610	23,610
TOTAL REVENUES	10,905,000	10,905,000	11,572,206	667,206
EXPENDITURES				
Debt service				
Principal	5,258,000	5,258,000	5,444,315	(186,315)
Interest	7,480,400	7,476,900	5,819,860	1,657,040
Fiscal charges	4,000	7,500	10,386	(2,886)
Underwriter/issuance costs	-	61,756	50,081	11,675
TOTAL EXPENDITURES	12,742,400	12,804,156	11,324,642	1,479,514
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,837,400)	(1,899,156)	247,564	(2,146,720)
OTHER FINANCING SOURCES				
Transfers in - general fund	-	-	166,440	166,440
Transfers in - water and sewer fund	1,624,200	1,624,200	-	(1,624,200)
Premiums on bonds	-	10,875	10,875	-
Refunding bonds issued	-	2,415,000	2,415,000	-
Payment to refunded bond escrow agent	-	(2,364,119)	(2,364,119)	-
TOTAL OTHER FINANCING SOURCES	1,624,200	1,685,956	228,196	(1,457,760)
NET CHANGE IN FUND BALANCE	(213,200)	(213,200)	475,760	688,960
FUND BALANCES - BEGINNING	914,731	1,020,164	1,020,164	-
FUND BALANCES - ENDING	\$ 701,531	\$ 806,964	\$ 1,495,924	\$ 688,960

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NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

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

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

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

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

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

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

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

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

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

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, the convention and hotel industry of the City and its vicinity.

Abandoned Motor Vehicle and Property Fund – Established to account for auction proceeds of abandoned vehicles and property. Funds are designated to be used for law enforcement purposes.

**CITY OF PASADENA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007**

	Special Revenue				Totals
	Special Charge Allocation Fund	State Forfeited Property	Hotel and Motel Tax	Abandoned Motor Vehicles and Property	
<u>ASSETS</u>					
Due from other funds	\$ 767	\$ -	\$ -	\$ 39,121	\$ 39,888
Restricted assets					
Cash and cash equivalents	-	52,967	-	-	52,967
Investments	1,930,340	400,013	882,159	390,133	3,602,645
Receivables (net of allowances of uncollectibles)					
Intergovernmental	12,082	-	-	-	12,082
Other	-	-	154,703	-	154,703
TOTAL ASSETS	<u>\$ 1,943,189</u>	<u>\$ 452,980</u>	<u>\$ 1,036,862</u>	<u>\$ 429,254</u>	<u>\$ 3,862,285</u>
<u>LIABILITIES</u>					
Due to other funds	\$ 1,433	\$ -	\$ 3,600	\$ -	\$ 5,033
Liabilities payable from restricted assets					
Accounts payable	9,976	5,368	1,351	14,184	30,879
Accrued payroll payable	6,339	-	1,821	-	8,160
	<u>16,315</u>	<u>5,368</u>	<u>3,172</u>	<u>14,184</u>	<u>39,039</u>
TOTAL LIABILITIES	<u>17,748</u>	<u>5,368</u>	<u>6,772</u>	<u>14,184</u>	<u>44,072</u>
<u>FUND BALANCES</u>					
Designated for encumbrances	21,335	4,971	14,988	4,754	46,048
Unreserved, undesignated	1,904,106	442,641	1,015,102	410,316	3,772,165
TOTAL FUND BALANCES	<u>1,925,441</u>	<u>447,612</u>	<u>1,030,090</u>	<u>415,070</u>	<u>3,818,213</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,943,189</u>	<u>\$ 452,980</u>	<u>\$ 1,036,862</u>	<u>\$ 429,254</u>	<u>\$ 3,862,285</u>

**CITY OF PASADENA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>Special Revenue</u>				<u>Total</u>
	<u>Special Charge Allocation Fund</u>	<u>State Forfeited Property</u>	<u>Hotel and Motel Tax</u>	<u>Abandoned Motor Vehicles and Property</u>	
REVENUES					
Business taxes					
Other taxes					
Hotel and motel taxes	\$ -	\$ -	\$ 399,122	\$ -	\$ 399,122
Licenses and permits	3,330	-	-	-	3,330
Municipal court fines	459,329	-	-	-	459,329
Intergovernmental	260,402	58,123	8,257	-	326,782
Miscellaneous	12,823	-	-	266,487	279,310
Investment income	98,588	20,136	44,597	22,826	186,147
TOTAL REVENUES	834,472	78,259	451,976	289,313	1,654,020
EXPENDITURES					
Current					
General government					
Personnel services	172,494	-	-	-	172,494
Contractual services	160,865	-	-	-	160,865
Materials and supplies	65,827	-	-	-	65,827
Maintenance charges	71,172	-	-	-	71,172
Capital outlay	5,077	-	-	-	5,077
Public safety					
Personnel services	172,458	-	-	-	172,458
Contractual services	57,939	19,432	-	120,744	198,115
Materials and supplies	6,578	16,204	-	131,153	153,935
Other charges	-	-	-	8,772	8,772
Capital outlay	-	-	-	11,000	11,000
Culture and recreation					
Personnel services	-	-	1,821	-	1,821
Contractual services	-	-	74,764	-	74,764
Materials and supplies	-	-	75,839	-	75,839
Other charges	-	-	28,953	-	28,953
Capital outlay	-	-	95,329	-	95,329
TOTAL EXPENDITURES	712,410	35,636	276,706	271,669	1,296,421
EXCESS OF REVENUES OVER EXPENDITURES	122,062	42,623	175,270	17,644	357,599
FUND BALANCES - BEGINNING	1,803,379	404,989	854,820	397,426	3,460,614
FUND BALANCES - ENDING	\$ 1,925,441	\$ 447,612	\$ 1,030,090	\$ 415,070	\$ 3,818,213

**CITY OF PASADENA, TEXAS
SPECIAL CHARGE ALLOCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 3,330	\$ (670)
Municipal court fines	418,055	418,055	459,329	41,274
Intergovernmental	202,400	202,400	260,402	58,002
Miscellaneous	-	-	12,823	12,823
Investment income	62,000	62,000	98,588	36,588
TOTAL REVENUES	686,455	686,455	834,472	148,017
EXPENDITURES				
Current				
General government				
Personnel services	290,062	243,162	172,494	70,668
Contractual services	117,600	176,100	160,865	15,235
Materials and supplies	93,000	110,456	65,827	44,629
Maintenance charges	71,500	71,500	71,172	328
Other charges	3,000	3,000	-	3,000
Capital outlay	21,000	21,000	5,077	15,923
Public safety				
Personnel services	150,646	173,666	172,458	1,208
Contractual services	82,700	65,380	57,939	7,441
Materials and supplies	6,750	6,750	6,578	172
Other charges	-	16,850	-	16,850
TOTAL EXPENDITURES	836,258	887,864	712,410	175,454
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(149,803)	(201,409)	122,062	323,471
FUND BALANCE - BEGINNING	1,689,428	1,803,379	1,803,379	-
FUND BALANCE - ENDING	\$ 1,539,625	\$ 1,601,970	\$ 1,925,441	\$ 323,471

**CITY OF PASADENA, TEXAS
STATE FORFEITED PROPERTY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 146,441	\$ 146,441	\$ 58,123	\$ (88,318)
Investment income	8,202	8,202	20,136	11,934
TOTAL REVENUES	<u>154,643</u>	<u>154,643</u>	<u>78,259</u>	<u>(76,384)</u>
EXPENDITURES				
Current				
Public safety				
Contractual services	37,041	37,041	19,432	17,609
Materials and supplies	16,721	16,721	16,204	517
Capital outlay	-	100,881	-	100,881
TOTAL EXPENDITURES	<u>53,762</u>	<u>154,643</u>	<u>35,636</u>	<u>119,007</u>
EXCESS OF REVENUES OVER EXPENDITURES	100,881	-	42,623	42,623
FUND BALANCE - BEGINNING	<u>464,463</u>	<u>404,989</u>	<u>404,989</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 565,344</u>	<u>\$ 404,989</u>	<u>\$ 447,612</u>	<u>\$ 42,623</u>

**CITY OF PASADENA, TEXAS
HOTEL AND MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Business taxes	\$ 250,000	\$ 250,000	\$ 399,122	\$ 149,122
Intergovernmental	8,300	8,300	8,257	(43)
Investment income	30,000	30,000	44,597	14,597
TOTAL REVENUES	<u>288,300</u>	<u>288,300</u>	<u>451,976</u>	<u>163,676</u>
EXPENDITURES				
Current				
Culture and recreation				
Personnel services	-	1,825	1,821	4
Contractual services	172,104	160,279	74,764	85,515
Materials and supplies	74,157	99,652	75,839	23,813
Other charges	37,500	37,500	28,953	8,547
Capital outlay	46,704	95,536	95,329	207
TOTAL EXPENDITURES	<u>330,465</u>	<u>394,792</u>	<u>276,706</u>	<u>118,086</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(42,165)	(106,492)	175,270	281,762
FUND BALANCE - BEGINNING	<u>770,201</u>	<u>854,820</u>	<u>854,820</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 728,036</u>	<u>\$ 748,328</u>	<u>\$ 1,030,090</u>	<u>\$ 281,762</u>

CITY OF PASADENA, TEXAS
ABANDONED MOTOR VEHICLE AND PROPERTY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 182,000	\$ 228,035	\$ 266,487	\$ 38,452
Investment income	10,000	10,000	22,826	12,826
TOTAL REVENUES	<u>192,000</u>	<u>238,035</u>	<u>289,313</u>	<u>51,278</u>
EXPENDITURES				
Current				
Public safety				
Contractual services	90,500	130,500	120,744	9,756
Materials and supplies	53,895	172,652	131,153	41,499
Other charges	10,000	62,500	8,772	53,728
Capital outlay	-	12,243	11,000	1,243
TOTAL EXPENDITURES	<u>154,395</u>	<u>377,895</u>	<u>271,669</u>	<u>106,226</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	37,605	(139,860)	17,644	157,504
FUND BALANCE - BEGINNING	<u>264,454</u>	<u>397,426</u>	<u>397,426</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 302,059</u>	<u>\$ 257,566</u>	<u>\$ 415,070</u>	<u>\$ 157,504</u>

INTERNAL SERVICE FUNDS

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

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

Workers' Compensation Insurance Fund – This fund is used to account for the worker's 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 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 ASSETS
SEPTEMBER 30, 2007**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total
<u>ASSETS</u>					
Current Assets					
Investments - Texpool	\$ 8,577,573	\$ 960,432	\$ 1,325,256	\$ 12,986,974	\$ 23,850,235
Due from other funds					
General	999	223,401	11,057	-	235,457
Grant management	625	326	-	-	951
Special revenue	59	1,433	-	-	1,492
Maintenance	-	16,588	-	-	16,588
General liability insurance	90,427	23,214	-	-	113,641
Health insurance	-	34	-	-	34
Water and sewer system	1,845	53,900	-	-	55,745
Due from component unit	-	11,695	-	-	11,695
Inventory, at cost	507,185	-	-	-	507,185
Total Current Assets	9,178,713	1,291,023	1,336,313	12,986,974	24,793,023
Noncurrent Assets					
Deposits	-	41,000	-	-	41,000
Capital Assets					
Land	602	-	-	-	602
Buildings and building improvements	2,086,911	-	-	-	2,086,911
Accumulated depreciation - buildings and building improvements	-	-	-	-	-
	(1,642,732)	-	-	-	(1,642,732)
Facilities and other improvements	175,754	-	-	-	175,754
Accumulated depreciation - facilities and other improvements	-	-	-	-	-
	(40,549)	-	-	-	(40,549)
Machinery and equipment	4,491,854	-	-	-	4,491,854
Accumulated depreciation - machinery and equipment	-	-	-	-	-
	(3,967,475)	-	-	-	(3,967,475)
Infrastructure	41,746	-	-	-	41,746
Accumulated depreciation - infrastructure	-	-	-	-	-
	(5,765)	-	-	-	(5,765)
Automotive equipment	29,730,347	-	-	-	29,730,347
Accumulated depreciation - automotive equipment	-	-	-	-	-
	(22,835,828)	-	-	-	(22,835,828)
Net Capital Assets	8,034,865	-	-	-	8,034,865
Total Noncurrent Assets	8,034,865	41,000	-	-	8,075,865
TOTAL ASSETS	17,213,578	1,332,023	1,336,313	12,986,974	32,868,888
<u>LIABILITIES</u>					
Current Liabilities					
Accounts payable	433,747	1,981	115,951	-	551,679
Accrued payroll payable	87,631	1,693	-	1,703	91,027
Due to other funds					
General	-	-	-	26,202	26,202
Maintenance	-	-	90,427	-	90,427
Workers' compensation insurance	16,588	-	23,214	34	39,836
Claims payable	-	269,226	338,917	1,141,241	1,749,384
Compensated absences payable	157,627	-	-	-	157,627
Total Current Liabilities	695,593	272,900	568,509	1,169,180	2,706,182
Noncurrent Liabilities					
Claims payable	-	179,484	225,944	760,827	1,166,255
Compensated absences payable	1,418,643	-	-	-	1,418,643
Total Noncurrent Liabilities	1,418,643	179,484	225,944	760,827	2,584,898
TOTAL LIABILITIES	2,114,236	452,384	794,453	1,930,007	5,291,080
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	8,034,865	-	-	-	8,034,865
Unrestricted	7,064,477	879,639	541,860	11,056,967	19,542,943
TOTAL NET ASSETS	\$ 15,099,342	\$ 879,639	\$ 541,860	\$ 11,056,967	\$ 27,577,808

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**CITY OF PASADENA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total
OPERATING REVENUES					
Charges for sales and services	\$ 12,205,350	\$ 1,314,307	\$ 644,618	\$ 13,343,776	\$ 27,508,051
OPERATING EXPENSES					
Personnel services	4,850,691	41,332	-	-	4,892,023
Contractual services	1,279,826	16,367	-	36,101	1,332,294
Material and supplies	3,615,056	2,096	-	-	3,617,152
Maintenance charges	703,947	-	-	-	703,947
Insurance/reinsurance premiums	-	471,903	872,664	1,405,047	2,749,614
Claim and legal expenses	-	162,772	297,571	6,277,577	6,737,920
Administration fees	-	14,059	-	446,317	460,376
Miscellaneous	-	200	-	51,497	51,697
Depreciation	1,950,197	-	-	-	1,950,197
TOTAL OPERATING EXPENSES	12,399,717	708,729	1,170,235	8,216,539	22,495,220
OPERATING INCOME (LOSS)	(194,367)	605,578	(525,617)	5,127,237	5,012,831
NONOPERATING REVENUES					
Gain on sale of capital assets	151,577	-	-	-	151,577
Investment income	428,665	33,957	55,281	548,519	1,066,422
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	385,875	639,535	(470,336)	5,675,756	6,230,830
CONTRIBUTIONS	16,077	-	-	-	16,077
TRANSFERS IN	-	-	800,000	-	800,000
TRANSFERS OUT	(127,984)	-	-	-	(127,984)
CHANGES IN NET ASSETS	273,968	639,535	329,664	5,675,756	6,918,923
TOTAL NET ASSETS - BEGINNING	14,825,374	240,104	212,196	5,381,211	20,658,885
TOTAL NET ASSETS - ENDING	\$ 15,099,342	\$ 879,639	\$ 541,860	\$ 11,056,967	\$ 27,577,808

**CITY OF PASADENA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>Maintenance</u>	<u>Workers' Compensation Insurance</u>	<u>General Liability Insurance</u>	<u>Health Insurance</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from customers and users	\$ 12,223,308	\$ 1,230,504	\$ 633,561	\$ 13,343,776	\$ 27,431,149
Cash payments to suppliers for goods and services	(5,614,515)	-	-	-	(5,614,515)
Cash payments to employees for services	(4,694,449)	(39,639)	-	(3,432)	(4,737,520)
Cash payments for insurance premiums, liability claims and administration	-	(902,663)	(1,432,639)	(8,988,514)	(11,323,816)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,914,344	288,202	(799,078)	4,351,830	5,755,298
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>					
Transfers from other funds					
General	-	-	500,000	-	500,000
Water and sewer system	-	-	300,000	-	300,000
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	-	800,000	-	800,000
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Proceeds from sale of capital assets	319,150	-	-	-	319,150
Acquisition and construction of capital assets	(1,955,683)	-	-	-	(1,955,683)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,636,533)	-	-	-	(1,636,533)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of investments	(5,609,798)	(1,127,082)	(999,879)	(13,250,396)	(20,987,155)
Proceeds from sale and maturities of investments	4,903,322	804,923	943,676	8,350,047	15,001,968
Investment income received	428,665	33,957	55,281	548,519	1,066,422
NET CASH (USED) BY INVESTING ACTIVITIES	(277,811)	(288,202)	(922)	(4,351,830)	(4,918,765)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	-	-	-	-	-
CASH AND CASH EQUIVALENTS - BEGINNING	-	-	-	-	-
CASH AND CASH EQUIVALENTS - ENDING	\$ -	\$ -	\$ -	\$ -	\$ -

	<u>Maintenance</u>	<u>Workers' Compensation Insurance</u>	<u>General Liability Insurance</u>	<u>Health Insurance</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	<u>\$ (194,367)</u>	<u>\$ 605,578</u>	<u>\$ (525,617)</u>	<u>\$ 5,127,237</u>	<u>\$ 5,012,831</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	1,950,197	-	-	-	1,950,197
Changes in assets and liabilities					
(Increase) decrease in due from other funds	17,958	(79,654)	(11,057)	-	(72,753)
(Increase) in due from component unit	-	(4,149)	-	-	(4,149)
(Increase) in inventory	(131,275)	-	-	-	(131,275)
Decrease in deposits	-	9,000	-	-	9,000
Increase (decrease) in accounts and claims payable	116,022	(244,266)	(293,233)	(786,608)	(1,208,085)
Increase (decrease) in accrued payroll payable	(56,522)	1,693	-	(3,432)	(58,261)
Increase in compensated absences payable	212,764	-	-	-	212,764
Increase (decrease) in due to other funds	(433)	-	30,829	14,633	45,029
Total Adjustments	<u>2,108,711</u>	<u>(317,376)</u>	<u>(273,461)</u>	<u>(775,407)</u>	<u>742,467</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
	<u>\$ 1,914,344</u>	<u>\$ 288,202</u>	<u>\$ (799,078)</u>	<u>\$ 4,351,830</u>	<u>\$ 5,755,298</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Contribution of capital assets from the government	\$ 16,077	\$ -	\$ -	\$ -	\$ 16,077

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STATISTICAL SECTION

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

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I. Financial Trends

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

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Fund Balances of Governmental Funds.....	110
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II. Revenue Capacity

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

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Assessed Value and Actual Value of Taxable Property.....	115
Property Tax Rates - Direct and Overlapping Governments	116
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III. Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

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Direct and Overlapping Governmental Activities Debt.....	121
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IV. Demographic and Economic Information

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

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Principal Employers 125

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.

City Government Employees by Function 126
Operating Indicators by Function 127
Capital Asset Statistics by Function 128

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

CITY OF PASADENA, TEXAS
NET ASSETS BY COMPONENT
Last Five Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 378,334,323	\$ 387,778,628	\$ 370,470,916	\$ 403,974,440	\$ 412,109,172
Restricted	16,176,151	18,624,939	22,888,815	30,687,355	47,012,981
Unrestricted	14,901,279	9,571,244	3,579,793	4,719,202	15,953,388
Total governmental activities net assets	<u>\$ 409,411,753</u>	<u>\$ 415,974,811</u>	<u>\$ 396,939,524</u>	<u>\$ 439,380,997</u>	<u>\$ 475,075,541</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 156,229,230	\$ 154,149,232	\$ 184,638,432	\$ 154,352,867	\$ 154,799,229
Restricted	1,561,254	1,634,435	483,859	1,272,277	1,128,275
Unrestricted (deficit)	2,957,742	(681,964)	(1,229,867)	2,092,369	6,580,409
Total business-type activities net assets	<u>\$ 160,748,226</u>	<u>\$ 155,101,703</u>	<u>\$ 183,892,424</u>	<u>\$ 157,717,513</u>	<u>\$ 162,507,913</u>
Primary government					
Invested in capital assets, net of related debt	\$ 534,563,553	\$ 541,927,860	\$ 555,109,348	\$ 558,327,307	\$ 566,908,401
Restricted	17,737,405	20,259,374	23,372,674	31,959,632	48,141,256
Unrestricted	17,859,021	8,889,280	2,349,926	6,811,571	22,533,797
Total primary government net assets	<u>\$ 570,159,979</u>	<u>\$ 571,076,514</u>	<u>\$ 580,831,948</u>	<u>\$ 597,098,510</u>	<u>\$ 637,583,454</u>

(1) The requirement for statistical data is ten years; only five fiscal years are available at this time.

CITY OF PASADENA, TEXAS
CHANGES IN NET ASSETS
Last Five Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities					
General government	\$ 12,990,439	\$ 12,499,970	\$ 14,760,376	\$ 11,958,225	\$ 11,200,559
Public safety	34,547,829	35,031,295	35,897,408	36,671,473	35,213,887
Public works	24,354,816	21,881,082	19,516,410	20,305,363	19,851,288
Health	2,237,933	2,300,482	2,481,836	2,322,840	2,340,163
Culture and recreation	12,584,629	12,277,865	12,676,655	13,022,789	12,687,318
Housing and community development	7,495,941	7,989,705	8,433,494	8,720,771	7,968,458
Interest and fiscal agent fees on long-term debt	3,332,080	2,578,646	4,252,445	4,231,769	4,478,707
Total governmental activities expenses	<u>97,543,667</u>	<u>94,559,045</u>	<u>98,018,624</u>	<u>97,233,230</u>	<u>93,740,380</u>
Business-type activities					
Water and sewer	31,368,154	30,641,552	29,491,431	29,117,047	25,729,728
Total business-type activities expenses	<u>31,368,154</u>	<u>30,641,552</u>	<u>29,491,431</u>	<u>29,117,047</u>	<u>25,729,728</u>
Total primary government expenses	<u>\$ 128,911,821</u>	<u>\$ 125,200,597</u>	<u>\$ 127,510,055</u>	<u>\$ 126,350,277</u>	<u>\$ 119,470,108</u>
Program Revenues					
Governmental activities:					
Charges for service					
General government	\$ 6,565,663	\$ 7,134,722	\$ 7,348,053	\$ 8,704,860	\$ 9,077,366
Public safety	6,506,737	6,106,518	6,312,465	6,936,436	7,845,825
Other activities	3,587,805	3,629,777	3,794,530	4,586,379	4,662,239
Operating grants and contributions	9,455,830	9,555,552	10,377,127	11,135,131	9,148,611
Capital grants and contributions	5,091,202	4,984,476	9,913,507	2,266,320	15,711,854
Total governmental activities program revenues	<u>31,207,237</u>	<u>31,411,045</u>	<u>37,745,682</u>	<u>33,629,126</u>	<u>46,445,895</u>
Business-type activities:					
Charges for services:					
Water and sewer	26,266,529	25,175,410	26,261,124	31,279,537	30,744,928
Capital grants and contributions	3,148,391	-	1,315,972	-	-
Total business-type activities program revenues	<u>29,414,920</u>	<u>25,175,410</u>	<u>27,577,096</u>	<u>31,279,537</u>	<u>30,744,928</u>
Total primary government program revenues	<u>\$ 60,622,157</u>	<u>\$ 56,586,455</u>	<u>\$ 65,322,778</u>	<u>\$ 64,908,663</u>	<u>\$ 77,190,823</u>
Net (Expense)/Revenue					
Governmental activities	\$ (66,336,430)	\$ (63,148,000)	\$ (60,272,942)	\$ (63,604,104)	\$ (47,294,485)
Business-type activities	(1,953,234)	(5,466,142)	(1,914,335)	2,162,490	5,015,200
Total primary government net expense	<u>\$ (68,289,664)</u>	<u>\$ (68,614,142)</u>	<u>\$ (62,187,277)</u>	<u>\$ (61,441,614)</u>	<u>\$ (42,279,285)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
General property taxes	\$ 23,147,891	\$ 24,889,552	\$ 26,630,894	\$ 27,210,647	\$ 28,855,714
Industrial district fees	15,516,488	15,175,399	15,064,575	14,971,745	15,153,643
Sales taxes	18,325,403	20,308,039	18,771,552	20,576,013	23,088,652
Utility taxes	7,712,646	6,938,968	7,132,803	7,148,517	7,582,443
Other taxes	477,992	528,727	478,159	579,428	604,342
Investment earnings					
Unrestricted	353,699	457,598	898,174	1,765,482	2,580,560
Restricted	874,893	607,827	1,656,818	3,201,891	3,839,946
Gain on sale of capital assets	820,959	58,456	-	-	102,835
Transfers	1,306,868	746,492	(29,395,320)	30,424,114	1,180,894
Total governmental activities	<u>68,536,839</u>	<u>69,711,058</u>	<u>41,237,655</u>	<u>105,877,837</u>	<u>82,989,029</u>
Business-type activities:					
Investment earnings					
Unrestricted	155,200	96,440	24,737	74,873	386,097
Restricted	546,194	469,671	1,284,999	2,011,840	569,997
Transfers	(1,306,868)	(746,492)	29,395,320	(30,424,114)	(1,180,894)
Total business-type activities	<u>(605,474)</u>	<u>(180,381)</u>	<u>30,705,056</u>	<u>(28,337,401)</u>	<u>(224,800)</u>
Total primary government	<u>\$ 67,931,365</u>	<u>\$ 69,530,677</u>	<u>\$ 71,942,711</u>	<u>\$ 77,540,436</u>	<u>\$ 82,764,229</u>
Change in Net Assets					
Governmental activities	\$ 2,200,409	\$ 6,563,058	\$ (19,035,287)	\$ 42,273,733	\$ 35,694,544
Business-type activities	(2,558,708)	(5,646,523)	28,790,721	(26,174,911)	4,790,400
Total primary government	<u>\$ (358,299)</u>	<u>\$ 916,535</u>	<u>\$ 9,755,434</u>	<u>\$ 16,098,822</u>	<u>\$ 40,484,944</u>

(1) The requirement for statistical data is ten years; only five fiscal years are available at this time.

CITY OF PASADENA, TEXAS
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Five Fiscal Years (1)
(accrual basis of accounting)

Source	Fiscal Year				
	2003	2004	2005	2006	2007
General property taxes	\$ 23,147,891	\$ 24,889,552	\$ 26,630,894	\$ 27,210,647	\$ 28,855,714
Industrial district fees	15,516,488	15,175,399	15,064,575	14,971,745	15,153,643
Sales taxes	18,325,403	20,308,039	18,771,552	20,576,013 (2)	23,088,652
Utility taxes	7,712,646	6,938,968	7,132,803	7,148,517	7,582,443
Other taxes	477,992	528,727	478,159	579,428	604,342
	<u>\$ 65,180,420</u>	<u>\$ 67,840,685</u>	<u>\$ 68,077,983</u>	<u>\$ 70,486,350</u>	<u>\$ 75,284,794</u>

- (1) The requirement for statistical data is ten years; only five fiscal years are available at this time.
(2) Sales tax is reduced by \$957,031. This represents collections overpaid to the City by the State Comptroller's office.

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Unreserved, designated for:					
Encumbrances	\$ 523,489	\$ 385,344	\$ 69,987	\$ 601,074	\$ 492,441
Capital and technology improvements	-	788,251 (2)	569,031	350,876	63,181
Recall, election, and charter revisions	-	15,000 (2)	15,000	15,000	15,000
Unreserved	15,995,503	13,649,372	11,549,567	13,605,764	16,869,064
Total general fund	<u>\$ 16,518,992</u>	<u>\$ 14,837,967</u>	<u>\$ 12,203,585</u>	<u>\$ 14,572,714</u>	<u>\$ 17,439,686</u>
All Other Governmental Funds					
Reserved	\$ 854,090	\$ 1,150,518	\$ 1,009,129	\$ 1,020,164	\$ 1,495,924
Unreserved, designated for:					
Encumbrances	217,460	284,532	94,104	233,114	193,298
Unreserved, reported in:					
Pasadena Second Century Corp fund	-	13,661,448 (2)	19,792,426	16,304,452	15,664,093
Capital project fund	36,422,758	28,809,896	49,254,465	44,028,810	57,023,939
Grant management fund	2,742,695	2,411,987	2,179,870	3,294,231	3,565,531
Special revenue funds	3,084,330	2,798,734	2,962,092	3,341,554	3,772,165
Total all other governmental funds	<u>\$ 43,321,333</u>	<u>\$ 49,117,115</u>	<u>\$ 75,292,086</u>	<u>\$ 68,222,325</u>	<u>\$ 81,714,950</u>

(1) The requirement for statistical data is ten years; only five fiscal years are available at this time.

(2) First year amounts reported in these items.

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Taxes	\$ 65,001,344	\$ 69,644,124	\$ 68,147,386	\$ 71,417,369	\$ 75,298,799
Licenses and permits	1,925,525	2,023,198	1,987,726	2,325,452	2,614,522
Municipal court fines	5,522,614	5,314,119	5,475,669	5,843,318	6,478,333
Charges for services	7,203,857	7,270,872	7,592,005	9,071,205	9,143,891
Intergovernmental	12,775,333	13,814,294	13,179,191	13,183,434	12,963,551
Investment earnings	986,450	857,257	2,153,484	4,239,860	5,354,084
Miscellaneous	610,486	700,514	1,060,031	1,454,507	12,762,352
Total revenues	94,025,609	99,624,378	99,595,492	107,535,145	124,615,532
Expenditures					
General government	11,536,552	10,816,187	11,377,181	11,541,363	13,063,869
Public Safety	31,559,299	34,596,834	34,095,458	32,789,587	34,797,520
Public works	15,980,154	15,104,816	14,264,010	14,368,742	14,826,289
Health	1,998,562	2,132,286	2,247,029	2,229,275	2,396,944
Culture and recreation	11,421,975	11,365,582	11,734,161	13,155,164	13,011,143
Housing and community development	9,261,335	10,620,479	10,350,263	9,240,567	9,166,267
Capital outlay	22,562,217	17,800,469	18,226,315	17,498,647	21,539,329
Debt service					
Principal	8,570,000	9,000,000	8,085,000	7,665,000	6,212,535
Interest	3,058,548	2,571,574	3,446,897	3,961,007	5,953,074
Other charges	127,333	567,609	1,112,801	4,771	346,639
Total expenditures	116,075,975	114,575,836	114,939,115	112,454,123	121,313,609
Excess (deficiency) of revenues over (under) expenditures	(22,050,366)	(14,951,458)	(15,343,623)	(4,918,978)	3,301,923
Other Financing Sources (Uses)					
Refunding bonds issued	-	18,640,000	29,570,000	-	2,415,000
Payment to refunded bond escrow agent	-	(19,433,731)	(31,465,435)	-	(2,364,119)
Bonds issued	16,350,000	17,500,000	37,580,000	-	12,450,000
Premiums on bonds issued	1,046	1,259,946	3,254,647	-	56,793
Transfers in	1,193,932	4,582,177	3,623,734	10,015,507	8,976,878
Transfers out	(687,064)	(3,482,177)	(3,688,734)	(9,964,901)	(8,476,878)
Sale of capital assets	1,289,486	-	10,000	-	-
Total other financing sources (uses)	18,147,400	19,066,215	38,884,212	50,606	13,057,674
Net change in fund balances	\$ (3,902,966)	\$ 4,114,757	\$ 23,540,589	\$ (4,868,372)	\$ 16,359,597
Debt service as a percentage of noncapital expenditures	13.04%	13.30%	13.67%	12.59%	13.06%

(1) The requirement for statistical data is ten years; only five fiscal years are available at this time.

CITY OF PASADENA, TEXAS
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Five Fiscal Years (1)
(modified accrual basis of accounting)

Source	Fiscal Year				
	2003	2004	2005	2006	2007
General property taxes	\$ 23,065,814	\$ 25,099,303	\$ 26,639,546	\$ 27,184,635	\$ 28,869,719
Industrial district fees	15,329,998	15,175,399	15,064,576	14,971,745	15,153,643
Sales taxes	18,325,403	20,308,039	18,771,552	21,533,044	23,088,652
Utility taxes	7,777,466	8,528,068	7,181,942	7,148,517	7,582,443
Other taxes	502,663	533,315	489,770	579,428	604,342
	<u>\$ 65,001,344</u>	<u>\$ 69,644,124</u>	<u>\$ 68,147,386</u>	<u>\$ 71,417,369</u>	<u>\$ 75,298,799</u>

(1) The requirement for statistical data is ten years; only five fiscal years are available at this time.

CITY OF PASADENA, TEXAS
WATER AND SEWER SYSTEM PRINCIPAL CUSTOMERS
Current Fiscal Year (1)

Consumers	Fiscal Year Ended September 30, 2007					
	Consumption (per 1,000 gallon)	Annualized Consumption	Billed Amount	Rank	Water/Sewer Revenues	% of All System Fund Revenues
Pasadena Independent School District	10,586.3	127,035.5	\$ 628,756	1	2.18%	2.02%
City of Seabrook	7,837.5	94,050.5	573,885	2	1.99%	1.84%
Branywood Housing Corporation	5,664.6	67,975.6	432,057	3	1.50%	1.39%
Brighton Hill Apartments	5,558.0	66,696.5	418,897	4	1.45%	1.35%
Columbia Bayshore Hospital	4,858.9	58,307.1	525,157	5	1.82%	1.69%
Sandstone	3,552.6	42,631.6	217,462	6	0.75%	0.70%
San Jacinto College	2,184.2	26,210.0	236,243	7	0.82%	0.76%
Phillips Chemical	2,157.3	25,887.9	118,761	8	0.41%	0.38%
Minh Food Company	1,683.8	20,206.0	173,722	9	0.60%	0.56%
Air Products	1,567.9	18,814.8	99,000	10	0.34%	0.32%
Total	45,651.1	547,815.5	\$ 3,423,940			

Source: Prepared by the City's Water Department.

(1) The requirement for statistical data is for current and nine years ago; only the current year is available at this time.

**CITY OF PASADENA, TEXAS
WATER AND SEWER RATES
Last Two Fiscal Years (1)**

	Cumulative Blocks (Gallons)	Usage Blocks (per 1,000 gallons)	2007		2006	
			Water Rates	Sewer Rates	Water Rates	Sewer Rates
Residential	2,000	up to 2.0	\$ 5.50	\$ 8.00	\$ 5.50	\$ 8.00
	7,500	next 5.5	2.75	2.75	2.75	2.75
	10,000	next 2.5	3.00	3.00	3.00	3.00
	12,000	next 2.0	3.25	3.50	3.25	3.50
	30,000	next 18.01	4.00	3.50	4.00	3.50
	30,001	over 30.0	4.50	3.50	4.50	3.50
Residential => 65	2,000	up to 2.0	3.59	4.99	3.59	4.99
	7,500	next 5.5	2.16	1.37	2.16	1.37
	10,000	next 2.5	2.16	3.00	2.16	3.00
	12,000	next 2.0	3.25	3.50	3.25	3.50
	30,000	next 18.0	4.00	3.50	4.00	3.50
	30,001	over 30.0	4.50	3.50	4.50	3.50
Commercial	2,000	up to 2.0	5.59	8.00	5.59	8.00
	10,000	next 8.0	2.75	3.00	2.75	3.00
	20,000	next 10.0	3.00	3.25	3.00	3.25
	30,000	next 10.0	3.25	3.50	3.25	3.50
	40,000	next 10.0	4.50	4.00	4.50	4.00
	50,000	next 10.0	4.50	4.15	4.50	4.15
	50,001	over 50.0	4.50	4.15	4.50	4.15
Apartments	2,000	up to 2.0	4.59	8.00	4.59	8.00
	4,500	next 2.5	2.75	2.75	2.75	2.75
	9,500	next 5.0	3.00	3.25	3.00	3.25
	11,500	next 2.0	3.25	3.50	3.25	3.50
	29,500	next 18.0	4.00	3.50	4.00	3.50
	29,501	over 29.5	4.50	3.50	4.50	3.50
Sprinklers	2,000	up to 2.0	4.59	-	4.59	-
	10,000	next 8.02	3.25	-	3.25	-
	28,000	next 18.0	4.00	-	4.00	-
	28,001	over 28.0	4.50	-	4.50	-

Source: Prepared by the City's Water Department.

(1) The requirement for statistical data is ten years; only two years are available at this time.

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

Fiscal Year Ended September 30,

Assessed Value of Taxable Property	Fiscal Year Ended September 30,									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Real Property										
Real Residential	\$ 3,779,716,024	\$ 3,610,874,137	\$ 3,440,020,230	\$ 3,266,300,400	\$ 3,020,674,720	\$ 2,795,295,314	\$ 2,487,071,955	\$ 2,244,033,222	\$ 2,083,934,824	\$ 1,926,333,528
Real Commercial	922,067,090	869,515,809	810,536,290	788,524,850	783,413,430	742,959,700	688,640,790	618,811,650	558,756,330	534,045,070
Real Industrial	131,759,087	118,187,838	123,296,580	127,572,470	148,983,490	167,075,240	101,709,310	91,098,900	88,033,960	89,094,440
Real Agriculture	624,222	634,834	930,250	219,820	1,164,750	1,446,380	1,195,670	809,170	815,300	1,518,320
Real Vacant	100,388,134	73,973,512	66,377,590	66,388,720	223,850	125,470	67,220,490	60,806,650	57,828,940	56,644,940
Real Acreage Undeveloped	45,515,120	50,408,184	51,182,590	54,660,110	50,581,620	53,123,640	54,821,910	48,992,820	49,358,740	53,848,610
Total Real Property	4,980,079,677	4,723,594,314	4,492,343,510	4,305,666,370	4,005,041,860	3,760,025,744	3,380,660,125	3,064,552,412	2,839,728,094	2,661,484,908
Less: Exemptions	(797,405,237)	(765,632,990)	(741,233,200)	(718,866,840)	(675,272,370)	(635,160,980)	(585,940,770)	(530,756,910)	(286,889,030)	(281,287,760)
Net Total Real Property	4,182,674,440	3,957,961,324	3,751,110,310	3,586,799,530	3,329,769,490	3,124,864,764	2,794,719,355	2,533,795,502	2,552,839,064	2,380,197,148
Other Property										
Oil Gas and Mineral Reserves	8,334,609	1,603,070	1,546,720	3,488,740	2,989,570	4,273,360	2,823,660	2,944,490	20,365,800	29,837,320
Real and Tangible Personal - Utility	363,865	252,591	464,650	513,290	522,490	482,080	10,630	473,620	471,840	471,840
Gas Companies	8,434,840	8,022,960	8,118,090	8,255,430	8,215,010	8,171,670	8,099,210	8,090,720	8,061,350	7,722,750
Electric Companies	60,799,352	61,286,427	61,042,420	59,291,710	55,211,110	53,815,990	50,937,690	45,690,140	47,193,300	48,792,820
Telephone Companies	23,570,812	23,452,876	23,967,470	22,956,210	30,924,600	28,223,330	29,886,370	34,988,100	37,979,320	39,848,250
Railroad	308,110	308,280	310,450	262,600	227,060	191,960	177,960	118,520	146,950	170,060
Pipelines	28,640,460	27,800,375	25,554,840	24,829,790	24,646,050	24,761,010	25,360,930	25,485,780	24,659,590	23,583,610
Inventory	5,960,690	5,554,061	5,135,200	12,036,930	12,052,890	10,703,550	8,941,790	6,271,090	4,824,010	4,727,060
Major Cable TV Systems	446,590,327	458,136,790	446,662,770	435,964,970	424,731,170	411,480,130	379,196,750	347,492,600	339,390,970	322,793,790
Tangible Personal Commercial	515,099,420	407,988,270	302,988,360	285,370,390	211,614,770	134,520,780	157,443,170	121,127,060	123,517,890	138,814,580
Tangible Personal Industrial	18,514,607	18,363,900	18,725,010	18,001,500	19,262,240	19,860,610	19,646,900	17,544,030	12,864,350	12,491,520
Tangible Personal Other - Mobile Homes										
Residential Inventory - Vacant	373,205,856	312,682,653	8,765,750	4,153,050	8,449,970	10,930,910	4,128,910	1,570,910	1,889,260	2,725,630
Governmental Exemption	27,948,364	27,158,235	14,700	455,900	182,790	83,100	158,840	475,170	2,923,830	437,380
Charitable Exemption	114,620,604	101,908,422	681,920	4,962,650	3,265,120	308,550	940,350	3,614,770	2,206,400	2,127,120
Religious Exemption										
Private School Exempt	17,331,096	17,011,007								
Miscellaneous Exempt	387,520	387,520								
Agricultural										
Low-Moderate Income Housing		19,746		17,598,310	18,212,120	19,559,900	20,242,400			
Unknown			139,750	104,400					2,720,410	
Total Other Property	1,670,757,185	1,476,981,113	904,783,970	903,941,460	820,560,220	729,269,380	707,995,560	617,192,500	629,306,530	634,594,990
Less: Exemptions	(820,663,243)	(689,872,733)	(127,855,460)	(144,102,394)	(107,797,050)	(65,411,040)	(60,216,650)	(37,824,000)	(58,675,250)	(65,158,650)
Net Total Other Property	850,093,942	807,108,380	776,928,510	759,839,066	712,763,170	663,853,340	647,778,910	579,368,500	570,631,280	569,436,340
Total Property	6,650,836,862	6,200,575,427	5,397,127,480	5,209,607,830	4,825,602,080	4,489,295,124	4,088,655,685	3,681,744,912	3,469,034,624	3,296,079,898
Less: Total Exemptions	(1,618,068,480)	(1,435,505,723)	(869,088,660)	(862,969,234)	(783,069,420)	(700,572,020)	(646,157,420)	(568,580,910)	(345,564,280)	(346,446,410)
Total Assessed Value of Taxable Property	5,032,768,382	4,765,069,704	4,528,038,820	4,346,638,596	4,042,532,660	3,788,723,104	3,442,498,265	3,113,164,002	3,123,470,344	2,949,633,488
Total Actual Value of Taxable Property	5,032,768,382	4,765,069,704	4,528,038,820	4,346,638,596	4,042,532,660	3,788,723,104	3,442,498,265	3,113,164,002	3,123,470,344	2,949,633,488
Total Direct Tax Rate Per \$ 100	\$ 0.567	\$ 0.567	\$ 0.567	\$ 0.567	\$ 0.567	\$ 0.567	\$ 0.567	\$ 0.579	\$ 0.643	\$ 0.645

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.

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,	City Direct Rates					Overlapping Rates (1)							Total Direct and Overlapping Rates
	Tax Year	General Fund	Debt Service Fund	Total Direct	Clear Lake City Water Authority	Clear Creek ISD	Deer Park ISD	La Porte ISD	Pasadena ISD	Harris County (2)	Harris County Department of Education	San Jacinto College District	
1998	1997	\$ 0.3408	\$ 0.3042	\$ 0.6450	\$ 0.3300	\$ 1.5150	\$ 1.5600	\$ 1.6100	\$ 1.5210	\$ 0.6417	\$ 0.0061	\$ 0.1100	\$ 7.9388
1999	1998	0.3650	0.2780	0.6430	0.3300	1.64200	1.5800	1.6100	1.5500	0.6417	0.0063	0.1100	8.1130
2000	1999	0.3110	0.2680	0.5790	0.3300	1.64150	1.6700	1.6500	1.5200	0.6417	0.0063	0.1100	8.1485
2001	2000	0.3088	0.2582	0.5670	0.3300	1.64150	1.6900	1.6300	1.5200	0.6417	0.0063	0.1100	8.1365
2002	2001	0.3060	0.2610	0.5670	0.3300	1.72500	1.6898	1.6300	1.6649	0.6399	0.0063	0.1260	8.3789
2003	2002	0.3060	0.2610	0.5670	0.3100	1.74000	1.8035	1.6800	1.6875	0.6399	0.0063	0.1307	8.5649
2004	2003	0.3170	0.2500	0.5670	0.2900	1.73000	1.8071	1.6800	1.7750	0.6399	0.0063	0.1307	8.6260
2005	2004	0.3333	0.2337	0.5670	0.2900	1.74500	1.8055	1.7335	1.7750	0.6400	0.0063	0.1391	8.7014
2006	2005	0.3426	0.2244	0.5670	0.2900	1.77500	1.8055	1.7335	1.8050	0.6400	0.0063	0.1454	8.7676
2007	2006	0.3414	0.2256	0.5670	0.2800	1.63000	1.6623	1.6350	1.6900	0.6463	0.0063	0.1454	8.2623

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.

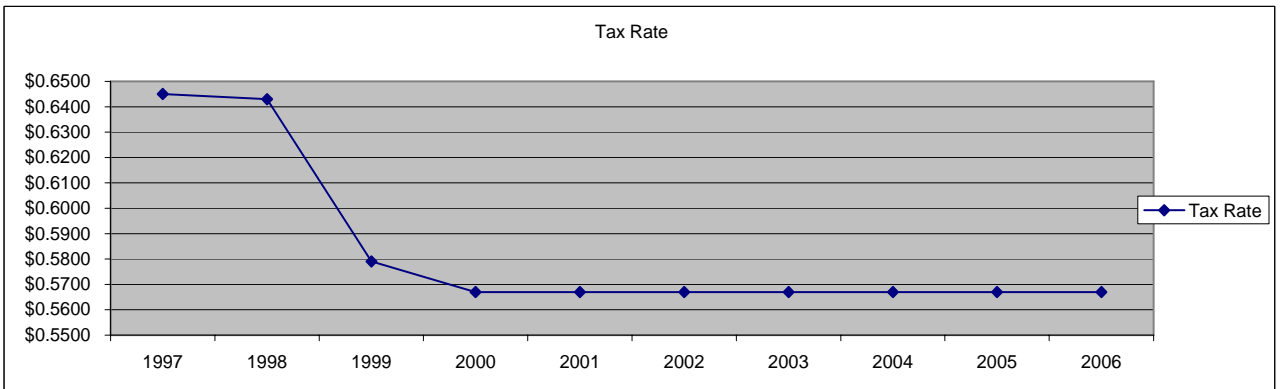
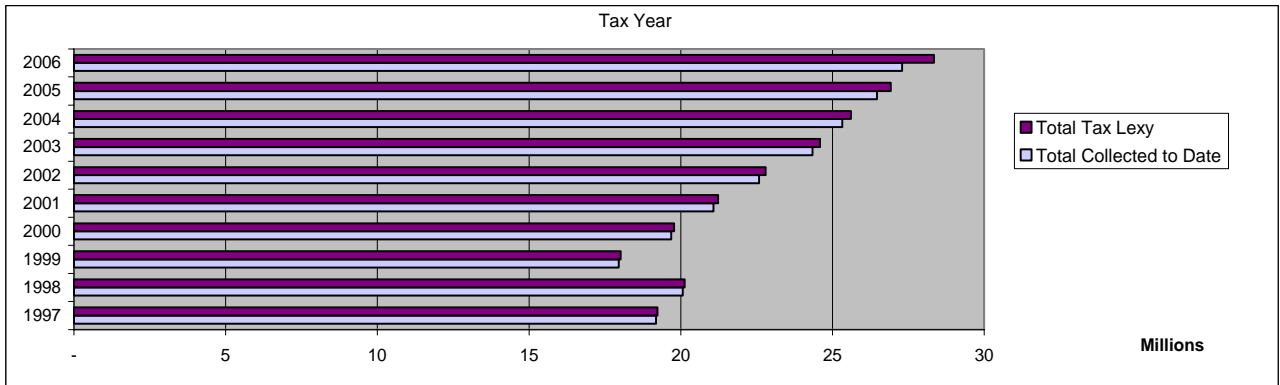
**CITY OF PASADENA, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
September 30, 2007**

Property Taxpayer	Fiscal Year Ended September 30, 2007			Fiscal Year Ended September 30, 1998		
	2006 Tax Year		% of Taxable Assessed Value	1997 Tax Year		% of Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Coral Energy Resources	\$ 135,294,878	1	2.69%	\$ -	-	-
CenterPoint Energy, Inc	66,657,599	2	1.32%	-	-	-
Shell Oil Co.	53,284,168	3	1.06%	-	-	-
KIR Pasadena II, LP	50,866,584	4	1.01%	-	-	-
The Boeing Co.	43,869,697	5	0.87%	-	-	-
Wal Mart	39,529,853	6	0.79%	-	-	-
Tejas Gas	38,592,454	7	0.77%	-	-	-
GATX Terminals % Kinder	36,187,976	8	0.72%	-	-	-
CHCA Bayshore LP	32,786,677	9	0.65%	-	-	-
CP Pasadena Property LTD	23,372,547	10	0.46%	-	-	-
Houston Lighting & Power	-	-	-	47,418,200	1	1.61%
Phillips 66 Company	-	-	-	44,443,770	2	1.51%
Southwestern Bell Telephone	-	-	-	37,868,420	3	1.28%
Crown Central Petroleum	-	-	-	32,281,580	4	1.09%
Pasadena Bayshore Hospital	-	-	-	30,759,030	5	1.04%
General American Transport	-	-	-	23,108,050	6	0.78%
Exxon Corp.	-	-	-	20,368,327	7	0.69%
Stevens Creek Assoc.	-	-	-	19,100,890	8	0.65%
Clark Armand Bayou LTD.	-	-	-	16,505,750	9	0.56%
Global Natural Resource	-	-	-	14,850,949	10	0.50%
Subtotal	\$ 520,442,433		10.34%	\$ 286,704,966		9.72%
Other Taxpayers	4,512,325,949		89.66%	2,662,928,522		90.28%
Total	\$ 5,032,768,382		100.00%	\$ 2,949,633,488		100.00%

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

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

Fiscal Year Ended September 30,	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date		
				Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
1998	1997	\$0.6450/\$100	\$ 19,228,315	\$ 18,383,252	95.61%	\$ 798,872	\$ 19,182,124	99.76%
1999	1998	\$0.6430/\$100	20,133,705	19,326,412	95.99%	741,346	20,067,758	99.67%
2000	1999	\$0.5790/\$100	18,023,142	17,328,875	96.15%	627,608	17,956,483	99.63%
2001	2000	\$0.5670/\$100	19,778,284	18,940,979	95.77%	745,359	19,686,338	99.54%
2002	2001	\$0.5670/\$100	21,227,368	20,271,340	95.50%	802,649	21,073,989	99.28%
2003	2002	\$0.5670/\$100	22,792,995	21,830,521	95.78%	752,158	22,582,679	99.08%
2004	2003	\$0.5670/\$100	24,584,823	23,677,426	96.31%	664,263	24,341,689	99.01%
2005	2004	\$0.5670/\$100	25,604,922	24,842,437	97.02%	474,953	25,317,390	98.88%
2006	2005	\$0.5670/\$100	26,916,353	25,952,683	96.42%	509,653	26,462,336	98.31%
2007	2006	\$0.5670/\$100	28,342,470	27,297,253	96.31%	-	27,297,253	96.31%



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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Fiscal Year Ended September 30,										
Governmental Activities										
General Obligation Bonds	\$ 46,750,000	\$ 46,800,000	\$ 48,850,000	\$ 34,175,000	\$ 18,750,000	\$ 2,925,000	\$ 4,325,000	\$ 4,700,000	\$ 9,100,000	\$ 9,425,000
General Obligation Refunding Bonds	7,255,000	11,422,875	35,797,875	22,807,875	26,787,875	32,977,875	37,862,875	42,472,875	42,650,000	46,740,000
General Obligation and Refunding Bonds	28,275,000	19,380,000	29,350,000	-	-	-	-	-	-	-
Certificates of Obligation	5,950,000	-	-	-	-	-	-	-	-	-
Combination Tax and Revenue Certificates of Obligation	9,605,000	11,910,000	11,945,000	13,885,000	13,915,000	13,945,000	-	-	-	-
Other Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Volunteer Fireman Prior Service Costs Note	-	59,233	115,185	168,038	217,965	265,127	309,677	351,761	391,513	543,271
Tax Notes, 2000	-	1,005,000	1,225,000	1,515,000	3,445,000	4,225,000	4,950,000	5,295,000	-	-
Long term notes	-	-	-	-	-	-	-	1,330,000	-	-
Overpaid Sales Tax Note	707,370	957,031	-	-	-	-	-	-	-	-
Blended Component Unit - Pasadena Second Century Corporation	-	-	-	-	-	-	-	-	-	-
Sales Tax Notes,	-	3,715,000	4,375,000	-	1,095,000	2,140,000	3,135,000	4,090,000	5,000,000	-
Sales Tax Revenue Bonds	101,572,370	95,249,139	129,658,060	72,550,913	64,210,840	56,478,002	50,582,552	58,239,636	59,726,513	60,478,271
Business Activities										
Waterworks and Sewer System Revenue Bonds	17,120,000	18,625,000	18,625,000	28,265,000	29,730,000	31,150,000	32,535,000	32,615,000	32,695,000	1,400,000
Waterworks and Sewer System Revenue Refunding Bonds	1,550,000	2,565,000	3,590,000	4,630,000	5,680,000	6,740,000	7,480,000	9,470,000	11,350,000	6,030,000
Waterworks and Sewer System Subordinate Lien Revenue Bonds	2,495,000	3,405,000	33,665,000	54,400,000	55,975,000	57,460,000	16,115,000	16,940,000	-	7,105,000
Combination Tax and Revenue Certificates of Obligation	17,675,000	17,675,000	-	-	-	-	-	-	-	-
General Obligation Refunding Bonds	9,970,000	9,970,000	-	-	-	-	-	-	-	-
General Obligation and Refunding Bonds	851,912	1,419,854	1,987,795	2,555,736	2,714,418	2,210,058	1,056,817	-	-	-
Deferred Water Charges Debt	49,661,912	53,659,854	57,867,795	89,850,736	94,099,418	97,560,058	57,186,817	59,025,000	44,045,000	14,535,000
Total Primary Government	\$ 151,234,282	\$ 148,908,993	\$ 187,525,855	\$ 162,401,649	\$ 158,310,258	\$ 154,038,060	\$ 107,769,369	\$ 117,264,636	\$ 103,771,513	\$ 75,013,271
(1) Percentage of Personal Income	5.55%	6.41%	7.31%	6.40%	7.03%	8.03%	5.64%	5.08%	5.74%	4.25%
(1) Per Capita	\$ 1,030	\$ 1,045	\$ 1,317	\$ 1,142	\$ 1,114	\$ 1,085	\$ 760	\$ 828	\$ 769	\$ 568
Personal Income (amount expressed in thousands)	\$ 2,723,739	\$ 2,323,319	\$ 2,564,090	\$ 2,536,167	\$ 2,253,129	\$ 1,919,123	\$ 1,911,533	\$ 2,309,428	\$ 1,806,435	\$ 1,763,059
Population	146,769	142,526	142,384	142,242	142,099	141,957	141,816	141,674	135,000	134,400

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

(1) See the Schedule of Demographic and Economic Statistics on page 124 for personal income and population data

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
1998	\$ 59,935,000	\$ (1,311,980)	\$ 58,623,020	\$ 2,949,633,488	1.99%	134,400	\$ 436
1999	54,335,000	(1,458,996)	52,876,004	3,123,470,344	1.69%	135,000	392
2000	53,797,875	(1,392,559)	52,405,316	3,113,164,002	1.68%	141,674	370
2001	47,137,875	(1,171,532)	45,966,343	3,442,498,265	1.34%	141,816	324
2002	54,072,875	(470,871)	53,602,004	3,788,723,104	1.41%	141,957	378
2003	62,897,875	(603,760)	62,294,115	4,042,532,660	1.54%	142,099	438
2004	72,382,875	(1,103,283)	71,279,592	4,346,638,596	1.64%	142,242	501
2005	125,167,875	(1,009,129)	124,158,746	4,528,038,820	2.74%	142,384	872
2006	118,162,875	(1,020,164)	117,142,711	4,765,069,704	2.46%	142,526	822
2007	125,480,000	(1,495,924)	123,984,076	5,032,768,382	2.46%	146,769	845

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.
- (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, 2007

<u>Government Unit</u>	<u>Outstanding Debt</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Harris County	\$ 1,753,055,970	2.27%	\$ 39,794,371
Harris County Flood Control District	123,924,985	2.27%	2,813,097
Port of Houston Authority	300,860,000	33.88%	101,931,368
Clear Lake City Water Authority	66,504,171	9.64%	6,411,002
Clear Creek ISD	525,950,000	5.17%	27,191,615
Deer Park Independent School District	134,185,000	16.91%	22,690,684
La Porte Independent School District	107,985,000	33.33%	35,991,401
Pasadena Independent School District	417,660,301	4.69%	19,588,268
San Jacinto College District	69,770,000	2.27%	1,583,779
Harris County WC & ID #156	4,870,000	2.27%	110,549
Subtotal, overlapping debt			258,106,134
Add - City direct debt (2)			97,835,000
Total direct and overlapping debt			\$ 355,941,134

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas and RBC Dan Raischer, Inc.

Note: Overlapping government 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 government 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 responsible for repaying the debt, of each overlapping government.

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

(2) Excludes portions of the General Obligation Bonds, Series 2005 and 2005A and Combination Tax and Revenue Certificates of Obligation, Series, 1999, that the debt service payments are being paid from enterprise fund (water and sewer) revenues.

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Fiscal Year Ended September 30,											
Debt limit											
Assessed value based on tax year	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	
	\$ 5,032,768,382	\$ 4,765,069,704	\$ 4,528,038,820	\$ 4,346,638,596	\$ 4,042,532,660	\$ 3,788,723,104	\$ 3,442,498,265	\$ 3,113,164,002	\$ 3,123,470,344	\$ 2,949,633,488	
10% of assessed value	503,276,838	476,506,970	452,803,882	434,663,860	404,253,266	378,872,310	344,249,827	311,316,400	312,347,034	294,963,349	
Less: net debt applicable to limit											
Debt to be repaid from ad valorem tax	97,835,000	90,517,875	125,167,875	72,382,875	62,897,875	54,072,875	47,137,875	53,797,875	54,335,000	59,935,000	
Less: amount available in debt service fund	(1,495,924)	(1,020,164)	(1,009,129)	(1,103,283)	(603,760)	(470,871)	(1,171,532)	(1,392,559)	(1,458,996)	(1,311,980)	
	96,339,076	89,497,711	124,158,746	71,279,592	62,294,115	53,602,004	45,966,343	52,405,316	52,876,004	58,623,020	
Legal Debt Margin	\$ 406,937,762	\$ 387,009,259	\$ 328,645,136	\$ 363,384,268	\$ 341,959,151	\$ 325,270,306	\$ 298,283,484	\$ 258,911,084	\$ 259,471,030	\$ 236,340,329	
Total net debt applicable to the limit as a percentage of debt limit	19.14%	18.78%	27.42%	16.40%	15.41%	14.15%	13.35%	16.83%	16.93%	19.87%	

Note: Under Article IX, Section 14 of the City Home Rule Charter states that 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.

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

Fiscal Year Ended September 30,	Water and Sewer Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1998	\$ 21,348,163	\$ 13,735,559	\$ 7,612,604	\$ 2,070,000	\$ 918,061	2.55
1999	22,045,466	14,661,469	7,383,997	1,860,000	1,658,552	2.10
2000	25,492,939	15,188,159	10,304,780	2,740,000	2,394,232	2.01
2001	23,495,100	17,362,099	6,133,001	2,895,000	2,483,310	1.14
2002	27,126,094	19,723,404	7,402,690	3,000,000	3,294,487	1.18
2003	26,746,577	20,746,358	6,000,219	3,965,000	4,350,940	0.72
2004	25,741,521	20,111,558	5,629,963	4,373,971	4,163,660	0.66
2005	27,570,860	19,826,965	7,743,895	3,752,941	3,309,641	1.10
2006	33,366,250	19,651,324	13,714,926	1,722,941	4,053,927	2.37
2007	31,701,022	19,949,788	11,751,234	3,430,000	2,240,280	2.07

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

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

Fiscal Year Ended September 30,	Population(1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income(2)	Median Age (2)	School Enrollment(3)	Unemployment Rate(4)
1998	134,400	\$ 1,763,059	\$ 13,118	29.5	41,000	5.7%
1999	135,000	1,806,435	13,381	29.6	41,500	4.5%
2000	141,674	2,309,428	16,301	29.0	40,935	4.6%
2001	141,816	1,911,533	13,479	29.1	43,414	5.0%
2002	141,957	1,919,123	13,519	29.3	44,420	6.2%
2003	142,099	2,253,129	15,856	29.9	50,374	7.5%
2004	142,242	2,536,167	17,830	28.9	46,100	5.9%
2005	142,384	2,564,090	18,008	29.0	45,038	5.3%
2006	142,526	2,323,319	16,301	29.1	43,976	4.7%
2007	146,769 *	2,723,739	18,558	31.1	43,713	4.8%

Data sources:

- (1) Bureau of the Census and Pasadena Chamber of Commerce
- (2) Bureau of the Census
- (3) Bureau of the Census and Pasadena Chamber of Commerce
- (4) Texas Workforce Commission

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

**CITY OF PASADENA, TEXAS
PRINCIPAL EMPLOYERS
Current and Two Years Ago (1)**

<u>Employer</u>	<u>2007</u>			<u>2005</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 Independent School District	5,800	1	4.49%	4,946	1	4.10%
The Boeing Company	2,300	2	1.78%	2,300	2	1.91%
Shell - Deer Park	1,750	3	1.36%	1,058	4	0.88%
Mundy Company	1,500	4	1.16%	1,047	6	0.87%
San Jacinto College District	1,058	5	0.82%	-	-	-
Bayshore Medical Center	1,042	6	0.81%	1,058	5	0.88%
City of Pasadena	990	7	0.77%	-	-	-
Lyondell Houston Refinery (2)	900	8	0.70%	850	7	0.70%
Chevron Phillips - Pasadena Plastics	693	9	0.54%	693	8	0.57%
University of Houston-Clear Lake	660	10	0.51%	590	9	0.49%
Lyondell Chemical (2)	-	-	-	-	-	-
Wal-Mart	-	-	-	-	-	-
Celanese Chemicals - Pasadena	-	-	-	-	-	-
Lyondell-Citgo, Refining LP (2)	-	-	-	1,080	3	0.90%
Albemarle	-	-	-	280	10	0.23%
	<u>16,693</u>		<u>12.93%</u>	<u>13,902</u>		<u>11.53%</u>

Source: Pasadena Chamber of Commerce

- (1) The requirement for statistical data is current year and nine years ago; only current and two years ago are available at this time.
(2) In 2005 Lyondell Chemical and Lyondell Houston Refinery were one company, Lyondell-Citgo, Refining LP.

CITY OF PASADENA, TEXAS
CITY GOVERNMENT EMPLOYEES BY FUNCTION (1)
Last Eight Fiscal Years (2)

Function	Number of Employees as of September 30,							
	2000	2001	2002	2003	2004	2005	2006	2007
General Government								
City Council	9	9	8	8	8	8	8	8
Mayor	3	4	4	4	4	4	3	3
Budget and Financial Planning	2	2	2	2	2	2	2	2
Municipal Court	32	31	31	33	32	31	31	33
City Controller	13	12	14	15	15	12	13	15
Tax	5	5	4	5	5	4	1	-
Purchasing	2	2	3	2	3	3	3	3
Legal	9	9	8	11	9	8	8	8
City Secretary	3	3	4	3	3	3	3	4
Human Resources	9	11	11	8	9	9	8	8
City Marshal	6	6	4	6	6	6	6	7
Community Relation	5	4	6	6	7	6	6	6
Pasadena Action Line	3	3	3	3	5	4	3	5
Planning	3	3	5	4	4	5	4	3
Planning/Development Administration	-	-	1	1	1	2	2	1
Neighborhood Network	-	-	-	2	1	1	1	1
Inspections	18	20	26	27	24	23	21	21
Property Management	-	-	-	2	2	2	1	-
Public Safety								
Emergency Preparedness	2	2	2	3	3	2	2	2
Fire Fighting	11	9	11	12	10	4	4	3
Fire Prevention	9	10	12	12	11	9	11	10
Police	319	330	324	329	329	330	327	337
Public Works								
Public Works Administration	-	1	3	3	3	1	2	2
Engineering	12	14	18	21	20	20	19	20
Sanitation	57	50	48	54	48	49	44	43
Street and Bridge	41	39	48	54	51	49	44	36
Traffic and Transportation	13	14	16	14	11	13	11	11
Health								
Health	14	11	13	15	14	13	12	12
Animal Rescue and Assistance	7	9	13	16	14	14	14	15
Culture and Recreation								
Leisure Services Administration	-	1	2	3	2	2	2	2
Parks	46	47	50	47	42	42	42	42
Recreation	36	41	34	40	43	51	33	32
Clean Streets	8	7	8	9	11	12	12	12
Golf Course	9	7	8	10	10	9	10	10
Multi-Purpose Center	9	6	7	7	7	14	7	7
Civic Center	8	6	7	9	9	9	9	7
Senior Center - Madison Jobe	8	7	9	8	8	6	5	4
Library	44	46	53	51	50	50	46	47
Water and Sewer System	121	120	129	139	136	125	114	111
Maintenance	80	89	90	98	87	81	74	75
Health Insurance	-	-	-	-	4	-	3	-
Grant Management	12	12	16	19	17	18	18	20
Nonmajor Special Revenue Funds	-	1	4	1	2	2	2	2
TOTAL CITY POSITIONS	988	1,003	1,059	1,116	1,082	1,058	991	990

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.

(2) The requirement for statistical data is ten years; only eight fiscal years are available at this time.

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Function										
Public Safety										
Police										
Arrests	10,564	10,971	10,040	11,625	12,883	12,913	12,073	13,768	13,197	14,142
Accident reports	4,307	4,375	4,296	4,439	3,685	3,681	4,056	3,827	3,812	4,139
Citations issued	71,362	71,611	92,166	86,354	88,562	88,650	76,448	76,132	83,967	79,708
Calls for service	34,810	39,226	78,985	80,511	80,726	78,800	85,119	88,770	85,492	83,599
Public Works										
Refuse collection	(1)	(1)	(1)	(1)	(1)	(1)	107	97	120	123
Refuse collected Type 1 (tons/day)	(1)	(1)	(1)	(1)	(1)	(1)	236	195	273	202
Refuse collected Type 2 (cubic yards/day)	(1)	(1)	(1)	(1)	(1)	(1)	68	71	91	64
Mulching collected (cubic yards/day)	(1)	(1)	(1)	(1)	(1)	(1)	1.26	1.57	2.84	2.65
Recyclables collected (tons/day)	(1)	(1)	(1)	(1)	(1)	(1)				
Health										
Number of food permits issued	(1)	860	1,053	799	1,003	943	1,004	1,132	1,135	893
Number of health inspections	(1)	1,929	733	2,275	2,390	2,458	2,626	2,184	1,925	2,604
Culture and Recreation										
Convention Center										
Number of Events	(1)	(1)	(1)	(1)	(1)	(1)	137	133	157	169
Library										
Visitors	(1)	(1)	(1)	(1)	(1)	(1)	673,081	762,135	710,297	812,357
Water and Sewer System										
Average daily consumption (millions of gallons)	21.95	21.57	22.47	21.26	20.84	18.65	17.49	18.92	18.51	17.50
Total Consumption (millions of gallons)	8,012.69	7,871.60	8,202.24	7,760.88	6,960.36	6,806.97	6,384.79	6,906.26	6,754.82	6,500.00
Average daily Waste Water Plant Flow (millions of gallons)	16.82	16.95	8.13	16.64	16.20	16.15	14.36	11.54	10.38	14.54
Total Waste Water Plant Flow (millions of gallons)	6,139.69	6,188.10	2,968.13	6,075.24	5,911.65	5,895.33	5,239.80	4,213.41	3,786.63	5,110.09

Source: Various City departments.

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

(1) Information unavailable.

CITY OF PASADENA, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Three Fiscal Years (1)

Function / Program	Fiscal Year		
	2005	2006	2007
Public Safety			
Police			
Stations	2	2	2
Patrol units	152	145	153
Fire stations	10	10	10
Public Works			
Streets (miles)	534	539	520
Streetlights	7,027	7,092	7,426
Traffic signals	185	195	196
Sanitation			
Collection trucks	37	33	24
Culture and Recreation			
Parks	48	47	47
Parks acreage	768	819	1,084
Swimming pools	5	5	5
Tennis courts	15	15	15
Community centers	8	8	8
Water and Sewer System			
Water			
Water mains (miles)	463	465	465
Fire hydrants	2,150	2,190	2,150
Maximum daily capacity (millions of gallons)	27	22	26
Sewer			
Sanitary sewers (miles)	386	386	387
Storm sewers (miles)	216	217	217
Max daily treatment capacity (millions of gallons)	18.5	24.0	24.0

Source: Various City departments

Note: No capital asset indicators are available for the General Government, Health, or Housing and Community Development.

(1) The requirement for statistical data is ten years; only three fiscal years are available at this time.



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