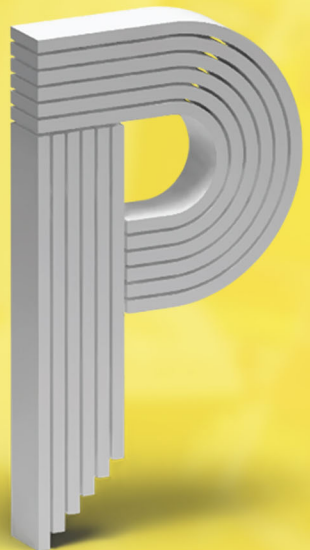


city of
Pearland, TX

ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

Realigning for
RESILIENCE



**FISCAL YEAR ENDED IN
SEPTEMBER 30, 2023**

CITY OF PEARLAND, TEXAS



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended September 30, 2023

**Prepared by:
Finance Department**

CITY OF PEARLAND, TEXAS

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INTRODUCTORY SECTION (UNAUDITED)





City of Pearland

3519 Liberty Drive
Pearland, Texas 77581
Tel: 281.652.1600
pearlandtx.gov

June 24, 2024

Honorable Mayor, Members
of City Council, and Citizens of the
City of Pearland, Texas USA

The Annual Comprehensive Financial Report (ACFR) of the City of Pearland, Texas (the “City”) for the fiscal year ended September 30, 2023, is hereby submitted as mandated by both local and state statutes. The applicable ordinances and statutes require that the City issue an annual report on its financial position and activity and that an independent firm of certified public accountants audit this report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. As standard practice, because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Whitley Penn, LLP, Certified Public Accountants, issued an unmodified (or “clean”) opinion on the City of Pearland’s financial statements for the year ended September 30, 2023. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with the transmittal letter.

PROFILE OF THE GOVERNMENT

The City of Pearland, Texas was incorporated in December 1959 and adopted a Home Rule Charter on February 6, 1971 and is a home-rule City operating under a Council-Manager form of government. Policy-making and legislative authority are vested in a governing Council consisting of the Mayor and seven members.

The Mayor and Council members are elected at-large, and each of them holds office for three consecutive years. Council members are limited to two full consecutive terms in office, and there is no term limitation on the office held by the Mayor. The City Manager is appointed by the Council and is responsible for recommending a budget, implementing City Council priorities, keeping the City Council and community informed during the year, making recommendations, and day-to-day management of all City operations.

The incorporated City is primarily located across the northern end of Brazoria County and shares a common border with Houston, Texas to the north. The City extends into both Fort Bend and Harris counties. The City of Pearland encompasses 48.82 square miles. The City is long, east to west -- Broadway/FM 518 stretches across the community from Almeda Road/FM 521 on the western city limit to the eastern limit border with Friendswood. That stretch of Broadway/FM 518 is 13.94 miles across. The geography of the city challenges the City's delivery of services. Moreover, the community is fast-growing. The additional population due to Pearland's multi-faceted attractiveness increased from 18,000 residents in 1990 to 132,300 residents as reported in the official 2023 U.S. Census, an increase of 700% over thirty years.

A full range of municipal services is provided by the City of Pearland including public safety (full-time professional police and fire); solid waste; water and wastewater utilities; public improvements; repair and maintenance of infrastructure; recreational and community activities; convention and visitor services; and general administrative services. The Pearland community is one of opportunity with economic development supported by investment and jobs. The City provides planning for future land use, traffic control, building codes, and health inspections, and plans for new infrastructure and rehabilitation of infrastructure to meet the needs of the citizens today, as well as tomorrow. The City is authorized to issue debt, subject to certain limitations, to finance its capital projects, and the City is empowered to levy a property tax on real property within its boundaries.

Activities of the general, debt service, water and sewer, solid waste, capital project funds, and special revenue funds such as hotel/motel tax are included in the City's annual appropriated budget. Capital project funds are budgeted for project length. The legal level of control for each budget is at the fund level, which is to say that total expenditures for each fund should not exceed the total budgeted expenditures for that fund. The City Manager is authorized to transfer budgeted amounts within and among departments. The City Council must approve any budget amendment that increases appropriations *by fund*. The City amends the budget near the end of each fiscal year to reflect current-year projections for revenues and expenditures/expenses.

As an independent political subdivision of the State of Texas, the City is considered a primary government. Pursuant to standards established by the Governmental Accounting Standards Board (GASB), the City also reports for all funds for which the City, as the primary government, is financially accountable. As such, this report includes financial activities of two component units The Pearland Economic Development Corporation (PEDC) and the Development Authority of Pearland (DAP). The Pearland Economic Development Corporation was created by the City in 1995 under the Texas Development Corporation Act of 1979 to promote, assist, and enhance economic and related development activities on behalf of the City.

The Development Authority of Pearland was created in 2004 to provide financing for the development of Tax Increment Reinvestment Zone #2. The Tax Increment Reinvestment Zone (TIRZ #2) was created in 1998 for development and redevelopment in the Zone Area, better known as Shadow Creek Ranch. The City participates in the Zone by contributing a portion of tax increments produced in the Zone to the Tax Increment Fund. Both component units are considered blended component units and have been included as major funds in the Governmental Funds.

ECONOMIC CONDITIONS

Local Economy

Pearland is a premier location for residential and commercial growth. The City is located 20 minutes away from downtown Houston, the nation's second-largest seaport, the world-renowned Texas Medical Center, Port of Houston, Port Freeport, major chemical refineries in south Brazoria County, and NASA-Johnson Space Center. The Pearland economy and context are inexorably linked with the Houston metropolitan area. With available land, business facilities, a sound infrastructure, and a diverse workforce supported by educational programs, Pearland's growth has been consistent and will continue to be sustained over time with continued residential and commercial development.

Energy, healthcare and life sciences, and manufacturing have been key areas of interest for Pearland for over ten years, combined with a mix of reinforcing land uses, urban planning, key entertainment and cultural attractions, public spaces, and walkability and connectivity will provide for livable sustainable developments.

As noted later in the Economic Development section, Pearland Economic Development Corporation (PEDC) and the City continued implementation efforts for the Pearland Prosperity community strategic plan and worked on several major projects in 2023, including opening of Millar's R&D, manufacturing and headquarters facility, expansion of Kelsey-Seybold's Pearland clinic, and the completion of one of four office warehouse projects totaling over one million of square footage in Lower Kirby.

The total of all new, non-residential construction permitted during the fiscal year was approximately \$342 million, a decrease of 15.5% in added value from fiscal year 2022's \$405 million. New single-family housing permits totaled 204, down 59% from the previous fiscal year. Building permit revenues decreased by \$1,209,695.18 or approximately 26% as compared to fiscal year 2022 revenue collections. In addition to rising interest rates that had a negative impact on development throughout the nation, locally one of the largest on-going residential projects, Massey Oaks, encountered significant delays, constructing 57% of what they anticipated for fiscal year 2023. If Massey Oaks hit their projected numbers an additional \$188k in revenue would have been collected. While there are several large multi-family projects on the horizon, none applied for permits during fiscal year 2023.

Pearland's unemployment rate was 4.1% in September 2023, up from 3.2% in September 2022. Through the most recently available data, the rate is in a downward path to 3.5% as of December 2023. (https://ycharts.com/indicators/pearland_tx_unemployment_rate) Those rates compare to the rates for the same time periods in Brazoria County of 4.5%, 4.2%, and 4% respectively (https://ycharts.com/indicators/brazoria_county_tx_unemployment_rate).

As we neared the end of 2023, a great deal of uncertainty about the direction of the economy remained. As we continued to deal with the adverse effects of the temporary shutdown of the economy, supply chain disruptions, changes in consumer behavior (that are likely to persist for years), high inflation, and worker shortages, the results led to upward wage pressures. The interest rates were steady between 5.25 and 5.5% per FOMC, (Federal Open Market Committee) between March 2022 and July 2023. While the Federal Reserve System (Fed) has indicated there will be rate decreases in 2024, there have not been any reductions to date and will likely be moderate reductions through the end of the year.

As a multi-faceted local government, the City of Pearland’s economy, as monitored and reported continuously, has shown significant resilience over the past year from the effects of the pandemic. The combination of early action, conservative budgeting, and continuous monitoring have kept City finances in good standing. As with 2020 and 2021, throughout fiscal year 2022, the City maintained a mantra of working to maximize flexibility and reserves to deal with unknown change. This philosophy was tested with the property tax valuation error that caused financial ripples throughout fiscal year 2023. The City mitigated these effects by proactively taking a look at operating costs and debt service. In the General Fund, additional revenue from ARPA funds, interest and PEDC was recognized. Expenses were reduced by removing lease fees to the Motor Pool(\$1.4M), as well as differing expenses on other items. The city also recognized interest in the debt fund, transferred interest from CIP funds, plus refinanced and defeased debt. Through the actions taken both funds continued to meet policy minimums and no recurring operating expenses or staff were removed from the budget.

GRANTS

The City receives ongoing assistance from the federal government and the State of Texas in the form of grants and grant-funded loans each year. In compliance with applicable federal regulations (2 CFR 200 Subpart F – 200.501), entities that spend over \$750,000 in federal funding within a fiscal year must complete a “Single Audit” of all federal grant-funded expenditures. Where State grant funding is concerned, Chapter 783 of the Texas Government Code imposes a similar regulation, requiring entities that spend more than \$750,000 in State grant funds to perform a Single Audit of State grant-funded expenditures.

In fiscal year 2023, the City’s federal grant-funded expenditures exceeded \$750,000, and a Federal Single Audit was required. State-funded programs did not result in expenditures over the statutory threshold (also, \$750,000), so no State Single Audit was required.

*Federal Grants and Assistance**

The programs that make up the City’s estimated federal expenditures applicable to Single Audit requirements in fiscal year 2023 include funds awarded from the following federal agencies, with more detail available in the applicable Single Audit Schedule of Expenditures of Federal Awards (SEFA):

SOURCE**	PROGRAM TYPE	EXPENSES**
U.S. Department of Housing & Urban Development	Entitlement	\$211,132
U.S. Department of Justice	Public Safety	\$175,194
U.S. Department of Transportation	Transportation	\$7,877,025
U.S. Department of the Treasury	COVID-19 Relief	\$4,619,182
U.S. Environmental Protection Agency	Water Quality	\$10,103,047
U.S. Department of Homeland Security	Fire Protection	\$97,580
Total Estimated Federal Expenditures		\$23,083,160

* *Schedule of Expenditures of Federal Awards (SEFA) – 9/30/2023.*

** *State pass-through entities may be involved in the disbursement of funds to the City.*

State Grant Funding

For fiscal year 2023, State-issued grant funding assistance came from the Texas Parks & Wildlife Department (TPWD) for an Inclusive Playground facility at the City's Shadow Creek Ranch Sports Complex (\$164,452), the State's Law Enforcement Officer Standards and Education Fund (\$8,954), and a Texas Commission on Environmental Quality (TCEQ) grant from the Houston-Galveston Area Council for Solid Waste Recycling (\$63,034). The expenditures for fiscal year 2023 total \$236,440, which is below the \$750,000 statutory spending threshold required to trigger a State Single Audit, so no Schedule of Expenditures of State Awards (SESA) is required for fiscal year 2023.

Regional and State of Texas Economy

Houston is the world's energy capital of an oil and gas industry that is in constant flux. At this writing, a plunge in new home construction, the ongoing war in Ukraine, inflation, rising interest rates, and a looming recession create uncertainty. However, demand for global crude has been climbing as economies reopen, which bodes well for our region. The U.S. Energy Information Administration forecasts WTI to average \$78.18 per barrel in 2024.

According to the Greater Houston Partnership's (GHP) *The Economy at a Glance* January 2023 "The region lost 359,400 jobs during March and April of '20 as businesses shut down and consumers stayed home. From when the economy began to reopen in May of '20 through November of '22, the region created 504,200 jobs, recouping 140.3 percent of its losses. Fifteen of the 19 major sectors tracked by the Texas Workforce Commission have fully recouped their pandemic losses. Only hotels, manufacturing, other services, and energy have yet to recover". GHP also stated that it "expects the next recession to be short and shallow, with minimal impact on the local economy. Momentum from '22 and the region's remarkable resilience will set the tone over the next 12 months. By the time '24 arrives, job growth will again be robust, and Houston will be seven-for-seven in recessions and recoveries."

Long-Term Financial Planning

The City adopts a one-year operating budget, including a five-year capital improvement program (CIP). Even though a one-year budget is adopted, the budget includes future year forecasting and implements strategies, both financial and operational, to meet existing challenges and to plan ahead.

The City's adopted (September 11, 2023) Five-Year CIP for fiscal years 2024 through 2028 totals \$850.7 million. The large and varying CIP for public investments in drainage, parks, facilities, streets, water, and wastewater positions City infrastructure for serving the population and businesses that are here and yet to come.

The CIP document completes the balance of the \$162 million bond program approved by the voters in May 2007 and the voter-approved May 2019 bond issue of \$80 million. As well as \$181.3 million bond referendum in 2023.

Funding for projects is supported by non-debt sources (\$4.2 million), leveraged outside funds (\$32.4 million), tax-supported debt (\$265.7 million), and water/sewer-supported enterprise fund debt repaid by user fees (\$459.8 million). The ratio of outstanding property tax-supported Debt to taxable assessed valuation decreased slightly from the previous year but remains well below the internal benchmark of 5% at about 2.58%.

For non-enterprise general obligations, the Debt Service Fund can meet current and future obligations based on the City's Multi-Year Forecast and Five-Year CIP. Issuance of debt is factored into funding sources, based on the Five-Year CIP. The City's property tax rate for the fiscal year 2024 budget is \$0.6554 of which \$0.280238 cents is for actual debt service and \$0.052662 cents is for rebates to in-city MUD districts but considered as a debt service component. The Debt Service component, inclusive of in-city MUD district rebates, for the fiscal year 2024 budget was \$0.3329.

The City completes a Water/Sewer Cost of Service Rate Study annually for the forecast. The study is built around the Five-Year CIP, operating budget, and future needs. Rate customers saw a 5% increase in fiscal year 2022 and a 13.1% increase in fiscal year 2023. To bring revenue necessary to maintain the system. The City's utility system continues to be self-supporting and financially sound. City Council approved a 14% increase in the fiscal year 2024 Budget to keep up with expenses and debt issuance. As with other aspects of the City's service delivery package, there are substantial capital projects for the expansion of plants, distribution and collection lines, and a variety of modernizations to meet the needs of the current and future community. Continued expansions and improvements will require appropriate rate increases to provide adequate upkeep of the system.

Relevant Financial Policies/Guidelines

Financial Policies guide the development and implementation of the budget, are a framework for fiscal decision-making, and ensure financial resources are available to meet the current and future needs of the City. The policy statements address areas of reporting and auditing, budgeting, revenues, capital improvements, debt, and grants to name a few. Some of the most relevant policies are:

- Recurring revenues fund recurring expenditures/expenses
- Non-recurring funds fund non-recurring expenditures/expenses
- General Fund Operating Reserves should be a minimum of three months of operations
- Meet a 1.15 Bond Coverage Requirement and the annual Debt Service Reserve set by Bond Ordinances. Maintain a cash equivalent operating reserve at 15% of the current year's budget appropriation for total operating expenses in the Water/Sewer operating fund. The aggregate between the reserve balances of the Water/Sewer operating fund and Water/Sewer debt service fund shall be no less than 25%.
- Budget revenues on a conservative basis
- Fund existing services at current service levels
- Enterprise Funds must be self-supporting
- Leverage City dollars by seeking outside funding sources
- Maintain stable property tax rates

Strategic Priorities and Major Initiatives

The City Council, staff, and community share a vision that combines progress and innovation with prudent controls to shape Pearland's future, as one of the largest suburbs in the Houston area. Some of the strategic priorities are as follows:

Trusted Government

Delivering transparent, high-quality, and accessible city services by developing cutting edge solutions, engaging with the community, and continuously improving our capabilities. To do so we have developed a means to interconnect historical information and data to ensure the public as well as future elected officials have access to the information that shaped past decisions and actions. Additionally, in 2023 the Finance Department spearheaded a Fraud and Vulnerability Assessment for the entire organization via a third-party consultant. The results of the assessment were good in that no issues were uncovered and the recommendations to address potential vulnerabilities will be implemented over the next several years.

Safe Community

Personal safety is a key means of both attracting new residents and businesses and retaining existing ones in Pearland; if citizens don't feel safe, they will not come nor will they stay. The Pearland Police Department continues to focus on the strategic priority of Safe Community.



To operate more efficiently and effectively, the Department employs a data-driven approach to policing. Examples of this are the implementation of the Special Investigation Unit within the Criminal Investigations Division to quickly address emerging criminal trends, continued efforts to thwart crime and crashes in the identified Data-Driven Approaches to Crime and Traffic Safety (DDACTS) zones, and crime analysis updates which provide mapping and data specific to the different police beats within the City of Pearland.

In August 2023, the Police Department received accreditation status from the Texas Law Enforcement Best Practices Accreditation program. This program evaluates police departments on over 170 best business practices including use of force, protection of citizen rights, vehicle pursuits, property and evidence management, and patrol and investigative operations with only 200 of the 2700+ police agencies in Texas achieving this accreditation.

The Pearland Police Department encourages public involvement through the programs offered by members of the Community Outreach unit. This includes the Department's flagship program, the Citizens' Police Academy. Another primary focus of the Police Department is training. The Pearland Police Academy graduated classes two and three over the course of Fiscal Year 2023, as well as saw significant progress in the repurposing of Fire Station 4 into the Law Enforcement Training Center. This first-class training facility will house the Police Academy and provide a home to other training opportunities when the Academy is not in session. Additionally, the Training Division provided over 39,000 training hours last year, including internal personnel and attendees from over 170 outside agencies.



With the support of IT staff, the Pearland Police Department continues to be a leader in innovative policing technology. A prime example is the Unmanned Aircraft System (UAS), aka drone, unit that provides support to police department personnel, other police agencies, and other COP Departments. This section works with other units such as K9 and SWAT to further capabilities in several key areas like search and rescue, tracking and safety at public events. In Fiscal Year 2023, the Pearland Police Department became the first law enforcement agency in the nation to receive a Beyond Visual Line of Sight (BVLOS) waiver from the FAA. This waiver was monumental to the Drone as a First Responder program, allowing for drone operation from a remote location without a human visual observer.

Through the continued focus on adoption and rescue programs the Animal Services section is proud to report the no-kill status was maintained for Fiscal Year 2023 as well.



Safe Community also includes the Fire Department. In 2023 the Fire Department completed a 5-year strategic plan to align with community needs in coordination with The Center for Public Safety Excellence (CPSE). In fiscal year 2023 one ladder truck, one fire engine, and four ambulances were ordered to replace an aging fleet and move towards a comprehensive apparatus replacement program within the City's Motor Pool Fund.

Significant Community Risk Reduction efforts have resulted in the removal of numerous dilapidated and dangerous structures, public-private cooperation for subdivisions with residential sprinklers, and semi-annual inspections of all establishments providing food service. In addition, the Community Outreach division has aided more than 20,000 Pearland residents by completing community public safety education such as CPR certifications, car seat inspections, and smoke alarm testing.



The 90th percentile city-wide response times for Fire emergencies have continued to be a challenge over the last four years. We are working towards reducing response times by the installation of a traffic signal preemption system and reviewing our dispatching services. Also implementing several strategic additions of Fire Stations and staffing apparatus with 138 full-time firefighters and 11 part-time firefighters, who provide all-hazard responses including fire, rescue, and Emergency Medical Services (EMS) with certified fire and EMS professionals. 138 is an increase of four full-time (FTE) positions added to Operations in fiscal year 2023 and three in fiscal year 2024.

Whole Community

The Pearland Convention and Visitors Bureau (CVB) commemorated its 10th year as a City of Pearland department with a jam-packed calendar of both leisure and sporting events, robust marketing campaigns, and the contract award for Pearland's first-ever Cultural Arts Master Plan project.

The Parks and Recreation Department is also an essential part of the Pearland community. The department protects, maintains, and operates 26 parks and facilities, exceeding 547 acres of City-owned land and over 20 miles of existing city trails.

The Parks & Recreation Department strives to remain safe, relevant, and accessible by all. Through a dedicated staff, the department offers a variety of sports, recreation, educational enrichment, adaptive programming, arts programs, culturally inclusive opportunities, nature exploration, and aquatic activities.



In 2023, Pearland Parks & Recreation adhered to its vision of creating exceptional experiences for the community through services, programs, events, volunteerism, sponsorship attendance, and so much more. New recreation programs and experiences were introduced: such as family cooking classes, the Level 2 Kayaking program, and the Horned Lizard project. New partnerships, such as Special Olympics, were formed to bring a Unified Sports model to Pearland. Upgrades to existing amenities, such as turf conversion

at the Sports Complex at Shadow Creek Ranch baseball and softball fields provided more opportunity. Community connected volunteerism with group commitments from organizations such as Dawson High School Football and many corporate groups to support events, Miracle League, Knapp Activity Center services, and to supplement summer camp. Through 2023 and moving forward, Parks and Recreation continues to work on overcoming staffing shortages much like other agencies nationwide. The department transitioned several part-time positions to full-time roles at the Pearland RCN and innovatively explored various approaches in other areas to sustain service delivery to the Pearland community amidst increasing demands on the existing staff. The department also focuses on remedies for demand on athletic fields through help from consultants to develop an Athletic Strategic Operating Plan. Pearland Parks & Recreation joined the ranks of elite park and recreation agencies across the country by earning accreditation for the third time through the Commission for Accreditation of Parks and Recreation Agencies (CAPRA) and the National Parks & Recreation Association (NRPA). The City of Pearland was initially awarded this distinguished accomplishment in 2013 and has since successfully achieved reaccreditation in 2018 and 2023. CARPA accreditation is the only national accreditation for park and recreation agencies and is a measure of an agency's overall quality of operation, management, and service to the community. This mark of distinction indicates that Pearland Parks & Recreation has met rigorous standards related to the management and administration of lands, facilities, resources, programs, safety, and services.

The success of the organization is attributed to having the ability to strike a balance between steadfast tradition and change through innovation, and delivering services that address the unique needs of a diverse and engaged community.



Strong Economy

The Pearland Economic Development Corporation (PEDC) is a non-profit Type B Corporation under the Texas Development Corporation Act and is primarily funded by a half-cent sales tax in the City of Pearland. PEDC is committed to enhancing the community's economic vitality through the attraction, retention, and expansion of primary employers. PEDC works to ensure Pearland's business climate and built environment strongly support these efforts by focusing on aesthetics, infrastructure, quality of life, image, workforce, and quality development and redevelopment of key Pearland districts and corridors.

PEDC staff works with the City and partners to generally promote the City and to utilize various tools to encourage and sustain quality private investment. Tools include PEDC investing in the infrastructure that businesses rely upon and judicious use of tools such as tax abatement and the authority granted the City under Chapter 380 of the Local Government Code to encourage new jobs and investment in the community that are tied to the performance of the private investment goals.

Throughout 2023, PEDC continued to coordinate implementation efforts for the *Pearland Prosperity community strategic plan*, which was adopted in early 2020. At the center of the Pearland Prosperity framework are two Community Goals that broadly identify the desired outcomes of Pearland's holistic economic development effort: (1) Economic growth and diversification and (2) A community of choice in Greater Houston. These goals can be pursued through a number of Strategic Initiatives grouped into seven high-level Focus Areas: (1) Business Development, (2) Business Formation and Early-Stage Growth, (3) Site Development, (4) Corridors, (5) Infrastructure and Mobility, (6) Quality of Life and Quality of Place, and (7) Workforce and Talent.

The following highlights a few of PEDC's fiscal year 2023 business development projects.



Millar, Inc. opened its new headquarters and manufacturing facility located in Pearland's Lower Kirby District in August 2023. Founded in 1969, Millar, Inc. pioneered the development of pressure sensor technology, directing its design and manufacturing expertise toward integrating that technology into catheters for life sciences and clinical applications. PEDC began working with Millar in 2017 on its relocation to Pearland. The site Millar selected for its facility was part of tract owned by PEDC, which it sold to Millar. The 56,000-square-foot headquarters and manufacturing facility will also house the company's R&D and warehouse functions. Located on a five-acre site on Kirby Drive just south of Beltway 8, the relocation brought \$10.6M in capital investment and 140 jobs to Pearland.



In Lower Kirby, the Brennan Investment Group project reached completion, marking a significant

milestone in the area's ongoing growth. The newly unveiled Class-A distribution building, spanning 216,004 square feet and situated on a 12-acre site to the east of the intersection of Kirby Drive and North Spectrum Boulevard, stands as a testament to the district's strategic location and continued development. This achievement is part of a broader initiative that encompasses several office warehouse projects, potentially contributing more than one million square feet to the district. Other projects include Levey Group's Levey Logistics Park, featuring plans for two Class-A industrial buildings spanning approximately 650,000 square feet at Beltway 8 and Alameda School Road; Adkisson Group's proposed 128,250-square-foot distribution building at Beltway 8 and Hooper Road; and Stream Realty's anticipated 392,188 square-foot distribution project at the corner of Kirby Drive and North Spectrum Boulevard.





With the construction of the managed toll lanes along State Highway 288, one of Pearland's principal corridors, completed in both Harris and Brazoria Counties, PEDC, the City, and Pearland Municipal Management District No. 2 (PMMD2) completed the *288 Corridor Master Improvements Plan* in 2023.

The final phase of the multiple-phase master improvements plan, which included landscape elements, irrigation, lighting, water fountains, pear sculptures, and sidewalks and gateway markers was completed in 2023. PEDC funded the entire \$24.1 million cost of the 288 Corridor Master Plan Improvements while the maintenance and long-term improvements will be the primary responsibility of PMMD#2 via its taxing authority.

The Pearland Young Professionals program also launched in 2023, providing networking, career development, leadership, and civic engagement opportunities for area young professionals.

Visitors also make up a piece of the strong economy of the City of Pearland. Pearland welcomed 350,000 visitors to the City during 2023 with visitors originating from the top five cities including DFW, Austin, San Antonio, College Station, and New Orleans.

The CVB continued to nurture the partnership with the United States Fastpitch Association (USFA) to expand their footprint in Pearland to 10 tournaments in a calendar year. During fiscal year 2023 the partnership produced a total of 1,361 room nights for Pearland hotels. Pearland welcomed a total of 470 teams with 94 traveling teams and an overall attendance of 22,904 with an estimated total economic impact of \$3.3 million.

Additionally, the 10 regional tournaments held within a calendar year met the milestone needed to utilize hotel occupancy tax funds for a sports facility improvement project at a single, host facility.

Fiscal year 2023 culminated in ranking at the top spot for the highest Hotel Occupancy Tax revenue generated since the inception of the CVB as a City department in 2013. Total fiscal year 2023 Hotel Occupancy Tax revenue equaled \$1,743,243 representing a 14% year-over-year increase.



Workforce and Talent, the seventh focus area in the Pearland Prosperity strategic plan, serves to connect and enhance Pearland's talent pipeline through a collaborative approach.

In March 2023, WorkInPearland, Pearland's Workforce and Job Resource, officially launched. Developed through a collaborative partnership between the Pearland Economic Development Corporation (PEDC) and the Pearland Chamber of Commerce, WorkInPearland serves as a vital link connecting employers to Pearland's talented workforce and providing comprehensive job postings, regional training programs, and workforce support services.

Job seekers, irrespective of residency, can register to access local jobs, regional training programs, and workforce support services throughout the year. Area businesses have the opportunity to showcase their organizations and career opportunities through customizable virtual booths.

In September, WorkInPearland extended its impact by hosting an in-person job fair at the Pearland Recreation Center. The event, conducted in collaboration with the Pearland Chamber of Commerce and Workforce Solutions – Pearland, provided nearly 600 job seekers with valuable opportunities to engage with more than 68 actively hiring employers. Attendees also had the chance to explore various training and educational resources available within the Pearland community, highlighting a collaborative effort to foster employment opportunities and workforce growth in our community.

Sustainable Infrastructure

Land use planning allows a community to accommodate its projected growth in a manner that preserves its history and culture, as well as enhances the overall quality of life for the current and future residents and businesses. Planning allows a city a greater measure of control of its future rather than simply reacting to change.

The City of Pearland utilizes its Comprehensive Plan as its primary planning policy document to guide and balance future development, including infill and redevelopment, and community enhancement efforts of the city. Pearland has evolved from a rural community to a bustling suburb, fully integrated with the Houston metropolitan area. Through the Comprehensive Plan, and associated implementation regulations such as zoning, Pearland continues to prepare for the growth to come by focusing on identifying forthcoming needs and setting definitive plans in place to continue to manage this growth. To continue to stay ahead of the curve, Pearland is currently in the process of updating the Comprehensive Plan, Pearland2040, to ensure the city is prepared for key trends, new challenges, and the full array of opportunities ahead.



With continued residential and commercial development, the need to plan and build new infrastructure and maintain and replace existing infrastructure is a priority. It is a priority and will be implemented through an aggressive capital improvement program. The City's adopted (September 11, 2023) Five-Year CIP 2024–2028 totals \$850.7 million. Projects include drainage

(\$124.5 million), parks (\$43.8 million), facilities (\$133.9 million), streets (\$118.6 million), water (\$119.9 million) and wastewater (\$309.7 million). The City's adopted CIP also includes the proposed 2023 bond program recommended projects. Projects selected in the proposed bond program represent Drainage (14 projects), Parks (2 projects), Facilities (1 project), and Streets (2 projects).

In 2019 the Citizens of Pearland voted on the 2019 bond program. The program was \$80 million of projects that included Drainage, Streets, Parks, and Facilities. The program is nearing the 5-year mark and all projects are completed, in design, or construction. Completed projects are Fire Station 4, Shari Colman Animal Shelter, Piper Road Drainage, Mimosa Acres Drainage, Parks Maintenance, and Hickory Slough detention basin. Projects nearing construction completion are West Lea Drainage, Willowcrest subdivision, with Sherwood subdivision reconstruction in design phase, and the Bailey Road expansion is under construction.

In July 2022 the City Council created the Citizens Drainage Bond Advisory Committee (Committee) to meet for a period of 6 months and develop and recommend projects for a drainage bond program. The Committee selected 14 drainage projects for inclusion in the selected proposed 2023 bond program. Projects include Veterans Road, Longwood Park subdivision, Shady Crest and Creek View subdivision, and several other areas throughout the City.

Major street projects include: the completion of the last major east-west thoroughfare, McHard Road (from Mykawa to Cullen), in April 2023; designing of Mykawa Road Widening (BW 8 to FM 518); design completion and bidding of Smith Ranch Road Expansion (Hughes Ranch to Broadway); construction of the Bailey Road Expansion (Veterans Drive to Main Street); and various intersection improvements and neighborhood street reconstructions. In addition, the 2023 bond program proposes to construct Hughes Road expansion.

Facility projects include Fire Station #6, Fire Station #7, Police Training Center, Hillhouse Road Annex Phase 2, Natatorium Air Handling Replacement, Water Operations Building, and Orange Street Service Center Phase 2.

Parks projects include Clear Creek Trail, Woodcreek Park Bridge, and two projects proposed in the 2023 bond program, Hickory Slough Sportsplex and Independence Park Phase II.

Major projects for water improvements include the upcoming completion of the Surface Water Plant Phase 1 (10 MGD) and Bailey Water Plant Improvements, FM 518 Utility Relocations (SH288 to Cullen), Transite Pipe Waterline Replacement Program, Water Production Facility Rehabilitation and Ground Storage Tank Rehabilitation.

Wastewater projects include the upcoming completion of the JHEC Water Reclamation Facility Expansion, Barry Rose Water Reclamation Facility Expansion, Longwood Water Reclamation Facility decommissioning, Sanitary Sewer Rehabilitation, Lift Station Rehabilitation, and Southdown Regional Lift Station & Force Main.

In addition to physical infrastructure improvements, the City is involved in regional efforts for long-range transportation planning and funding. The Mayor is a member of H-GAC's Transportation Policy Council (TPC), with the City Manager serving as an alternate. The City Manager is also a member and past chair of the Transportation Advisory Committee (TAC), a sub-committee of the TPC, and a member of the Transportation Improvement Program (TIP) Subcommittee.



The prior TIP calls provided major funding for ongoing and upcoming projects in and around Pearland as depicted below.

Project	Project Sponser	Project Limits	City/County Funds	Federal/State Funds	Total Project Estimate	Project Letting Date
McHard Road	City of Pearland	Mykawa to Cullen	\$ 15,466,469.00	\$ 32,380,531.00	\$ 47,847,000.00	2020
CR 59	Brazoria County	Kirby to Kingsley	\$ 1,954,000.00	\$ 7,816,000.00	\$ 9,770,000.00	2022
Safe Routes to School	City of Pearland	Various	\$ 1,208,400.00	\$ 2,553,600.00	\$ 3,762,000.00	2022
Smith Ranch Road	City of Pearland	Hughes Ranch Road to FM 518	\$ 9,724,409.00	\$ 3,899,128.00	\$ 13,623,537.00	2023
CR 58	Brazoria County	Savannah Pkwy to CR 48	\$ 1,223,200.00	\$ 4,892,800.00	\$ 6,116,000.00	2023
FM 521	Fort Bend County	FM 2234 to SH 6	\$ 15,045,400.00	\$ 60,181,600.00	\$ 75,227,000.00	2024
Clear Creek Trail	City of Pearland	Hughes Road to U of H	\$ 3,785,872.00	\$ 6,684,128.00	\$ 10,470,000.00	2024
MyKawa Road	City of Pearland	FM 518 to BW 8	\$ 17,526,623.00	\$ 2,237,680.00	\$ 19,764,303.00	2026

With the growth in population throughout Pearland the need for additional capacity along our major commercial east-west thoroughfare (FM518) has been recognized by TxDOT and H-GAC with construction funding for the widening the segment between SH288 and Cullen Boulevard to six lanes allocated for 2026. Additionally, TxDOT has started the design and land acquisition to widen FM518 to six lanes between Cullen Boulevard and McLean Road. Additional planning for the future has started with H-GAC studying the needs along FM518 between McLean and Friendswood including a more detailed look between McLean and Barry Rose in our Old Town area.

The City is continuing to move forward with the projects that have been approved in the TIP and will continue to improve connectivity as well as general mobility (roads and trails) throughout the City.

Resilient Finances

Fiscal sustainability can be defined as “the extent to which patterns of Government spending do not undermine the capability of the Government to continue to spend to achieve its public purposes.” City Council takes a proactive stance in ensuring the fiscal health and sustainability of the City. Council adopted a set of Financial Management Policy Statements and receives quarterly Finance “Snapshot” presentations, which include economic indicators. The City also prepares a Five-Year Forecast for the City’s major funds to see how the spending decisions made today affect the future as well as to identify any issues/concerns that are forthcoming and to put strategies in place today to address those issues/concerns for the future.

While inflation and supply chain issues continue to impact the world, the local economy has remained strong and healthy. Local Pearland sales taxes have continued to grow but have slowed, seeing an increase in sales tax revenue in fiscal year 2023 of 6% over fiscal year 2022.

Property Tax revenue is projected to maintain the strong levels that have developed, despite an error by the Brazoria County Tax Office when calculating the total property tax base for fiscal year 2023. The revaluation was a one-time occurrence and was immediately addressed via fiscal year 2023 Budget Amendment #1. Property taxes provide a timing buffer from the standpoint that the fiscal year 2023 budget relies upon values determined by the three county appraisal districts as of January 1, 2022. Likewise, values as of January 1, 2023 will provide the General Fund and Debt Service Fund revenues for fiscal year 2024. Property values have remained strong, and the housing market continues to flourish, despite the nationwide slowdown in the real estate market due to increased borrowing costs. Looking ahead, property values as of January 1, 2023 will not come into play until the City’s fiscal year 2024.

The future impacts of the property tax valuation error were resolved in fiscal year 2023 with the Brazoria County Tax Office signing an updated property tax calculation worksheet – providing the City with enough property tax increment to address the situation in a financially sustainable and politically acceptable manner.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for the Excellence in Financial Reporting to the City of Pearland, Texas, for its Annual Comprehensive Financial Report for the year ended September 30, 2022. This was the 47th consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report. The City’s report satisfies both generally accepted principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. City staff believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

In 2022, the Government Treasurers’ Organization of Texas (GTOT) awarded the second Certificate of Distinction to the City of Pearland for its Investment Policy. The certification is good for a two-year period ending in 2024. The City of Pearland received its Certificate of Investment Policy award for developing an investment policy that meets the requirements of the Public Funds Investment Act and standards for prudent public investing established by the Government Treasurers’ Organization of Texas.

The City has also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 36 consecutive years with its Fiscal Year 2022 budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.


The City will submit a Popular Annual Financial Report (PAFR) to Government Finance Officers Association (GFOA) for fiscal year 2023. The Popular Annual Financial Reporting Awards Program (PAFR Program) was established by GFOA in 1991 to encourage and assist state and local governments to extract information from their annual comprehensive financial report to produce high quality reports specifically designed to be readily accessible and easily understandable to the general public without a background in public finance and then to recognize individual governments that are successful in achieving that goal. This is the fifth year in a row the City is participating in this program.

The preparation of this report is accomplished with the dedicated service of the Accounting staff of the Finance Department. We express our sincere appreciation to these individuals who have continually demonstrated the core beliefs of the City and who assisted and contributed to the preparation of this report. We also thank the Mayor and members of the City Council for their support in planning and conducting the financial operations of the City responsibly.

Respectfully submitted,


Trent Epperson (Jul 8, 2024 08:46 CDT)

Trent Epperson
City Manager


Ron Fraser
Deputy City Manager


Victor Brownlees
Interim Chief Financial Officer


Kendra Murphy
Deputy Director of Finance

CITY OF PEARLAND, TEXAS

PRINCIPAL OFFICIALS

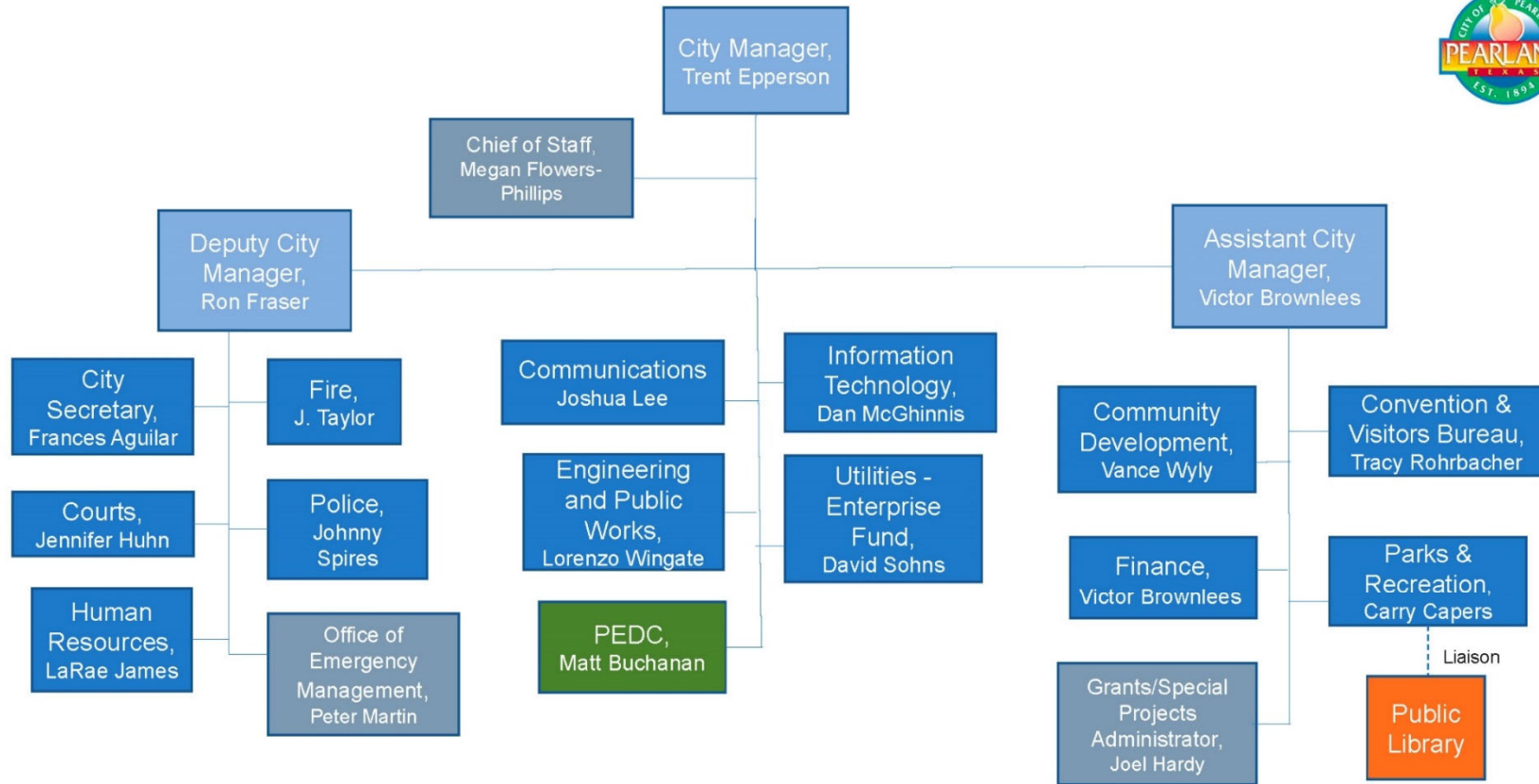
September 30, 2023

Elected Officials	Position	Term Expires May
Kevin Cole	Mayor	2026
Joseph Koza	Mayor Pro-Tem – Place 1	2025
Tony Carbone	City Council Place 2	2024
Mona Chavarria	City Council Place 3	2026
Adrian Hernandez	City Council Place 4	2024
Layni Cade	City Council Place 5	2025
Chad Thumann	City Council Place 6	2025
Rushi Patel	City Council Place 7	2026

Audit Committee Members	Position
Kevin Cole	Mayor
Tony Carbone	Councilmember – Position 2
Jeffrey Barry	Councilmember – Position 6

City Management	Position
Trent Epperson	City Manager
Ron Fraser	Deputy City Manager
Victor Brownlees	Assistant City Manager / Interim Chief Financial Officer
Joel Hardy	Grants- Special Projects Administrator
Matt Buchanan	President PEDC
J. Jack Taylor	Fire Chief
Frances Aguilar	City Secretary
Lorenzo Wingate	Director of Public Works
LaRae James	Director of Human Resources
Johnny Spires	Police Chief
Carry Capers	Director of Parks & Recreation
Vance Wylly	Director of Community Development
Tracy Rohrbacher	Executive Director, CVB
Joshua Lee	Director of Communications
Darrin Coker	City Attorney
Daniel McGhinnis	Chief Information Officer
David Sohns	Director of Utilities
Letitia Farnie	Municipal Court Judge

CITY OF PEARLAND, TEXAS
ORGANIZATIONAL CHART AS OF SEPTEMBER 30, 2023



10-2023



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Pearland
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pearland, Texas (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, pension information, other-post employment benefit information, and certain budget to actual schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining and individual fund statements and schedules and budget to actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and budget to actual schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section, but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Houston, Texas
June 24, 2024



CITY OF PEARLAND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of the City of Pearland, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. This information is not intended to be a complete statement of the City's financial condition. We recommend and encourage readers to consider the information presented here in conjunction with the additional information presented in the accompanying transmittal letter (Pages i - xviii of this report), and the statistical section (Pages 153 - 195 of this report), as well as the annual budget found on the City's website at <https://www.pearlandtx.gov/>.

Financial Highlights

- The assets and deferred outflows of resources of the primary government of the City exceeded its liabilities and deferred inflows of resources as of September 30, 2023, by \$913.3 million (net position). Of this amount, \$742.1 million is invested in capital assets, net of related capital debt and \$113.4 million is restricted for capital improvements, debt service, community development programs, public safety and economic development. The remaining \$57.8 million net position is unrestricted.
- The City's total net position increased by \$32.0 million due to increases in utility billing charges, property taxes, and sales taxes.
- As of September 30, 2023, the City's governmental funds reported combined ending fund balances of \$146.2 million, a decrease of \$29.6 million in comparison to the prior year. Approximately \$107.1 million of the \$146.2 million is considered restricted fund balance and primarily consists of \$34.6 million for economic development and \$34.7 million for capital projects.
- As of September 30, 2023, the fund balance of the General Fund was \$31.3 million, all of which was unassigned, except for \$7,232 which was nonspendable for prepaid expenses. Unassigned fund balance represents 32% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City'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. Additionally, required supplementary information which includes this management's discussion and analysis, information related to the City's pension plan and retiree health plans and budgetary comparison information is also included in this report. This report also contains other supplementary information as listed in the table of contents in addition to the basic financial statements themselves.

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 Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (*e.g.*, uncollected taxes and earned but unused compensated absences).

CITY OF PEARLAND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community services, parks and recreation, economic development, and intergovernmental. The business-type activities of the City include water, sewer, and solid waste. The government-wide financial statements can be found on pages 17 through 19 of this report. The government-wide financial statements include not only the City, itself (known as the primary government), but also legally separate entities for which the City is financially accountable. These entities include the Pearland Economic Development Corporation, the Development Authority of Pearland, and the Tax Increment Reinvestment Zone #2. Financial information for these blended component units is reported together with the financial information presented for the primary government.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into two categories – governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statement focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the FISCAL YEAR. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Beginning on page 20 of this report, information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Debt Service, Capital Projects, Pearland Economic Development Corporation, Tax Increment Reinvestment Zone #2, and Development Authority of Pearland, which are considered to be major funds. Data from the non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

Proprietary Funds. The City maintains two types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an Enterprise Fund to account for its Water and Sewer Fund and Solid Waste Fund. Additionally, the City maintains an Internal Service Fund to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The Internal Service Fund is included in governmental activities for government-wide reporting purposes.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements, which begin on page 28 of this report, provide separate information for the Water and Sewer and Solid Waste Enterprise Funds since they are considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 28 through 33 of this report.

CITY OF PEARLAND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 35 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents other required supplementary information as well as combining and individual fund statements and schedules that further support the information in the financial statements. This information is presented immediately following the notes to the financial statements beginning on page 83 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$913.3 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position (81%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available 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 these liabilities.

Comparative Statement of Net Position
September 30, 2023 and 2022

	Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Assets and						
Deferred Outflows						
Assets:						
Current	\$ 195,812,584	\$ 234,227,670	\$ 133,625,571	\$ 194,611,940	\$ 329,438,155	\$ 428,839,610
Capital assets	927,270,327	905,391,897	608,850,188	560,501,002	1,536,120,515	1,465,892,899
Total assets	1,123,082,911	1,139,619,567	742,475,759	755,112,942	1,865,558,670	1,894,732,509
Deferred outflows	26,323,538	14,004,754	3,639,491	2,074,947	29,963,029	16,079,701
Total Assets and						
Deferred Outflows	1,149,406,449	1,153,624,321	746,115,250	757,187,889	1,895,521,699	1,910,812,210
Liabilities and						
Deferred Inflows						
Liabilities:						
Current	17,851,486	27,005,315	28,089,006	33,630,866	45,940,492	60,636,181
Long-term	497,797,185	494,161,258	433,683,878	452,855,885	931,481,063	947,017,143
Total liabilities	515,648,671	521,166,573	461,772,884	486,486,751	977,421,555	1,007,653,324
Deferred inflows	4,463,363	12,661,096	320,929	1,751,488	4,784,292	14,412,584
Total Liabilities and						
Deferred Inflows	520,112,034	533,827,669	462,093,813	488,238,239	982,205,847	1,022,065,908
Net Position						
Net investment in						
capital assets	520,908,660	511,376,611	221,204,781	139,301,257	742,113,441	650,677,868
Restricted	79,137,368	48,792,055	34,269,076	30,063,595	113,406,444	78,855,650
Unrestricted	29,248,387	59,627,986	28,547,580	99,584,798	57,795,967	159,212,784
Total Net Position	\$ 629,294,415	\$ 619,796,652	\$ 284,021,437	\$ 268,949,650	\$ 913,315,852	\$ 888,746,302

CITY OF PEARLAND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Comparative Statement of Activities
Year Ended September 30, 2023 and 2022

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for services	\$ 27,387,227	\$ 31,093,594	\$ 76,172,785	\$ 62,206,430	\$ 103,560,012	\$ 93,300,024
Operating grants and contributions	15,685,275	20,115,314	-	35,351	15,685,275	20,150,665
General Revenues:						
Property taxes	105,406,761	101,524,474	-	-	105,406,761	101,524,474
Sales and use taxes	47,417,820	44,699,475	3,553	-	47,421,373	44,699,475
Franchise taxes	7,383,276	6,869,599	-	-	7,383,276	6,869,599
Investment earnings	8,576,993	472,072	6,788,422	1,161,439	15,365,415	1,633,511
Gain (loss) on sale of capital assets	60,493	-	(5,183)	-	55,310	-
Miscellaneous	16,393,373	5,206,387	347,698	45,375	16,741,071	5,251,762
Total Revenues	228,311,218	209,980,915	83,307,275	63,448,595	311,618,493	273,429,510
Expenses						
General government	15,525,231	34,580,025	-	-	15,525,231	34,580,025
Public safety	69,571,000	52,440,312	-	-	69,571,000	52,440,312
Public works	51,590,615	33,362,976	-	-	51,590,615	33,362,976
Community services	5,576,750	4,834,347	-	-	5,576,750	4,834,347
Park and Recreation	10,145,289	8,040,915	-	-	10,145,289	8,040,915
Economic Development	41,692,122	39,101,460	-	-	41,692,122	39,101,460
Intergovernmental	8,170,718	-	-	-	8,170,718	-
Interest on debt	13,762,987	13,238,056	-	-	13,762,987	13,238,056
Water and sewer	-	-	56,008,286	48,592,364	56,008,286	48,592,364
Solid waste	-	-	7,555,660	7,157,894	7,555,660	7,157,894
Total Expenses	216,034,712	185,598,091	63,563,946	55,750,258	279,598,658	241,348,349
Change in Net Position						
Before Transfers	12,276,506	24,382,824	19,743,329	7,698,337	32,019,835	32,081,161
Transfers	7,142,355	6,079,216	(7,142,355)	(6,079,216)	-	-
Change in Net Position	19,418,861	30,462,040	12,600,974	1,619,121	32,019,835	32,081,161
Net Position, Beginning, as Restated	609,875,554	589,334,612	271,420,463	267,330,529	881,296,017	856,665,141
Net Position - Ending	\$ 629,294,415	\$ 619,796,652	\$ 284,021,437	\$ 268,949,650	\$ 913,315,852	\$ 888,746,302

The City's overall net position increased by \$32.0 million from the prior fiscal year. The reasons for this change are discussed in the following sections for governmental activities and business-type activities.

CITY OF PEARLAND, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Activities. Governmental activities net position increased by \$19.4 million, from a restated net position of \$609.9 million to an ending net position of \$629.3 million. Key elements of this change are as follows.

- Property taxes increased by \$3.9 million when compared to the previous year due to an increase in appraised values.
- Sales taxes increased by \$2.7 million when compared to the previous year.
- Investment earnings increased by \$8.1 million due to a much more favorable market in 2023.
- Total expenses increased by \$30.4 million from the previous fiscal year.

Business-type Activities. Business-type activities net position increased by \$12.6 million, from a restated net position of \$271.4 million to an ending net position of \$284.0 million. Key elements of this change are as follows

- Charges for services increased by \$14.0 million due to a 13% increase in rates on October 1, 2022 and an increase in the number of customers served.
- Investment earnings increased by \$5.6 million due to a much more favorable market in 2023.
- Total expenses increased by \$7.8 million due to increased demand for service and increasing costs.

Financial Analysis of Governmental Funds

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The City's governmental funds reflect a combined fund balance of \$146.2 million. Of this amount, \$28.8 million is unassigned and available for day-to-day operations of the City; \$18,518 is nonspendable; \$107.1 million is restricted; \$9.3 million is committed by City Council; and \$1.0 million is assigned by management.

Analysis of Individual Funds

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$31.3 million, while total fund balance decreased by \$2.4 million to an ending balance of \$31.3 million. This change was due to less than anticipated revenues generated from various sources such as property taxes, sales taxes, fines and forfeitures. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 32% of total general fund expenditures.

The fund balance of the City's debt service fund decreased by \$0.1 million during the current fiscal year to an ending fund balance of \$3.4 million. This activity in this fund varies based on the amount of debt outstanding each year.

The fund balance of the City's capital projects fund decreased by \$28.1 million during the current fiscal year to an ending fund balance of \$41.9 million. This change was due to continued spending on bond projects.

The fund balance of the Pearland Economic Development Corporation decreased by \$5.1 million during the current fiscal year to an ending fund balance of \$34.6 million. This change was due to transfers out to the capital projects fund.

The fund balance of the Tax Increment Reinvestment Zone #2 increased by \$2.2 million during the current fiscal year to an ending fund balance of \$9.4 million. This change was due to property taxes exceeding amounts required to be transferred to the Development Authority of Pearland.

The fund balance of the Development Authority of Pearland increased by \$0.2 million during the current fiscal year to an ending fund balance of \$13.3 million. This change was due to slightly higher scheduled bond payment requirements in future years.

CITY OF PEARLAND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City's business-type activities primarily consist of services provided by the water and sewer fund.

The net position of the water and sewer fund increased by \$11.2 million during the current fiscal year to an ending net position of \$277.8 million. This change was due to a 13% increase in rates on October 1, 2022 and an increase in the number of customers served, offset by increasing costs to operate the utility department.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, there was an increase of \$1.0 million in appropriations between the adopted and amended budget which is only a 1.0% amendment to total adopted expenditures.

Final budget compared to actual results. Actual revenues of \$96.5 million were less than final budgeted amounts by \$0.6 million due to less than anticipated revenues generated from various sources such as property taxes, sales taxes, fines and forfeitures. Actual expenditures of \$96.8 million were less than final budgeted amounts by \$4.3 million primarily due to less than anticipated public works expenditures.

Capital Assets And Debt Administration

Capital Assets. At the end of fiscal year 2023, the City's governmental activities and business-type activities had invested \$927.3 million and \$608.9 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net increase of an increase of \$20.9 million over the end of last fiscal year for the governmental activities and an increase of \$45.9 million over the end of last fiscal year for business-type activities.

	Capital Assets					
	Governmental Activities		Business-type Activities		Totals	
	2022		2022		2022	
	2023	as Restated	2023	as Restated	2023	as Restated
Land	\$ 50,908,495	\$ 40,610,789	\$ 10,343,706	\$ 3,877,076	\$ 61,252,201	\$ 44,487,865
Construction in progress	109,327,102	136,886,909	270,713,695	227,553,541	380,040,797	364,440,450
Infrastructure	591,512,312	569,679,090	292,549,322	294,839,656	884,061,634	864,518,746
Buildings and improvements	133,263,251	124,631,524	20,627,872	21,362,801	153,891,123	145,994,325
Machinery and equipment	9,434,156	9,218,047	342,567	489,836	9,776,723	9,707,883
Furniture and fixtures	25,741,008	22,439,744	812,864	11,654	26,553,872	22,451,398
Contractual water rights	-	-	13,460,162	14,835,230	13,460,162	14,835,230
Lease assets	108,551	43,803	-	-	108,551	43,803
SBITA assets	6,975,452	2,845,005	-	-	6,975,452	2,845,005
Total Capital Assets	\$ 927,270,327	\$ 906,354,911	\$ 608,850,188	\$ 562,969,794	\$ 1,536,120,515	\$ 1,469,324,705

Construction in progress at year-end represents numerous ongoing projects, the largest of which relate to street, parks, and water/sewer projects. City's capital assets can be found in Note 4 to the financial statements.

CITY OF PEARLAND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Long-Term Debt. At the end of the current fiscal year, the City had total outstanding debt of \$454.7 million in the governmental activities and \$428.1 million in the business-type activities.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Totals	
	2022		2022		2022	
	2023	as Restated	2023	as Restated	2023	as Restated
General obligation bonds	\$ 250,510,000	\$ 265,615,000	\$ 2,380,000	\$ 2,710,000	\$ 252,890,000	\$ 268,325,000
Certificates of obligation	89,950,000	101,660,000	45,710,000	45,710,000	135,660,000	147,370,000
Revenue bonds	68,345,000	64,810,000	363,085,000	382,785,000	431,430,000	447,595,000
Unamortized premium	29,643,687	36,212,515	16,073,123	18,575,144	45,716,810	54,787,659
Leases	108,923	41,568	-	-	108,923	41,568
Financed purchases	-	130,839	-	-	-	130,839
SBITAs	6,369,647	2,426,245	-	-	6,369,647	2,426,245
Compensated absences	9,801,250	9,134,082	831,182	855,852	10,632,432	9,989,934
Total Outstanding Debt	\$ 454,728,507	\$ 480,030,249	\$ 428,079,305	\$ 450,635,996	\$ 882,807,812	\$ 930,666,245

The City's outstanding debt for governmental activities decreased by \$25.3 million due to scheduled principal payments, principal refunding of \$4,420,000, and defeasance of \$8,900,000, offset by issuance of \$18.2 million in bonds. The City's debt for business-type activities decreased by \$22.6 million from the previous year due to scheduled principal payments. Current credit ratings on debt issues are as follows:

	S&P	Fitch	Moody's
General obligation bonds	AA	AA	A2
Certificates of obligation	AA	AA	Aa2
Revenue bonds	N/A	A+	A3

Both the Pearland Economic Development Corporation (PEDC) and the Development Authority of Pearland (DAP), component units of the City, have issued debt. The PEDC bonds are rated A1 from Moody's. The DAP bonds are rated A- by Standard and Poor's. Additional information on the City's long-term debt can be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budget and Rates

Pearland, Texas, is experiencing robust economic growth with significant development in healthcare, education, retail, and technology sectors. The city's healthcare industry is booming with numerous expansions to meet the needs of its growing population. Pearland's local businesses and educational institutions further bolster its strong job market.

As the fastest-growing city in the region, Pearland offers everything needed for business success, including affordable housing, outstanding schools, safe neighborhoods, and a superb quality of life. With millions of square feet of retail, office, and residential construction completed in the past decade, Pearland is on its way to becoming the next major employment center.

In fiscal year 2024, Pearland projects strong sales tax revenue of \$32.1 million, a 3.5% increase from fiscal year 2023. The city received positive bond ratings from Moody's and Fitch for its 2023 issuances, reflecting a stable financial outlook. The City's Permanent Improvement Bonds Series 2023 for \$7.7 million, and the City's Certificates of Obligation Series 2023A and 2023B for \$9.4 million and \$9.08 million, respectively, were assigned a rating of 'AA' by Fitch and 'Aa2' by Moody's. Additionally, Pearland is investing in Internal Service Funds to stabilize tax rates and avoid capital outlay "spikes." The city plans for conservative sales tax growth of 3% and continued strong property values, expected to rise by upwards of 10%.

Pearland's close proximity to cultural amenities, professional sports, and recreational opportunities enhances its appeal. The city continues to invest in Internal Service Funds to assist with operating expenses moving forward, helping residents and businesses by stabilizing the tax rate. This initiative aims to avoid capital outlay "spikes" in tax rates.

CITY OF PEARLAND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Requests for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of City's finances. If you have questions about this report or need any additional financial information, contact Kendra Murphy, Deputy Director of Finance, at 3523 Liberty Drive, Pearland, Texas 77581, or 281-652-1698. The report and general information can be found on the City's website at www.pearlandtx.gov.

BASIC FINANCIAL STATEMENTS



CITY OF PEARLAND, TEXAS
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and equivalents	\$ 105,314,308	\$ 3,892,165	\$ 109,206,473
Investments	12,402,817	-	12,402,817
Receivables, net of allowance for uncollectibles	30,535,596	12,547,997	43,083,593
Internal balances	(5,579,397)	5,579,397	-
Inventories	629,460	-	629,460
Prepaid items	18,518	-	18,518
Restricted cash and cash equivalents	52,491,282	111,606,012	164,097,294
Capital Assets:			
Nondepreciable	160,235,597	281,057,401	441,292,998
Depreciable, net	767,034,730	327,792,787	1,094,827,517
Total Capital Assets	927,270,327	608,850,188	1,536,120,515
Total Assets	1,123,082,911	742,475,759	1,865,558,670
Deferred Outflows of Resources			
Deferred charge on refunding	3,856,283	715,803	4,572,086
Pension related	21,366,290	2,780,418	24,146,708
OPEB related	1,100,965	143,270	1,244,235
Total Deferred Outflows of Resources	26,323,538	3,639,491	29,963,029
Liabilities			
Accounts payable	3,780,614	7,319,696	11,100,310
Accrued liabilities	8,589,727	15,865,461	24,455,188
Accrued interest	1,681,102	777,007	2,458,109
Unearned revenues	2,829,315	-	2,829,315
Customer deposits	970,728	4,126,842	5,097,570
Long-term liabilities:			
Due within one year: Bonds, leases, financed purchases, compensated absences	40,275,883	22,684,354	62,960,237
Due in more than one year: Bonds, leases, financed purchases, compensated absences	414,452,624	405,394,951	819,847,575
Net pension liability	37,215,147	4,842,847	42,057,994
Total OPEB liability	5,853,531	761,726	6,615,257
Total Liabilities	515,648,671	461,772,884	977,421,555
Deferred Inflows of Resources			
Lease related	1,997,166	-	1,997,166
OPEB related	2,466,197	320,929	2,787,126
Total Deferred Inflows of Resources	4,463,363	320,929	4,784,292
Net Position			
Net investment in capital assets	520,908,660	221,204,781	742,113,441
Restricted for:			
Capital improvements	-	19,683,269	19,683,269
Debt service	10,094,363	14,585,807	24,680,170
Tourism	7,732,367	-	7,732,367
Community development programs	3,181,050	-	3,181,050
Grants	167,563	-	167,563
Public safety	668,452	-	668,452
Economic development	57,293,573	-	57,293,573
Unrestricted	29,248,387	28,547,580	57,795,967
Total Net Position	\$ 629,294,415	\$ 284,021,437	\$ 913,315,852



CITY OF PEARLAND, TEXAS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary Government						
Governmental Activities:						
General government	\$ 15,525,231	\$ 11,807,639	\$ 11,563,567	\$ 7,845,975	\$ -	\$ 7,845,975
Public safety	69,571,000	7,743,199	-	(61,827,801)	-	(61,827,801)
Public works	51,590,615	288,852	4,109,708	(47,192,055)	-	(47,192,055)
Community services	5,576,750	4,066,610	-	(1,510,140)	-	(1,510,140)
Parks and recreation	10,145,289	2,106,322	-	(8,038,967)	-	(8,038,967)
Economic development	41,692,122	1,374,605	12,000	(40,305,517)	-	(40,305,517)
Intergovernmental	8,170,718	-	-	(8,170,718)	-	(8,170,718)
Interest on long-term debt	13,762,987	-	-	(13,762,987)	-	(13,762,987)
Total Governmental Activities	216,034,712	27,387,227	15,685,275	(172,962,210)	-	(172,962,210)
Business-type activities:						
Water and sewer	56,008,286	68,700,067	-	-	12,691,781	12,691,781
Solid waste	7,555,660	7,472,718	-	-	(82,942)	(82,942)
Total Business-Type Activities	63,563,946	76,172,785	-	-	12,608,839	12,608,839
Total Primary Government	\$ 279,598,658	\$ 103,560,012	\$ 15,685,275	(172,962,210)	12,608,839	(160,353,371)
General Revenues:						
Taxes:						
Property taxes				105,406,761	-	105,406,761
Sales and use taxes				47,417,820	3,553	47,421,373
Franchise taxes				7,383,276	-	7,383,276
Unrestricted investment earnings				8,576,993	6,788,422	15,365,415
Gain (loss) on sale of assets				60,493	(5,183)	55,310
Miscellaneous				16,393,373	347,698	16,741,071
Transfers				7,142,355	(7,142,355)	-
Total General Revenues and Transfers				192,381,071	(7,865)	192,373,206
Change in net position				19,418,861	12,600,974	32,019,835
Net Position - Beginning, as Restated				609,875,554	271,420,463	881,296,017
Net Position - Ending				\$ 629,294,415	\$ 284,021,437	\$ 913,315,852

CITY OF PEARLAND, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Pearland Economic Development Corporation</u>
Assets				
Cash and cash equivalents	\$ 10,560,232	\$ 3,473,299	\$ 2,716,636	\$ 28,247,980
Investments	7,637,886	-	-	4,764,931
Receivables (net of allowance for uncollectibles)	9,617,346	4,694,297	5,910,156	7,449,556
Due from other funds	11,985,492	-	-	-
Prepays	7,232	-	-	-
Restricted cash and cash equivalents	-	-	52,402,086	-
Total Assets	<u>\$ 39,808,188</u>	<u>\$ 8,167,596</u>	<u>\$ 61,028,878</u>	<u>\$ 40,462,467</u>
Liabilities				
Accounts payable	\$ 598,809	\$ 13,000	\$ 2,118,636	\$ 449,249
Accrued liabilities	4,166,455	16,150	3,223,851	152,482
Accrued interest	-	132,080	-	-
Deposits payable	965,219	-	2,771	-
Due to other funds	-	-	8,567,129	338,715
Unearned revenue	150,426	-	-	-
Total Liabilities	<u>5,880,909</u>	<u>161,230</u>	<u>13,912,387</u>	<u>940,446</u>
Deferred Inflows of Resources				
Unavailable revenue	606,529	4,636,369	5,226,500	4,878,719
Lease related	1,997,166	-	-	-
Total Deferred Inflows of Resources	<u>2,603,695</u>	<u>4,636,369</u>	<u>5,226,500</u>	<u>4,878,719</u>
Fund Balances				
Nonspendable	7,232	-	-	-
Restricted	-	3,369,997	34,709,307	34,643,302
Committed	-	-	7,829,794	-
Assigned	-	-	-	-
Unassigned	31,316,352	-	(649,110)	-
Total Fund Balances	<u>31,323,584</u>	<u>3,369,997</u>	<u>41,889,991</u>	<u>34,643,302</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 39,808,188</u>	<u>\$ 8,167,596</u>	<u>\$ 61,028,878</u>	<u>\$ 40,462,467</u>

CITY OF PEARLAND, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2023

	Tax Increment Reinvestment Zone #2	Development Authority of Pearland	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 9,417,313	\$ 13,246,400	\$ 16,299,236	\$ 83,961,096
Investments	-	-	-	12,402,817
Receivables (net of allowance for uncollectibles)	-	4,121	2,598,646	30,274,122
Due from other funds	-	-	-	11,985,492
Prepays	-	-	11,286	18,518
Restricted cash and cash equivalents	-	-	-	52,402,086
Total Assets	\$ 9,417,313	\$ 13,250,521	\$ 18,909,168	\$ 191,044,131
Liabilities				
Accounts payable	\$ 14,585	\$ -	\$ 87,118	\$ 3,281,397
Accrued liabilities	2,978	-	181,400	7,743,316
Accrued interest	-	-	-	132,080
Deposits payable	-	-	-	967,990
Due to other funds	-	-	2,195,217	11,101,061
Unearned revenue	-	-	2,678,889	2,829,315
Total Liabilities	17,563	-	5,142,624	26,055,159
Deferred Inflows of Resources				
Unavailable revenue	-	-	1,486,878	16,834,995
Lease related	-	-	-	1,997,166
Total Deferred Inflows of Resources	-	-	1,486,878	18,832,161
Fund Balances				
Nonspendable	-	-	11,286	18,518
Restricted	9,399,750	13,250,521	11,749,432	107,122,309
Committed	-	-	1,449,011	9,278,805
Assigned	-	-	973,825	973,825
Unassigned	-	-	(1,903,888)	28,763,354
Total Fund Balances	9,399,750	13,250,521	12,279,666	146,156,811
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,417,313	\$ 13,250,521	\$ 18,909,168	\$ 191,044,131



CITY OF PEARLAND, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2023

Total Fund Balance, Governmental Funds \$ 146,156,811

Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Capital assets	1,577,534,743
Accumulated depreciation/amortization	<u>(663,843,492)</u>
	913,691,251

Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.

Deferred outflows - pension related	21,187,618
Deferred outflows - OPEB related	1,091,758
Deferred inflows - OPEB related	<u>(2,445,574)</u>
	19,833,802

Other long-term assets (property taxes receivable and adjudicated court fines receivable) are not available to pay current period expenditures and, therefore, are either deferred or not reported in the funds.

Property taxes receivable	1,473,799
UHCL financing receivable	3,769,099
Street assessments	1,486,878
PEDC receivable	5,878,719
Intergovernmental receivables	<u>4,226,500</u>
	16,834,995

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

Bonds payable	(408,805,000)
Leases payable	(108,923)
Compensated absences	(9,282,564)
Net pension liability	(36,903,942)
Total OPEB liability	(5,804,582)
Accrued interest payable on long-term debt	<u>(1,398,424)</u>
	(462,303,435)

Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Deferred amount on refunding	3,856,283
Premium on bonds	<u>(29,643,687)</u>
	(25,787,404)

Internal service funds are used by management to charge the cost of property insurance and employee benefits to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

	<u>20,868,395</u>
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Net Position of Governmental Activities in the Statement of Net Position \$ 629,294,415

CITY OF PEARLAND, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended September 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Pearland Economic Development Corporation</u>
Revenues				
Property taxes	\$ 31,193,438	\$ 36,875,417	\$ -	\$ -
Sales and use taxes	30,592,388	-	-	15,078,283
Franchise fees	7,178,462	-	-	-
Licenses and permits	3,419,601	-	-	-
Fines and forfeitures	1,764,925	-	-	-
Charges for services	20,090,621	-	-	-
Investment earnings	1,449,623	371,342	3,639,310	1,506,308
Intergovernmental	-	-	4,109,708	12,000
Other	828,550	10,802,953	2,500,027	547,825
Total Revenues	<u>\$ 96,517,608</u>	<u>\$ 48,049,712</u>	<u>\$ 10,249,045</u>	<u>\$ 17,144,416</u>
Expenditures				
Current:				
General government	9,226,863	-	-	-
Public safety	63,895,113	-	-	-
Public works	10,093,441	-	-	-
Community services	4,709,377	-	-	-
Parks and recreation	7,743,360	-	-	-
Economic development	-	-	-	4,576,659
Debt Service:				
Principal	148,633	18,035,000	-	250,000
Interest and other charges	3,027	15,535,258	-	23,600
Bond issuance costs	-	10,093,025	-	-
Capital outlay	1,020,858	-	53,194,337	651,619
Intergovernmental	-	8,048,963	-	-
Total Expenditures	<u>96,840,672</u>	<u>51,712,246</u>	<u>53,194,337</u>	<u>5,501,878</u>
Excess (Deficiency) of Revenues Over Expenditures	(323,064)	(3,662,534)	(42,945,292)	11,642,538
Other Financing Sources (Uses)				
Transfers in	-	3,552,442	14,829,526	-
Transfers out	(2,036,975)	-	-	(16,746,286)
Capital bonds issued	-	4,420,000	-	-
Payment to refunded bond escrow agent	-	(4,376,057)	-	-
Issuance of debt - leases	-	-	-	-
Sale of general capital assets	2,428	-	-	-
Total Other Financing Sources (Uses)	<u>(2,034,547)</u>	<u>3,596,385</u>	<u>14,829,526</u>	<u>(16,746,286)</u>
Net change in Fund Balances	(2,357,611)	(66,149)	(28,115,766)	(5,103,748)
Fund Balances - Beginning, as Restated	33,681,195	3,436,146	70,005,757	39,747,050
Fund Balances - Ending	<u>\$ 31,323,584</u>	<u>\$ 3,369,997</u>	<u>\$ 41,889,991</u>	<u>\$ 34,643,302</u>

CITY OF PEARLAND, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended September 30, 2023

	Tax Increment Reinvestment Zone #2	Development Authority of Pearland	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 37,099,935	\$ -	\$ -	\$ 105,168,790
Sales and use taxes	-	-	1,747,149	47,417,820
Franchise fees	-	-	204,814	7,383,276
Licenses and permits	-	-	202,269	3,621,870
Fines and forfeitures	-	-	105,306	1,870,231
Charges for services	-	-	429,900	20,520,521
Investment earnings	292,205	58,959	486,747	7,804,494
Intergovernmental	-	-	5,714,554	9,836,262
Other	-	-	1,011,225	15,690,580
Total Revenues	\$ 37,392,140	\$ 58,959	\$ 9,901,964	\$ 219,313,844
Expenditures				
Current:				
General government	-	-	131,699	9,358,562
Public safety	-	-	631,183	64,526,296
Public works	-	-	2,868,297	12,961,738
Community services	-	-	228,253	4,937,630
Parks and recreation	-	-	1,005,165	8,748,525
Economic development	11,841,887	24,747,538	-	41,166,084
Debt Service:				
Principal	-	9,950,000	20,454	28,404,087
Interest and other charges	-	2,098,089	-	17,659,974
Bond issuance costs	-	192,218	-	10,285,243
Capital outlay	-	-	2,980,752	57,847,566
Intergovernmental	-	-	121,755	8,170,718
Total Expenditures	11,841,887	36,987,845	7,987,558	264,066,423
Excess (Deficiency) of Revenues				
Over Expenditures	25,550,253	(36,928,886)	1,914,406	(44,752,579)
Other Financing Sources (Uses)				
Transfers in	-	23,364,808	5,511,660	47,258,436
Transfers out	(23,364,808)	-	(3,868,704)	(46,016,773)
Capital bonds issued	-	13,735,000	-	18,155,000
Payment to refunded bond escrow agent	-	-	-	(4,376,057)
Issuance of debt - leases	-	-	105,603	105,603
Sale of general capital assets	-	-	-	2,428
Total Other Financing Sources (Uses)	(23,364,808)	37,099,808	1,748,559	15,128,637
Net change in Fund Balances	2,185,445	170,922	3,662,965	(29,623,942)
Fund Balances - Beginning, as Restated	7,214,305	13,079,599	8,616,701	175,780,753
Fund Balances - Ending	\$ 9,399,750	\$ 13,250,521	\$ 12,279,666	\$ 146,156,811



CITY OF PEARLAND, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended September 30, 2023

Net Change in Fund Balances - Total Governmental Funds: \$ (29,623,942)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	57,847,566
Depreciation expense	(42,021,404)
	<u>15,826,162</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is an increase (decrease) to net position. (38,040)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction, however, does not have any effect on net position. Also, governmental funds report the effect of bond premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.

Issuance of debt - bonds	(18,155,000)
Issuance of debt - leases	(105,603)
Principal paid - bonds	28,235,000
Principal paid - leases	38,248
Principal paid - financing agreement	130,839
Payment to escrow agent - bond refunding	4,376,057
Payment to escrow agent - bond defeasance	9,988,288
	<u>24,507,829</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes receivable	237,971
UHCL financing receivable	(714,610)
Economic development agreement receivables	1,374,605
Intergovernmental receivables	5,849,013
Lease receivables	(4,387)
	<u>6,742,592</u>

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:

Accrued interest on long-term debt	131,309
Amortization of bond premiums/discounts and deferred amounts of refunding	4,250,792
Current period gain/loss on defeasance of bonds	16,997
Compensated absences	(198,066)
Changes in pension liabilities and related deferred outflows and inflows of resources	(3,023,250)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(474,975)
	<u>702,807</u>

An internal service fund is used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. A portion of the change in net position of the internal service funds is included in governmental activities in the statement of activities.

Change in Net Position of Governmental Activities 1,301,453
\$ 19,418,861

CITY OF PEARLAND, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

	Business-type Activities			Governmental
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,892,165	\$ -	\$ 3,892,165	\$ 21,353,212
Receivables, net	11,942,423	605,574	12,547,997	261,474
Inventories	-	-	-	629,460
Restricted cash and cash equivalents	111,606,012	-	111,606,012	89,196
Total current assets	<u>127,440,600</u>	<u>605,574</u>	<u>128,046,174</u>	<u>22,333,342</u>
Noncurrent assets:				
Capital assets:				
Land and improvements	10,343,706	-	10,343,706	-
Construction in progress	270,713,695	-	270,713,695	-
Contractual rights to water supply	34,511,428	-	34,511,428	-
Infrastructure	484,032,413	-	484,032,413	-
Buildings	32,042,833	-	32,042,833	-
Machinery and equipment	6,438,572	-	6,438,572	10,892,429
Right-to-use software	-	-	-	11,016,172
Less accumulated depreciation/amortization	(229,232,459)	-	(229,232,459)	(8,329,525)
Total noncurrent assets	<u>608,850,188</u>	<u>-</u>	<u>608,850,188</u>	<u>13,579,076</u>
Total Assets	<u>736,290,788</u>	<u>605,574</u>	<u>736,896,362</u>	<u>35,912,418</u>
Deferred Outflows of Resources				
Deferred charge on refunding	715,803	-	715,803	-
Pension related	2,780,418	-	2,780,418	178,672
OPEB related	143,270	-	143,270	9,207
Total Deferred Outflows of Resources	<u>\$ 3,639,491</u>	<u>\$ -</u>	<u>\$ 3,639,491</u>	<u>\$ 187,879</u>

CITY OF PEARLAND, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

	<u>Business-type Activities</u>			<u>Governmental</u>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 6,541,865	\$ 777,831	\$ 7,319,696	\$ 499,217
Accrued liabilities	15,865,461	-	15,865,461	846,411
Accrued interest	777,007	-	777,007	150,598
Customer deposits	4,126,842	-	4,126,842	2,738
Due to other funds	839,877	44,554	884,431	-
Current portion of noncurrent liabilities:				
Compensated absences	249,354	-	249,354	-
SBITA payable	-	-	-	2,477,440
Bonds payable	22,435,000	-	22,435,000	-
Total current liabilities:	50,835,406	822,385	51,657,791	3,976,404
Noncurrent liabilities:				
Compensated absences	581,828	-	581,828	518,686
SBITA payable	-	-	-	3,892,207
Bonds payable	404,813,123	-	404,813,123	-
Net pension liability	4,842,847	-	4,842,847	311,205
Total OPEB liability	761,726	-	761,726	48,949
Total noncurrent liabilities:	410,999,524	-	410,999,524	4,771,047
Total Liabilities	461,834,930	822,385	462,657,315	8,747,451
Deferred Inflows of Resources				
OPEB related	320,929	-	320,929	20,623
Total Deferred Inflows of Resources	320,929	-	320,929	20,623
Net Position				
Net investment in capital assets	221,204,781	-	221,204,781	7,209,429
Restricted	34,269,076	-	34,269,076	-
Unassigned	22,300,563	(216,811)	22,083,752	20,122,794
Total Net Position	\$ 277,774,420	\$ (216,811)	277,557,609	\$ 27,332,223
Adjustment to reflect the consolidation of Internal service fund activities related to enterprise funds			6,463,828	
Net position of Business-type Activities			\$ 284,021,437	



CITY OF PEARLAND, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended September 30, 2023

	Business-type Activities			Governmental
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Operating Revenues				
Charges for services:				
Metered water sales	\$ 64,400,575	\$ -	\$ 64,400,575	\$ -
Impact fees	2,835,298	-	2,835,298	-
Solid waste fees	-	7,472,718	7,472,718	-
Other utility fees and charges	1,464,194	-	1,464,194	-
Risk management	-	-	-	10,234,799
Equipment management	-	-	-	13,698,104
Sales and use taxes	-	3,553	3,553	-
Miscellaneous	347,698	-	347,698	1,417,403
Total Operating Revenues	69,047,765	7,476,271	76,524,036	25,350,306
Operating Expenses				
Personnel services	10,826,531	-	10,826,531	4,362,529
Supplies and materials	8,404,965	-	8,404,965	111,043
Buildings and grounds	69,202	-	69,202	1,038,507
Repairs and Maintenance	1,392,634	-	1,392,634	2,296,621
Contractual Services	10,870,244	7,555,660	18,425,904	14,730,023
Miscellaneous	100,915	-	100,915	769,533
Capital Outlay (S/B ZERO!)	-	-	-	-
Depreciation and amortization	18,433,875	-	18,433,875	5,793,738
Total Operating Expenses	50,098,366	7,555,660	57,654,026	29,101,994
Operating Income (Loss)	18,949,399	(79,389)	18,870,010	(3,751,688)
Nonoperating Revenues (Expenses)				
Investment earnings	6,788,327	95	6,788,422	776,886
Gain (loss) on disposal of property	(5,183)	-	(5,183)	96,105
Interest expense	(7,425,306)	-	(7,425,306)	(205,156)
Total Nonoperating Revenues (Expenses)	(642,162)	95	(642,067)	667,835
Income (Loss) Before Capital Contributions and Transfers	18,307,237	(79,294)	18,227,943	(3,083,853)
Transfers in	-	-	-	5,931,491
Transfers out	(7,142,355)	-	(7,142,355)	(30,799)
Change in Net Position	11,164,882	(79,294)	11,085,588	2,816,839
Net Position - Beginning, as Restated	266,609,538	(137,517)	266,472,021	24,515,384
Net Position (Deficit) - Ending	\$ 277,774,420	\$ (216,811)	\$ 277,557,609	\$ 27,332,223
Reconciliation to government-wide statement of activities				
Change in net position of enterprise funds			\$ 11,085,588	
Adjustment for the net effect of the current year activity between the internal service funds and enterprise funds			1,515,386	
Change in Net Position of Business-type Activities			\$ 12,600,974	

CITY OF PEARLAND, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-type Activities			Governmental
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 65,923,303	\$ 7,388,346	\$ 73,311,649	\$ -
Receipts from interfund charges for services	-	-	-	23,932,903
Other receipts	347,698	3,553	351,251	1,223,754
Payments to employees for salaries and benefits	(10,536,839)	-	(10,536,839)	(3,817,883)
Payments to suppliers and service providers	(25,507,392)	(7,465,375)	(32,972,767)	(18,992,354)
Net Cash Provided (Used) by Operating Activities	<u>30,226,770</u>	<u>(73,476)</u>	<u>30,153,294</u>	<u>2,346,420</u>
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	-	-	-	5,931,491
Transfers to other funds	(7,142,355)	-	(7,142,355)	(30,799)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(7,142,355)</u>	<u>-</u>	<u>(7,142,355)</u>	<u>5,900,692</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(64,319,452)	-	(64,319,452)	(2,797,128)
Proceeds from sale of capital assets	-	-	-	616,086
Principal paid on bonds	(20,030,000)	-	(20,030,000)	-
Principal payments on SBITAs	-	-	-	(4,181,604)
Interest paid on capital related debt	(9,928,369)	-	(9,928,369)	(54,558)
Net cash Provided (Used) by Capital and Related Financing Activities	<u>(94,277,821)</u>	<u>-</u>	<u>(94,277,821)</u>	<u>(6,417,204)</u>
Cash Flows from Investing Activities				
Interest on investments	6,788,327	95	6,788,422	776,886
Net Cash Provided (Used) by Investing Activities	<u>6,788,327</u>	<u>95</u>	<u>6,788,422</u>	<u>776,886</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(64,405,079)	(73,381)	(64,478,460)	2,606,794
Beginning Cash and Cash Equivalents	179,903,256	73,381	179,976,637	18,835,614
Ending Cash and Cash Equivalents	<u>\$ 115,498,177</u>	<u>\$ -</u>	<u>\$ 115,498,177</u>	<u>\$ 21,442,408</u>
Reconciliation to the Statement of Net Position - Proprietary Funds				
Unrestricted cash and cash equivalents	\$ 3,892,165	\$ -	\$ 3,892,165	\$ 21,353,212
Restricted cash and cash equivalents	111,606,012	-	111,606,012	89,196
	<u>\$ 115,498,177</u>	<u>\$ -</u>	<u>\$ 115,498,177</u>	<u>\$ 21,442,408</u>

CITY OF PEARLAND, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-type Activities			Governmental
	Water and Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 18,949,399	\$ (79,389)	\$ 18,870,010	\$ (3,751,688)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expense	18,433,875	-	18,433,875	5,793,738
(Increase) decrease in assets				
Accounts receivable, net	(2,776,764)	(84,372)	(2,861,136)	(193,649)
Inventories	-	-	-	(147,463)
Increase (decrease) in liabilities:				
Accounts payable	2,311,709	42,335	2,354,044	123,882
Accrued liabilities	(7,756,299)	3,396	(7,752,903)	(22,980)
Customer deposits	(64,719)	-	(64,719)	(66)
Due to other funds	839,877	44,554	884,431	-
Compensated absences	(24,670)	-	(24,670)	469,102
Net pension liability and related amounts	530,534	-	530,534	41,971
Total OPEB liability and related amounts	(216,172)	-	(216,172)	33,573
Net Cash Provided (Used) by Operating Activities	\$ 30,226,770	\$ (73,476)	\$ 30,153,294	\$ 2,346,420
Noncash Investing, Capital, and Financing Activities				
Gain (loss) on disposition of capital assets	\$ (5,183)	\$ -	\$ (5,183)	\$ 96,105
SBITAs issued	-	-	-	(8,125,006)
SBITA assets obtained	-	-	-	8,171,170



CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

The financial statements of the City of Pearland, Texas (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City’s significant accounting policies are described below.

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units, if applicable, for which the primary government is financially accountable.

B. Reporting Entity

The City was incorporated in December 1959 and adopted a "Home Rule Charter" on February 6, 1971. The Charter, as amended, provides for a Council-Manager form of government and provides services authorized by its charter. Presently, these services include police, fire and emergency medical, water and sewer services, drainage, sanitation, building and code inspection, planning, zoning, engineering, street repair and maintenance, park maintenance, recreational activities for citizens, and general administrative services. Fire protection is provided through a combination full-time part-time/volunteer department. The City is governed by an elected mayor and seven-member Council. The Mayor and all members are elected at large. The Mayor is allowed to vote only in case of a tie vote. The Mayor and each Council member hold office for a period of three years and until his/her successor is elected and qualified. Council members shall be limited to two full consecutive terms of office and there is no limitation on the office of the Mayor. The City Manager is appointed by Council and is responsible for implementation of Council policy, execution of the laws, and all day-to-day operations of the City.

The City is an independent political subdivision of the State of Texas governed by an elected mayor and seven-member City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, the following blended component units are appropriately presented as funds of the primary government:

Blended Component Unit - Pearland Economic Development Corporation (PEDC) - In 1995, the citizens of Pearland established the Pearland Economic Development Corporation (PEDC) to help the citizens and public officials of Pearland attract new businesses and to help existing businesses to expand. The mechanism to fund the operations of the corporation is through a sales tax levy at a rate of one-half of one percent (1/2 percent). The PEDC is governed by a board appointed by the City Council. Although it is legally separated from the City, the PEDC relies upon the primary government for appointing the board, also City Council must approve the PEDC’s budget and any debt issuances. The PEDC provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City even though it may not provide services directly to it. PEDC is reported as a governmental fund and does not issue separate financial statements.

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Blended Component Unit - Development Authority of Pearland (DAP) - In 2004, the City created the Development Authority of Pearland to provide financing for the development of the TIRZ #2. Proceeds from bond sales are to be used to reimburse developers and fund a debt service reserve. The Development Authority of Pearland is governed by a board appointed by the City Council. Although it is legally separated from the City, the Development Authority of Pearland is fiscally dependent upon the primary government because the City Council must also approve any debt issuances done on behalf of the Development Authority of Pearland. The Development Authority of Pearland provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City even though it may not provide services directly to it. DAP is reported as a governmental fund and does not issue separate financial statements.

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and governmental funds for various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public works, parks and recreation, community services, and public safety.

The *Debt Service Fund* is used to account for the payment of interest and principal on all general obligation bonds and other governmental long-term debt of the City. The primary source of revenue for debt service is local property taxes.

The *Capital Projects Fund* is used to account for the expenditures of resources accumulated on a pay-as-you-go basis and the sale of bonds and related interest earnings for capital improvement projects.

The *Pearland Economic Development Corporation*, a blended component unit, is a special revenue fund used to account for the revenues and expenditures associated with the half-cent sales tax for economic development approved by the voters in 1995. Use of the funds are governed by State Law.

The *Tax Increment Reinvestment Zone #2* fund is a special revenue fund used to account for the incremental property tax revenues in the specific geographical area and use thereof from the participating taxing entities in the Zone. In 1998, the Tax Increment Reinvestment Zone (TIRZ #2) was established for a period of 30 years or until dissolved by the City. The TIRZ #2 provides tax-assisted property development and/or redevelopment in specific geographic areas in accordance with applicable state laws. The TIRZ #2 is governed by a board appointed by the City Council.

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

The *Development Authority of Pearland* fund, a blended component unit, is a special revenue fund used to account for the financing of the development of the TIRZ #2.

The City reports the following major enterprise fund:

The *Water and Sewer Fund* is used to account for the operations that provide water and sewer utility services to the public. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges.

Additionally, the City reports the following fund types:

Internal Service Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. Services provided by the Internal Service Funds include property and liability insurance coverage, employee benefits, health claims, and motor pool. The Internal Service Funds is included in governmental activities for government-wide reporting purposes.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events. The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and 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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Budgetary Information

1. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, Pearland Economic Development Corporation, other special revenue funds (excluding Development Authority of Pearland and TIRZ #2), and the debt service fund. The capital projects fund is appropriated on a project-length basis. The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the Proprietary Fund Types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and securities and disclosed as part of the City's investments.

The City pools excess cash of the various individual funds to purchase these investments. These pooled investments are reported in the combined balance sheet as investments in each fund based on each fund's share of the pooled investments. Interest income is allocated to each respective individual fund, monthly, based on their respective share of investments in the pooled investments.

2. Investments

Investments consist of Local Government Investment Pools, United States (U.S.) government agency securities, and Certificates of Deposit with original maturities greater than three months from the date of acquisition. The City reports all investments at fair value, except for investment pools. The City's investment pools are valued and reported at Net Asset Value (NAV), which approximates fair value.

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are observable inputs other than those in Level 1; Level 3 inputs are unobservable inputs. The City's local government investment pools are recorded at NAV as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*, and are exempt from reporting in the fair value hierarchy.

3. Inventory and Prepaid Items

Inventory, which consists of fuel and auto parts for use in the City's vehicles, is stated at cost (first-in, first-out method). Expenditures are recognized as the fuel and auto parts are consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Trade accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectibles.

5. Interfund Balances

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed. These receivables and payables are classified as "due from other funds" or "due to other funds." Interfund receivables and payables which are not expected to be paid within 12 months are classified as loans from/loans to other funds.

6. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure 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 one year.

As the City constructs or acquires capital assets each period, they are capitalized and reported at historical cost (except for intangible right-to-use lease/SBITA assets, the measurement of which is discussed in a note below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Infrastructure	10-50
Water and sewer system	30-50
Buildings and improvements	10-45
Machinery and equipment	3-15
Furniture and fixtures	3-10
Intangible Water Rights	25
Right-to-use lease assets	Shorter of lease term or asset's useful life
Right-to-use SBITA	Subscription term

7. Restricted Assets

Certain proceeds of the Water and Sewer Enterprise Fund revenue bonds and certain resources set aside for their repayment are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Certain resources are also set aside for repayment of Pearland Economic Development Corporation Bonds and are reported as restricted assets.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- i. *Deferred charge on refunding* reported in the government-wide statement of net position. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- ii. *Deferred amounts related to pension and OPEB* relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- i. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, UHCL receivable, special assessments, economic development agreements, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- ii. *Deferred amounts related to leases and deferred amounts related to pension and OPEB* are reported in the government-wide financial statements.

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

9. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the City will fund outlays for a particular purpose from both restricted (*e.g.*, restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

10. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- *Nonspendable* – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* – Amounts that can be spent only for specific purposes because of the City Charter, City Code, State or federal laws, or externally imposed conditions by grantors or creditors.
- *Committed* – Amounts that can be used only for specific purposes determined by ordinances passed by City Council, the City's highest level of decision-making authority. Commitments may be modified or rescinded only through ordinances approved by City Council.
- *Assigned* – Amounts that are intended to be used for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City's policy, amounts can be assigned by the City's Chief Financial Officer.
- *Unassigned* – Amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

City Council has authorized the Chief Financial Officer as the official authorized to assign fund balance to a specific purpose. City Council has established fund balance and working capital policies under which the City shall maintain the fund balance and working capital of the various operating funds at the following levels:

- *General Fund Unassigned Fund Balance* – The City shall maintain the General Fund unassigned fund balance equivalent to three months of recurring operating expenditures, based on current year expenditures. If the fund balance exceeds this amount, funding non-recurring expenditures in the following fiscal year may be used to draw down the balance.
- *Water/Sewer Unreserved Working Capital* – The City shall maintain a working capital sufficient to provide for reserves for emergencies and revenue shortfalls. A cash equivalent operating reserve will be established and maintained at 25 percent of the current year's budget appropriation for recurring operating expenses. The cash equivalent operating reserve is derived by dividing the total cash equivalents balance by recurring operating expenses.
- *Use of Fund Balance/Working Capital* – Fund balance/working capital shall only be used for emergencies, non-recurring expenditures/expenses or major capital purchases that cannot be accommodated through current year savings. Should such use reduce balances below the level established as the objective for that fund, restoration recommendations will accompany the request/decision to utilize said balances.
- *Debt Service Fund Total Fund Balance* – The City shall maintain the debt service fund balance at 10 percent of annual debt service requirements OR a fund balance reserve as required by bond ordinances, whichever is greater.
- *Property Liability Insurance Fund Unrestricted Net Position* – The Property Liability Insurance Fund accounts for uninsured and deductible claims for the City's property and liability insurance. Claims cannot be reasonably predicted and budgeted for; therefore, the fund will maintain a balance that approximates the prior average annual expense for the last three years, excluding extra-ordinary expenses in the fund.
- *Employee Benefits Fund and Health Claims Fund* – The Employee Benefits Fund and Health Claims Fund are funded through City and employee contributions. Estimated costs shall be determined during each budget year and the contributions adjusted accordingly. There is no minimum balance for this fund as it relates to employee benefits.
- *Water/Sewer Revenue Debt Coverage Reserves* – Revenues shall be maintained at 1.15 times coverage in a fiscal year where the water/sewer fund is not issuing additional debt and 1.4 times coverage in a year where debt is anticipated to be issued.
- *Bond Issuance Reserves* – Debt service reserves should be maintained for each bond issue as required by bond covenants.
- *Contingency Fund* – Pursuant to the City Charter, a provision shall be made within the annual budget for a contingency fund in an amount not more than 7 percent of the total budget (General Fund) to be used in case of unforeseen items of expenditure.

11. Leases and Subscription-Based Information Technology Arrangements (SBITAs)

Lessee: The City is a lessee for a noncancellable right to use lease assets and subscription-based software. The City recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements. The City recognizes lease/SBITA liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease/SBITA, the City initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the agreement's commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life or subscription term.

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate.
- The term includes the noncancellable period of the lease or subscription term. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its leases/SBITAs and will remeasure the assets and liabilities if certain changes occur that are expected to significantly affect the amount of the liabilities.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for a noncancellable lease of a building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

12. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick and holiday pay benefits.

Employees hired prior to October 1, 2005 earn vacation leave at the rate of 15 days per year from 1-15 years of service, 20 days per year for service of 16-19 years, and 25 days per year for service of 20 years or more. Employees, who are non-exempt and are hired after October 1, 2005 earn vacation at a rate of 10 days per year from 1-4 years of service, 15 days per year for 5-14 years of service and 20 days for 15 and over years of service. Employees, who are exempt and are hired after October 1, 2005, earn vacation at a rate of 15 days per year from 1-14 years of service, and 20 days for 15 and over years of service. Certified police personnel earn 15 days of vacation after one year and 20 days of vacation after 15 years. Effective October 1, 2011, certified fire fighter personnel earn 168 hours of vacation from 1-4 years, 241 hours of vacation for 5-14 years and 312 hours after 15 years.

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

City employees receive 10 paid holidays per year. In addition to providing paid time off for the City-observed holidays, the City permits regular full-time employees to take up to two (2) paid personal days (designated holidays) annually. Employees required to work on a City-observed holiday may be paid or may elect to receive compensatory time off for the holiday. Overtime is earned at one and one-half times the regular rate of pay for non-exempt employees. Employees may be paid or receive compensatory time. The maximum accrual for compensatory time is 120 hours, including employees involved in public safety.

All sick leave benefits are accumulated and paid to employees upon separation from the City not to exceed 720 hours for employees hired prior to July 24, 2006, and 360 hours for employees hired after. Vacation, sick and holiday pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

13. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City-specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71*.

14. Other Postemployment Benefits (OPEB) – Retiree Health Care

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees. Information regarding the City's total liability for this plan is obtained through a report prepared by HUB International, the City's third-party actuary, in compliance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

15. Other Postemployment Benefits (OPEB) – TMRS Supplemental Death Benefits

Additionally, the City participates in a defined-benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 75.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

2. Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of July 1. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 30 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund, solid waste fund, and internal service funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

I. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

J. New Accounting Standards

GASB Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* was issued in March 2020 and is effective for periods beginning after June 15, 2022. This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for periods beginning after June 15, 2022. The City has evaluated the effects of this standard and has determined that it does not impact the financial statements.

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITA)*, was issued in May 2020 and was effective for periods beginning after June 15, 2022. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. *As such* the City has incorporated such SBITAs into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

GASB issued Statement No. 99, *Omnibus 2022* was issued in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this Statement are effective immediately upon issuance, for periods beginning after June 15, 2022 and June 15, 2023, depending on the topical area.

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 2 – Cash and Investments

The City's investment portfolio is managed in accordance with the *Texas Public Funds Investment Act*, as amended, and its own Investment Policy. The *Texas Public Funds Investment Act* (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates what types of investments can be made, requires written investment policies, mandates training requirements of investment officers, requires internal management reports to be produced at least quarterly, and provides for the selection of authorized broker-dealers and investment managers.

The Council has adopted a written investment policy regarding the investment of City funds as required by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the City's investment policy. The City's investment policy is more restrictive than the PFIA requires. It is the City's policy to restrict its direct investments to obligations of the U.S. government or U.S. government agencies, obligations of states, counties, and cities, fully collateralized certificates of deposit, bankers' acceptances, mutual funds, repurchase agreements and local government investment pools. The maximum maturity allowed is five years from date of purchase. The City's investment policy does not allow investments in collateralized mortgage obligations. As of September 30, 2022, the City's investment portfolio contains certificates of deposit, government investment pools, and obligations of U.S. government agencies. Each of the City's investments are in compliance with the PFIA.

In accordance with applicable statutes, the City has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the City incurs for banking services received. The City may place funds with the depository in interest and non-interest-bearing accounts. State law provides that collateral pledged as security for bank deposits must have a fair value of not less than the amount of the deposits and must consist of: (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 and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (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. City policy requires the collateralization level to be at least 102 percent of fair value of principal and accrued interest.

The City's cash and investments are classified as: cash and cash equivalents, investments, and restricted cash and investments. The cash and cash equivalents include cash on hand, demand deposits with financial institutions, and short-term investments, which have maturities at purchase of less than three months, consisting mainly of certificates of deposits. The restricted cash and investments are assets restricted for specific use. The restricted cash and investments include cash on deposit with financial institutions. For better management of cash, the City pools the cash, based on the City's needs, into either bank/sweep accounts, or in longer-term investments in U.S. government securities. However, each fund's balance of cash and investments is maintained in the books of the City. The City's investments primarily consist of government investment pools. The City's investments in government pools are measured at net asset value. The investment pools do not have any limitations or restrictions on withdrawals, such as notice periods or maximum transaction amounts, and do not impose any liquidity or redemption gates.

The deposit and investment policies for the Pearland Economic Development Corporation, TIRZ No. 2, and Development Authority of Pearland are substantially the same as the City.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Deposit and Investment Amounts

The following schedule shows the City's recorded cash and cash equivalents and investments at year-end:

	<u>Amount</u>	<u>Percent of Portfolio</u>	<u>WAM</u>
Cash and Cash Equivalents:			
Demand depots (book value)	\$ 57,623,137	20.2%	1
Mutual Fund	53,520,622	18.7%	35
Investment Pools:			
Texas CLASS	110,197,626	38.6%	49
TexSTAR	9,774,286	3.4%	30
LOGIC	42,188,096	14.8%	39
Total Investment Pools	<u>162,160,008</u>	<u>56.8%</u>	
Total Cash and Cash Equivalents	<u>273,303,767</u>	<u>95.7%</u>	
Investments:			
Certificates of Deposit	1,527,288	0.5%	288
US Treasury Bills/Notes	10,875,529	3.8%	373
Total Investments	<u>12,402,817</u>	4.3%	
Total Cash and Investments	<u>\$ 285,706,584</u>	100.0%	48

At September 30, 2023, the City's demand deposits were covered federal depository insurance and pledged collateral held by the City's agent in the City's name.

The Federal Agricultural Mortgage Corporation (FAMC) discount note is valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Certificates of deposit are stated at amortized cost. The amount of increase or decrease in the fair value of investments during the current year is included in the City's investment income as follows:

Interest income	\$ 15,626,455
Unrealized gain (loss)	<u>(256,653)</u>
	<u>\$ 15,369,802</u>

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

The City's investments' fair value measurements are as follows at September 30, 2023.

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 1,527,288	\$ -	\$ 1,527,288	\$ -
US Treasury Bills/Notes	10,875,529	10,875,529	-	-
	<u>\$ 12,402,817</u>	<u>\$ 10,875,529</u>	<u>\$ 1,527,288</u>	<u>\$ -</u>

The City's investments in government pools include deposits in TexSTAR, Texas CLASS and LOGIC. These pools operate similarly to money market funds and each share is equal in value to \$1.00. The value of the pool is equal to the value of the pool shares. The investments in government pools are measured at NAV and are exempt from reporting in the fair value hierarchy.

TexSTAR was created in April 2002 pursuant to the *Interlocal Cooperation Act* of the State of Texas, chapter 791 of the Texas Government Code and the *Public Funds Investment Act*, chapter 2256 of the Texas Government Code. TexSTAR policies require that local government deposits be used to purchase investments authorized by the *Texas Public Funds Investment Act*. The State Comptroller of Public Accounts exercises responsibility over TexSTAR. TexSTAR is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management. J.P. Morgan Investment Management, Inc. provides investment advisory services.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as a local government investment pool (LGIP) pursuant to Section 2256.016 of the *Public Funds Investment Act*, Texas Government Code (PFIA). Per state code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds, and maximize yield. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian. The investment pools do not have any limitations or restrictions on withdrawals, such as notice periods or maximum transaction amounts, and do not impose any liquidity or redemption gates.

LOGIC is a local government investment pool organized under the authority of the *Interlocal Cooperation Act*, chapter 791, of the Texas Government Code, and the *Public Funds Investment Act*, chapter 2256, of the Texas Government Code. LOGIC's investment objectives are to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. Since September 2005, J.P. Morgan Investment Management Inc. (JPMIM) has served as investment adviser to LOGIC. JPMIM is an SEC registered investment adviser and an affiliate of J.P. Morgan Asset Management (JPMAM), which is the marketing name for the asset management business of JPMorgan Chase & Co. Hilltop Securities Inc. (Hilltop Securities) and JPMIM serve as co-administrators to LOGIC and Hilltop Securities provides administrative, participant support, and marketing services. Hilltop Securities is a registered broker dealer, member of FINRA/SIPC, which provides financial advisory and investment banking services to governmental entities across the county. JPMorgan Chase Bank N.A. provides custodial services.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Interest Rate Risk

The City's investment policy specifies a maximum weighted average maturity for the portfolio of 900 days or 30 months based on the stated maturity date of the investments. When including cash investments, the weighted average maturity for the City was 48 days as of September 30, 2023. To the extent possible, the City attempts to match investments with anticipated cash flow requirements. The City does not directly invest in securities with a stated maturity date more than five years or 1,825 days from date of purchase. The settlement date is considered the date of purchase.

Concentration of Credit Risk

With the exception of U.S. Treasury Securities and interest-bearing checking accounts that are fully collateralized, no more than 75 percent of the City's total investment portfolio will be invested in a single security type. If the City elects to participate in more than one investment pool, the total percent invested in all pools shall not exceed the maximum percent allowed. As of September 30, 2023, the City's investment portfolio was in compliance with the City's investment policy as it relates to diversification and concentration of credit risk.

Credit Risk

The Federal Agricultural Mortgage Corporation discount note was rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

All credit ratings meet acceptable levels required by guidelines prescribed by both the PFIA and the City's investment policy. A public fund investment pool must be continuously rated no lower than AAA or AAAM or no lower than investment grade by at least one nationally recognized rating service and have a weighted average maturity no greater than 90 days. Investments with minimum required ratings do not qualify as authorized investments during the period the investment does not have the minimum rating. TexSTAR and Texas CLASS are both rated AAAM by S&P Global Ratings.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Restricted Assets

The Enterprise Funds have restricted certain cash and investments for customer deposits, reserve and emergency expenses, capital improvements, cash restricted for others, and revenue bond debt service. Because of certain bond covenants, the Enterprise Funds are required to maintain prescribed amounts of resources that can be used only to service outstanding debt. Some of the proceeds from debt or from funds received from acquisition of Municipal Utility Districts are restricted for use on capital projects.

Revenue bond debt service	\$ 15,362,814
Customer deposits	4,126,842
Capital improvements (impact fees)	18,472,968
Unspent bond proceeds	73,643,388
Total	<u><u>\$ 111,606,012</u></u>

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 3 – Receivables

Receivables at September 30, 2023, consisted of the following for the governmental funds:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Pearland Economic Development Corporation</u>	<u>Development Authority of Pearland</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Receivables							
Property taxes, including penalties and interest	\$ 622,719	\$ 890,420	\$ -	\$ -	\$ -	\$ -	\$ 1,513,139
Street assessments	-	-	-	-	-	1,284,935	1,284,935
Franchise taxes	1,393,483	-	-	-	-	12,770	1,406,253
Financing lease (UHCL)	-	3,827,028	-	-	-	-	3,827,028
Sales and other taxes	5,106,747	-	-	2,553,374	-	-	7,660,121
Economic development agreements	-	-	1,000,000	4,878,719	-	-	5,878,719
Leases	1,952,950	-	-	-	-	-	1,952,950
Intergovernmental	-	-	4,910,156	-	-	-	4,910,156
Other	557,638	-	-	17,463	4,121	1,300,941	1,880,163
Gross Receivables	<u>9,633,537</u>	<u>4,717,448</u>	<u>5,910,156</u>	<u>7,449,556</u>	<u>4,121</u>	<u>2,598,646</u>	<u>30,313,464</u>
Allowance for uncollectibles	<u>(16,191)</u>	<u>(23,151)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,342)</u>
Net receivable	<u>\$ 9,617,346</u>	<u>\$ 4,694,297</u>	<u>\$ 5,910,156</u>	<u>\$ 7,449,556</u>	<u>\$ 4,121</u>	<u>\$ 2,598,646</u>	<u>\$ 30,274,122</u>

Governmental funds report receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue, excluding lease-related amounts, and unearned revenue reported in the governmental funds were as follows:

Unearned Revenue:	Amount
Parks and recreation department (deposits & prepayments)	\$ 106,507
Economic development agreements	43,919
ARPA grant	2,678,889
Total Unearned Revenue	<u>\$ 2,829,315</u>
Unavailable Revenue:	Amount
Delinquent property taxes receivable	\$ 1,473,799
UHCL receivable	3,769,099
Street assessments	1,486,878
Economic development agreements	5,878,719
Intergovernmental	4,226,500
Total Unavailable Revenue	<u>\$ 16,834,995</u>

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Receivables at September 30, 2023, consisted of the following for the proprietary funds:

	Business-type Activities - Enterprise Funds			Governmental
	Water and	Solid Waste	Total	Activities
	Sewer Fund	Fund		Internal Service
				Fund
Receivables				
Customer accounts:				
Billed	\$ 7,128,142	\$ 865,664	7,993,806	\$ 261,474
Unbilled	5,951,668	-	5,951,668	-
Other	268,021	71,217	339,238	-
Allowance for uncollectibles	(1,405,408)	(331,307)	(1,736,715)	-
	<u>\$ 11,942,423</u>	<u>\$ 605,574</u>	<u>\$ 12,547,997</u>	<u>\$ 261,474</u>

City utility customers are billed on the basis of monthly cycle billings. At the end of the fiscal year, the City accrues estimated unbilled revenues for water and sewer services and solid waste services provided before the period ended September 30, to be billed after year-end.

Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Central Appraisal District (CAD) of Brazoria County, Harris County, and Fort Bend County, Texas, establishes appraised values. Taxes are levied by the City Council based on the appraised values and operating needs of the City. The City contracts billing and collection of tax levies with the Brazoria County Tax Assessor-Collector.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 4 – Capital Assets

A summary of changes in the City’s capital assets for the year ended September 30, 2023, is as follows:

Governmental Activities

	Beginning Balance, as restated	Increases	Disposals	Transfers to Depreciable Assets	Ending Balance
Governmental Activities					
Capital Assets, not being Depreciated:					
Land	\$ 40,610,789	\$ 2,433,771	\$ -	\$ 7,863,935	\$ 50,908,495
Construction in progress	136,886,909	54,810,108	-	(82,369,915)	109,327,102
Total Capital Assets, not being Depreciated	177,497,698	57,243,879	-	(74,505,980)	160,235,597
Capital Assets, being Depreciated:					
Infrastructure	1,108,875,450	28,950	-	58,133,021	1,167,037,421
Buildings and improvements	180,032,725	-	(6,253)	11,650,124	191,676,596
Machinery and equipment	31,075,170	3,099,232	(442,611)	-	33,731,791
Furniture and fixtures	30,822,370	81,727	-	4,722,835	35,626,932
Right-to-use lease equipment	67,782	-	(54,550)	-	13,232
Right-to-use lease buildings	40,362	105,603	(40,362)	-	105,603
Right-to-use SBITA assets	2,845,005	8,171,167	-	-	11,016,172
Total Other Capital Assets, being Depreciated	1,353,758,864	11,486,679	(543,776)	74,505,980	1,439,207,747
Less Accumulated Depreciation for:					
Infrastructure	(539,196,360)	(36,328,749)	-	-	(575,525,109)
Buildings and improvements	(55,401,201)	(3,018,397)	6,253	-	(58,413,345)
Machinery and equipment	(21,857,123)	(2,883,123)	442,611	-	(24,297,635)
Furniture and fixtures	(8,382,626)	(1,503,298)	-	-	(9,885,924)
Right-to-use lease equipment	(44,433)	(19,929)	54,550	-	(9,812)
Right-to-use lease buildings	(19,908)	(20,926)	40,362	-	(472)
Right-to-use SBITA assets	-	(4,040,720)	-	-	(4,040,720)
Total Accumulated Depreciation	(624,901,651)	(47,815,142)	543,776	-	(672,173,017)
Total Capital Assets being depreciated, net	728,857,213	(36,328,463)	-	74,505,980	767,034,730
Governmental Activities Capital Assets, Net	\$ 906,354,911	\$ 20,915,416	\$ -	\$ -	\$ 927,270,327

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Business-type Activities

	Beginning Balance, as restated	Increases	Disposals	Transfers to Depreciable Assets	Ending Balance
Business-type Activities					
Capital Assets, not being Depreciated:					
Land	\$ 3,877,076	\$ -	\$ -	\$ 6,466,630	\$ 10,343,706
Construction in progress	227,553,541	64,265,925	-	(21,105,771)	270,713,695
Total Capital Assets, not being Depreciated:	231,430,617	64,265,925	-	(14,639,141)	281,057,401
Capital Assets, being Depreciated					
Water and sewer system	470,442,506	-	-	13,589,907	484,032,413
Buildings and improvements	32,042,833	-	-	-	32,042,833
Machinery and equipment	5,254,852	48,385	(95,426)	-	5,207,811
Furniture and fixtures	153,048	28,479	-	1,049,234	1,230,761
Contractual water rights	34,511,428	-	-	-	34,511,428
Right-to-use lease equipment	-	-	-	-	-
Right-to-use lease buildings	-	-	-	-	-
Right-to-use SBITA assets	-	-	-	-	-
Total Capital Assets, being Depreciated	542,404,667	76,864	(95,426)	14,639,141	557,025,246
Less Accumulated Depreciation:					
Water and sewer system	(175,602,850)	(15,880,241)	-	-	(191,483,091)
Buildings and improvements	(10,680,032)	(734,929)	-	-	(11,414,961)
Machinery and equipment	(4,765,016)	(167,134)	66,906	-	(4,865,244)
Furniture and fixtures	(141,394)	(276,503)	-	-	(417,897)
Contractual water rights	(19,676,198)	(1,375,068)	-	-	(21,051,266)
Right-to-use lease equipment	-	-	-	-	-
Right-to-use lease buildings	-	-	-	-	-
Right-to-use SBITA assets	-	-	-	-	-
Total Accumulated Depreciation	(210,865,490)	(18,433,875)	66,906	-	(229,232,459)
Total Capital Assets being Depreciated, net	331,539,177	(18,357,011)	(28,520)	14,639,141	327,792,787
Totals	\$ 562,969,794	\$ 45,908,914	\$ (28,520)	\$ -	\$ 608,850,188

Depreciation was charged to programs as follows:

	Depreciation/ Amortization Expense
Governmental Activities	
General government	\$ 6,595,113
Public safety	539,826
Public works	39,053,906
Community services	207,900
Parks and recreation	945,511
Economic development	472,886
Total Governmental Activities	47,815,142
Business-type activities:	
Water and sewer	18,433,875
Total Depreciation Expense, Primary Government	\$ 66,249,017

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

The City had active construction projects as of September 30, 2023. The projects included various improvements to streets, drainage and facilities and water and sewer improvements. At year-end, the City's contractual commitments on projects were as follows:

Project Description	Contract	Total In Progress	Remaining Commitment
Drainage	\$ 44,010,564	\$ 19,869,997	\$ 24,140,567
Facilities	102,980,155	8,556,745	94,423,410
Parks and Recreation	46,779,615	4,551,964	42,227,651
Streets	227,700,383	76,348,396	151,351,987
Total Governmental Activities	421,470,717	109,327,102	312,143,615
Facilities	542,500	202,409	340,091
Water and Sewer Improvements	516,387,163	270,511,286	245,875,877
Total Business-Type Activities	516,929,663	270,713,695	246,215,968
Total Primary Government	\$ 938,400,380	\$ 380,040,797	\$ 558,359,583

Note 5 – Long-term Debt

The City issues general obligation bonds and certificates of obligation, and upon annexation and dissolution of Municipal Utility Districts, assumes unlimited tax and revenue obligations. The assumed obligations were used to acquire and construct major capital facilities. General obligation bonds, certificates of obligation, and assumed obligations from dissolved and annexed areas are for both governmental and business-type activities. The bonds are reported in the Proprietary Funds only if they are expected to be repaid from proprietary revenues. The general long-term bonds, certificates of obligation and assumed obligations are paid through the Debt Service Fund from tax revenues.

The City's component units, which are considered blended components units, have revenue bonds used to acquire and construct or to reimburse developers for major capital improvements. Revenue bonds are paid through the Pearland Economic Development Corporation from sales tax and through the Development Authority of Pearland from property tax increment.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Changes in Long-term Liabilities

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended September 30, 2023.

Governmental Activities	Beginning Balance, as Restated	Increases	Decreases	Ending Balance	Amounts Due in One Year
Bonds Payable:					
General obligation bonds	\$ 265,615,000	\$ -	\$ (19,525,000)	\$ 246,090,000	\$ 20,570,000
General obligation bonds - Private Placement	-	4,420,000	-	4,420,000	820,000
Certificates of obligation	101,660,000	-	(11,710,000)	89,950,000	2,875,000
Sales tax revenue bonds	1,000,000	-	(250,000)	750,000	250,000
Tax increment revenue bonds	63,810,000	-	(8,400,000)	55,410,000	8,625,000
Tax increment revenue bonds - Private placement	-	13,735,000	(1,550,000)	12,185,000	1,850,000
Unamortized premium/discount	36,212,515	-	(6,568,828)	29,643,687	-
Total Bonds Payable	468,297,515	18,155,000	(48,003,828)	438,448,687	34,990,000
Other Long-Term Liabilities:					
Leases	41,568	105,603	(38,248)	108,923	23,674
Financed purchases	130,839	-	(130,839)	-	-
SBITAs	2,426,245	8,125,006	(4,181,604)	6,369,647	2,477,440
Compensated absences	9,134,082	667,168	-	9,801,250	2,784,769
Total Governmental Activities Long-Term Liabilities	\$ 480,030,249	\$ 27,052,777	\$ (52,354,519)	\$ 454,728,507	\$ 40,275,883

In general, the City uses the General and Debt Service funds as well as the Economic Development Corporation and Development Authority to liquidate governmental long-term liabilities. Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The full amount estimated to be required for debt service on general obligation debt is provided by (1) the debt service portion of the tax levy; (2) interest earned in the Debt Service Fund; and (3) transfers from the Water and Sewer Enterprise Fund. Transfers from the Enterprise Funds are approved at the discretion of City Council and are not intended to service a specific bond series.

During the current fiscal year, the City issued the following bonds in the governmental activities:

- Private Placement Permanent Improvement Refunding Bonds, Series 2022, in the amount of \$4,420,000. The proceeds were used to refund \$3,165,000 of the Permanent Improvement and Refunding Bonds, Series 2014, and \$1,135,000 Permanent Improvement and Refunding Bonds, Series 2016A. The payment to escrow agent of \$4,376,057 exceeded the carrying value of the refunded bonds by \$76,057, resulting in a current period expense of \$76,057. The transaction resulted in present value savings of \$39,509.
- Tax Increment Contract Revenue Bonds, Series 2022, in the amount of \$13,735,000. The proceeds were used to reimburse developers for projects for the Development Authority of Pearland in the amount of \$13,551,000.

In addition, the City defeased \$8,900,000 of Certificates of Obligation, Series 2019B. The carrying value of the defeased bonds exceeded the payment of \$9,992,788 resulting in a current period gain of \$93,054. The purchase price of the escrowed securities were equal to the present value of all principal and interest payments.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

The following is a summary of changes in the City's total business-type activities long-term liabilities for the year ended September 30, 2023.

Business-type Activities	Beginning Balance	Additions	Decreases	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
General obligation bonds	\$ 2,710,000	\$ -	\$ (330,000)	\$ 2,380,000	\$ 1,135,000
Certificates of obligation	45,710,000	-	-	45,710,000	2,405,000
Water and sewer revenue bonds	382,785,000	-	(19,700,000)	363,085,000	18,895,000
Unamortized premium/discount	18,575,144	-	(2,502,021)	16,073,123	-
Total Bonds Payable	449,780,144	-	(22,532,021)	427,248,123	22,435,000
Other Long-Term Liabilities:					
Compensated absences	855,852	-	(24,670)	831,182	249,354
Total Business-type Activities Long-Term Liabilities	\$ 450,635,996	\$ -	\$ (22,556,691)	\$ 428,079,305	\$ 22,684,354

The business-type activity long-term debt will be repaid, plus accrued interest, from operating revenues of the Water and Sewer Fund. The City is required by the applicable revenue bond indentures to pledge the net revenues of the Water and Sewer Fund for the retirement of its outstanding revenue bonds, including interest thereon. Revenue bonds and refunding bonds are payable solely from and, equally secured by, a first lien on and pledge of the net revenue of the City's Water and Sewer Fund.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

The debt service requirements for the City's bonds are as follows:

Governmental Activities								
Fiscal Year	General Obligation		GO - Private Placement		Certificates of Obligation		Sales Tax Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ 20,570,000	\$ 10,421,275	\$ 820,000	\$144,360.00	\$ 2,875,000	\$3,859,532.00	\$ 250,000
2025	21,325,000	9,409,937	850,000	114,300	2,905,000	3,755,232	250,000	11,800
2026	21,810,000	8,359,337	885,000	83,070	2,920,000	3,645,307	250,000	5,900
2027	22,670,000	7,275,712	915,000	50,670	2,945,000	3,529,232	-	-
2028	23,555,000	6,187,372	950,000	17,100	2,950,000	3,413,807	-	-
2029 - 2033	92,855,000	17,041,491	-	-	55,020,000	8,570,042	-	-
2034 - 2038	31,810,000	5,076,378	-	-	14,800,000	2,372,913	-	-
2039 - 2043	11,495,000	782,325	-	-	5,535,000	372,525	-	-
	<u>\$ 246,090,000</u>	<u>\$ 64,553,827</u>	<u>\$ 4,420,000</u>	<u>\$ 409,500</u>	<u>\$ 89,950,000</u>	<u>\$ 29,518,590</u>	<u>\$ 750,000</u>	<u>\$ 35,400</u>

Governmental Activities						
Fiscal Year	Tax Increment Revenue Bonds		Private Placement		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ 8,625,000	\$ 1,512,321	\$ 1,850,000	\$ 455,719	\$ 34,990,000
2025	8,860,000	1,278,087	1,920,000	386,529	36,110,000	14,955,885
2026	9,100,000	1,037,024	1,990,000	314,721	36,955,000	13,445,359
2027	9,350,000	788,940	2,065,000	240,295	37,945,000	11,884,849
2028	9,605,000	533,537	2,140,000	163,064	39,200,000	10,314,880
2029 - 2033	9,870,000	270,676	2,220,000	83,028	159,965,000	25,965,237
2034 - 2038	-	-	-	-	46,610,000	7,449,291
2039 - 2043	-	-	-	-	17,030,000	1,154,850
	<u>\$ 55,410,000</u>	<u>\$ 5,420,585</u>	<u>\$ 12,185,000</u>	<u>\$ 1,643,356</u>	<u>\$ 408,805,000</u>	<u>\$ 101,581,258</u>

Business-type Activities								
Fiscal Year	General Obligation		Certificates of Obligation		Revenue Bonds		Total Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ 1,135,000	\$ 90,625	\$ 2,405,000	\$ 2,165,200	\$ 18,895,000	\$ 6,975,156	\$ 22,435,000
2025	1,245,000	31,125	2,410,000	2,044,950	19,165,000	6,607,433	22,820,000	8,683,508
2026	-	-	2,405,000	1,924,450	19,660,000	6,210,526	22,065,000	8,134,976
2027	-	-	2,405,000	1,804,200	19,980,000	5,717,370	22,385,000	7,521,570
2028	-	-	2,405,000	1,683,950	19,250,000	5,203,648	21,655,000	6,887,598
2029 - 2033	-	-	12,025,000	6,616,000	91,060,000	18,598,110	103,085,000	25,214,110
2034 - 2038	-	-	12,030,000	3,609,250	69,470,000	9,808,426	81,500,000	13,417,676
2039 - 2043	-	-	9,625,000	962,800	49,265,000	5,119,438	58,890,000	6,082,238
2044 - 2048	-	-	-	-	40,895,000	2,446,370	40,895,000	2,446,370
2049 - 2053	-	-	-	-	15,445,000	387,326	15,445,000	387,326
	<u>\$ 2,380,000</u>	<u>\$ 121,750</u>	<u>\$ 45,710,000</u>	<u>\$ 20,810,800</u>	<u>\$ 363,085,000</u>	<u>\$ 67,073,803</u>	<u>\$ 411,175,000</u>	<u>\$ 88,006,353</u>

Total Primary Government		
	Principal	Interest
2024	\$ 57,425,000	\$ 25,641,888
2025	58,930,000	23,639,393
2026	59,020,000	21,580,335
2027	60,330,000	19,406,419
2028	60,855,000	17,202,478
2029 - 2033	263,050,000	51,179,347
2034 - 2038	128,110,000	20,866,967
2039 - 2043	75,920,000	7,237,088
2044 - 2048	40,895,000	2,446,370
2049 - 2053	15,445,000	387,326
	<u>\$ 819,980,000</u>	<u>\$ 189,587,611</u>

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Prior Year Refunding

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2023, the City had \$8,900,000 of previously refunded bonds outstanding or outstanding refunding escrows.

Leases

The City is under contract for noncancellable leases that convey control of the right to use assets. The lease liabilities outstanding as of September 30, 2023, are as follows:

	Terms			Lease Liability		Right-to-Use Asset		
	Start Date	End Date	Interest Rate	Original Amount	Outstanding Balance	Asset Value	Accumulated Amortization	Net Asset
Governmental Activities								
Equipment:								
Quadrant Postage Meters	10/01/21	06/11/24	0.3280%	\$ 13,232	\$ 3,320	\$ 13,232	\$ (9,812)	\$ 3,420
Total Equipment				<u>13,232</u>	<u>3,320</u>	<u>13,232</u>	<u>(9,812)</u>	<u>3,420</u>
Building:								
Pearland Town Center Office Space								
Rental - 11200 Broadway Street	10/1/2023	9/30/2028	0.2480%	105,603	105,603	105,603	(472)	\$ 105,131
Total Building				<u>105,603</u>	<u>105,603</u>	<u>105,603</u>	<u>(472)</u>	<u>105,131</u>
Totals				<u>\$ 118,835</u>	<u>\$ 108,923</u>	<u>\$ 118,835</u>	<u>\$ (10,284)</u>	<u>\$ 108,551</u>

All amounts paid were previously included in the measurement of the lease liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any lease term and there were no impairment losses related to SBITA assets.

The future principal and interest lease payments as of September 30, 2023, were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 23,674	\$ 153	\$ 23,827
2025	20,293	211	20,504
2026	20,959	161	21,120
2027	21,644	109	21,753
2028	22,353	55	22,408
	<u>\$ 108,923</u>	<u>\$ 689</u>	<u>\$ 109,612</u>

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Subscription-Based Information Technology Arrangements (SBITAs)

The City is under contract for noncancellable SBITAs that convey control of the right to use software. The SBITA liabilities outstanding as of September 30, 2023, are as follows:

Governmental Activities	Terms			SBITA Liability		Subscription Asset		
	Start Date	End Date	Interest Rate	Original Amount	Outstanding Balance	Asset Value	Accumulated Amortization	Net Asset
All Traffic Solutions - Subscription	11/15/22	11/14/25	3.2380%	\$ 28,168	\$ 18,478	\$ 28,168	\$ (8,242)	\$ 19,926
Appspace - Content Management System	10/01/22	12/05/23	3.1440%	17,809	-	17,809	(15,085)	2,724
Aurigo Masterworks Cloud - Pro	12/06/22	12/05/23	3.1440%	1,832,884	308,682	1,863,509	(1,527,042)	336,467
Aurigo Software	10/01/22	10/05/27	3.3050%	865,202	684,792	865,202	(172,561)	692,641
Bluebeam Revu - Software	10/01/22	06/21/24	3.2070%	41,706	-	41,706	(24,178)	17,528
Cisco Duo	10/01/22	02/08/25	3.2070%	56,767	28,254	56,767	(24,099)	32,668
CityWorks PLL Software	10/01/22	09/07/24	3.2070%	32,718	-	410,675	(212,113)	198,562
ClearGov Subscription	05/01/23	09/30/26	2.3630%	155,788	136,729	169,828	(20,711)	149,117
CS - PD - Software - 4	10/01/22	09/19/24	3.2070%	32,718	-	32,718	(16,613)	16,105
Education Information Technology	10/01/22	01/25/24	3.1440%	-	-	-	-	-
ESRI - ArcGIS GeoEvent Server	10/01/22	08/29/24	3.2070%	87,923	-	87,923	(45,940)	41,983
Fleetio Manage - Enterprise	10/03/22	10/02/25	3.2380%	117,758	77,248	119,257	(39,532)	79,725
Freshworks - Subscription	10/01/22	04/14/24	3.2070%	22,084	-	22,084	(14,350)	7,734
GIS Software	10/01/22	01/09/25	3.2070%	176,630	87,688	176,630	(77,640)	98,990
GrayKey License	10/16/22	10/15/24	3.2070%	38,648	10,653	38,648	(18,519)	20,129
InformaCast - Software	10/01/22	11/14/23	3.1440%	7,920	-	7,920	(7,057)	863
Insight Software 1	10/01/22	09/30/24	3.2070%	4,000	1,968	4,000	(2,000)	2,000
Insight Software 2	10/01/22	08/03/24	3.2070%	13,771	-	13,771	(7,477)	6,294
Ion Wave - Strategic Sourcing Software	10/01/22	11/30/25	3.2380%	59,127	38,996	59,127	(18,672)	40,455
Microsoft Enterprise	10/05/22	10/31/25	3.2380%	1,636,485	1,207,605	1,636,485	(526,753)	1,109,732
Microsoft Software	11/01/22	10/31/25	3.2380%	1,246,707	817,827	1,246,707	(380,938)	865,769
NetCloud Mobile Essentials	02/22/23	02/21/26	2.6560%	140,691	92,559	140,691	(28,529)	112,162
New World ERP and Incode Software - 1	04/01/23	03/31/25	2.4700%	316,677	161,020	316,677	(79,169)	237,508
New World ERP and Incode Software - 2	10/01/22	09/30/24	3.2070%	139,563	68,680	139,563	(69,781)	69,782
Open Counter - Software	10/01/22	10/31/25	3.2380%	116,461	76,604	136,261	(44,193)	92,068
Opticom Cloud Platform	01/11/23	01/10/33	2.8530%	1,000,570	887,380	1,000,570	(72,263)	928,307
PerfectMind Software	10/01/22	10/31/26	3.2690%	81,406	63,558	81,406	(19,936)	61,470
PLL ELA Premium	02/01/23	03/31/26	2.6560%	809,753	634,634	809,753	(170,474)	639,279
Sequel - Cisco Flex Software	10/01/22	06/27/24	3.2070%	62,711	-	62,711	(36,006)	26,705
Sequel - Infoblox DDI	09/20/23	09/19/26	2.9010%	49,892	32,783	49,892	(508)	49,384
Traffic Suite - Subscription	11/25/22	11/24/24	3.2070%	5,907	2,907	5,907	(2,510)	3,397
Traffic Suite Subscription Licenses	10/01/22	08/17/24	3.2070%	12,341	-	12,341	(6,563)	5,778
VMware software	10/01/22	01/27/25	3.2070%	282,422	140,431	282,422	(121,472)	160,950
Watch Guard Software	10/21/22	10/20/27	3.3050%	745,078	552,459	745,078	(140,737)	604,341
WaterSmart Platform	10/01/22	06/30/26	3.2690%	312,966	237,712	333,966	(89,057)	244,909
Total Lease Liability				<u>\$ 10,551,251</u>	<u>\$ 6,369,647</u>	<u>\$ 11,016,172</u>	<u>\$ (4,040,720)</u>	<u>\$ 6,975,452</u>

All amounts paid were previously included in the measurement of the subscription liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any SBITA term and there were no impairment losses related to SBITA assets.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

The future principal and interest SBITA payments as of September 30, 2023, were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 2,477,440	\$ 186,207	\$ 2,663,647
2025	1,750,231	119,897	1,870,128
2026	1,201,251	65,349	1,266,600
2027	420,169	28,306	448,475
2028	98,338	14,852	113,190
2029 - 2033	422,218	30,540	452,758
	<u>\$ 6,369,647</u>	<u>\$ 445,151</u>	<u>\$ 6,814,798</u>

Note 6 – Interfund Transactions

A summary of interfund transfers, the purpose of which is to cover operational expenses/expenditures, for the year ended September 30, 2023, is as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ (2,036,975)
Debt Service Fund	3,552,442	-
Capital Projects Fund	14,829,526	-
Pearland Economic Development Corporation	-	(16,746,286)
Tax Increment Reinvestment Zone #2	-	(23,364,808)
Development Authority of Pearland	23,364,808	-
Non-major Governmental Funds	5,511,660	(3,868,704)
Water and Sewer Fund	-	(7,142,355)
Internal Service Fund	5,931,491	(30,799)
	<u>\$ 53,189,927</u>	<u>\$ (53,189,927)</u>

A summary of interfund balances, the purpose of which is to make payments for expenditures/expenses from a pooled operating bank account in the general fund, as of September 30, 2023 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 11,985,492	\$ -
Capital Projects Fund	-	8,567,129
Pearland Economic Development Corporation	-	338,715
Non-major Governmental Funds	-	2,195,217
Water and Sewer Fund	-	839,877
Solid Waste Fund	-	44,554
	<u>\$ 11,985,492</u>	<u>\$ 11,985,492</u>

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 8 - Leases Receivable

Governmental Activities

Lessor activity for the current year and future maturities for the City's Governmental Activities for the current year is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Lease Receivable				
Cell tower leases:				
T-Mobile	\$ 841,000	\$ -	\$ (27,514)	\$ 813,486
Clear wireless	929,445	-	(25,780)	903,665
Natatorium	-	357,684	(121,885)	235,799
Total Lease Receivable	<u>\$ 1,770,445</u>	<u>\$ 357,684</u>	<u>\$ (175,179)</u>	<u>\$ 1,952,950</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Deferred Inflow of Resources				
Cell tower leases:				
T-Mobile	\$ 829,322	\$ -	\$ (41,455)	\$ 787,867
Clear wireless	917,471	-	(40,686)	876,785
Natatorium	-	357,684	(25,170)	332,514
Total Deferred Inflow of Resources	<u>\$ 1,746,793</u>	<u>\$ 357,684</u>	<u>\$ (107,311)</u>	<u>\$ 1,997,166</u>

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$ 174,311	\$ 16,270	\$ 190,581
2025	179,430	13,208	192,638
2026	62,688	10,069	72,757
2027	65,272	9,668	74,940
2028	67,938	9,250	77,188
2029 - 2033	382,739	39,357	422,096
2034 - 2038	463,262	26,062	489,324
2039 - 2043	495,382	9,975	505,357
2044	61,928	284	62,212
	<u>\$ 1,952,950</u>	<u>\$ 134,143</u>	<u>\$ 2,087,093</u>

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 9 – Fund Balance/Net Position

Fund Balance Deficits

The following funds reported deficit fund balances as of September 30, 2023:

Nonmajor Governmental Funds:	
CDBG - Disaster Recovery Fund	\$ 307,770
Disaster Recovery Fund	68,402
Hazard Mitigation Fund	83,694
Coronavirus Relief Fund	1,412,395
Truancy Prevention and Diversion	4,328
U of H Fund	27,299
Enterprise Funds:	
Solid Waste Fund	216,811

Note 10 – Deferred Compensation Plan

The City maintains, for its employees, a tax-deferred compensation plan meeting the requirements of Internal Revenue Code Section 457. The plan was established in the 1995 fiscal year by City Ordinance, and MissionSquare Retirement is the plan record keeper. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. The plan's trust arrangements are established to protect deferred compensation amounts of employees under the plan from any other use other than intended under the plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under plan provisions are disbursed bi-weekly by the City to a third-party administrator. The City does not contribute to the plan. The third-party administrator handles all funds in the plan and makes investment decisions and disburses funds to employees in accordance with plan provisions.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 11 – Employee Retirement System

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the *TMRS Act*, Subtitle G, Title 8, Texas Government Code (the *TMRS Act*) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The *TMRS Act* places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmrs.com. All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a partial lump-sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member's deposits and 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 200 percent of the employee's accumulated contributions. A summary of plan provisions for the City are as follows:

Employee deposit rate	7.00%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service requirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

At the December 31, 2022, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	327
Inactive employees entitled to but not yet receiving benefits	440
Active employees	788
Total	1,555

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Contributions

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

Employees for the City were required to contribute 7 percent of their annual gross earnings during the fiscal year. For fiscal year 2023, the City's contribution rate was 12.94 percent for the months in 2022 and 13.05 percent for the months in 2023. The City's contributions to TMRS for the year ended September 30, 2023, were \$8,669,461 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Postretirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Preretirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Actuarial Assumptions

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
U.S. equities		
Global public equity	35.0%	7.55%
Core fixed income	6.0%	2.00%
Non-core fixed income	20.0%	5.68%
Other public and private markets	12.0%	7.22%
Real estate	12.0%	6.85%
Hedge funds	5.0%	5.35%
Private equity	10.0%	10.00%
Total	100.0%	

Discount Rate

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

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Changes in the Net Pension Liability

	<u>TPL (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>NPL (a) - (b)</u>
Balance at January 1, 2021	\$ 209,577,398	\$ 197,846,251	\$ 11,731,147
Changes for the year:			
Service cost	10,527,935	-	10,527,935
Interest	14,287,566	-	14,287,566
Difference between expected and actual experience	3,479,388	-	3,479,388
Contributions - employer	-	8,056,797	(8,056,797)
Contributions - employee	-	4,358,391	(4,358,391)
Net investment income	-	(14,471,304)	14,471,304
Benefit payments, including refunds, of employee contributions	(6,347,455)	(6,347,455)	-
Administrative expense	-	(124,973)	124,973
Other	-	149,131	(149,131)
Net changes	<u>21,947,434</u>	<u>(8,379,413)</u>	<u>30,326,847</u>
Balance at December 31, 2022	<u>\$ 231,524,832</u>	<u>\$ 189,466,838</u>	<u>\$ 42,057,994</u>

The following presents the net pension liability of the City, calculated using the discount rate of 6.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate.

	<u>1% Decrease to 5.75%</u>	<u>Current Single Rate Assumption 6.75%</u>	<u>1% Increase to 7.75%</u>
Net Pension Liability (Asset)	\$ 82,127,257	\$ 42,057,994	\$ 9,967,101

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained at tmrs.com.

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

For the year ended September 30, 2023, the City recognized pension expense of \$11,998,406.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

At September 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actuarial assumptions and actual experience	\$ 4,690,793	\$ -
Changes in actuarial assumptions	248,203	-
Differences between projected and actual pension plan investment earnings	13,075,033	-
Contributions subsequent to the measurement date	6,132,679	-
Total	\$ 24,146,708	\$ -

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year subsequent to 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	
2024	\$ 2,430,380
2025	4,528,354
2026	4,593,205
2027	6,400,572
2028	61,518
Total	\$ 18,014,029

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 12 – Other Post-Employment Benefits (OPEB)

The City offers two other postemployment benefit (OPEB) plans; the Retiree Health Care Plan and the TMRS-Supplemental Death Benefits Fund as discussed below. OPEB items for the two plans are as follows:

	TMRS -		
	Supplemental		
	Death Benefits	Retiree Health	
	Fund	Care Plan	Total
Total OPEB Liability	\$ 1,484,791	\$ 5,130,466	\$ 6,615,257
Deferred Outflows of Resources	447,113	797,122	1,244,235
Deferred Inflows of Resources	907,511	1,879,615	2,787,126
OPEB expense	138,190	446,825	585,015

TMRS Supplemental Death Benefits Fund

Benefit Plan Description

The City also participates in the single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No 75.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is OPEB. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (*i.e.* no assets are accumulated).

Membership in the plan as of the measurement date of December 31, 2022 was as follows:

Inactive employees currently receiving benefits	246
Inactive employees entitled to but not yet receiving benefits	132
Active Employees	788
	<u>1,166</u>

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city (currently 0.20 percent of covered payroll). The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Discount Rate

The TMRS SDBF program is treated as unfunded OPEB plan because the SDBF trust covers both active employees and retirees and the assets are not segregated for these groups. Under GASB Statement No. 75, the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 1.84 percent based on the 20-Year Municipal GO AA Index rate published by bondbuyer.com is used as of the measurement date of December 31, 2022.

Actuarial Assumptions

The City's total OPEB liability was measured at December 31, 2022, and was determined by an actuarial valuation as of that date using the following actuarial assumptions.

Valuation Date:	September 30, 2022
Methods and Assumptions:	
Inflation	2.50%
Salary Increases	3.5% to 11.5%, including inflation
Discount rate*	4.05%
Retirees' share of benefit related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - services retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Other Information

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2021	\$ 2,158,946
Changes for the year:	
Service cost	149,421
Interest on total OPEB liability	40,870
Differences between expected and actual experience	30,912
Change of assumptions	(870,455)
Benefit payments	(24,903)
Balance at December 31, 2022	<u>\$ 1,484,791</u>

Sensitivity Analysis

The following presents the total OPEB liability of the employer, calculated using the discount rate of 4.05 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease in Discount Rate (3.05%)	Current Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	\$ 1,813,893	\$ 1,484,791	\$ 1,232,179

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity

For the year ended September 30, 2023, the City recognized OPEB expense of \$138,190. As of September 30, 2023, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 70,038	\$ (136,585)
Changes of assumptions	353,252	(770,926)
Contributions subsequent to measurement date	23,823	-
Total	<u>\$ 447,113</u>	<u>\$ (907,511)</u>

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

The deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year subsequent to fiscal year 2023. Amounts currently reported as deferred outflows and deferred inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows.

<u>Fiscal Year</u>	
2024	\$ (52,101)
2025	(64,648)
2026	(72,521)
2027	(86,831)
2028	(120,408)
Thereafter	<u>(87,712)</u>
Total	<u><u>\$ (484,221)</u></u>

Retiree Health Care Plan (RHCP)

Plan Description

The City's defined benefit OPEB plan, City of Pearland Retiree Health Care Plan (RHCP), provides OPEB through an implicit healthcare premium for retirees for all permanent full-time employees of the City. RHCP is a single-employer defined benefit OPEB plan administered by the City. At this time, no assets are accumulated in a trust to fund the future requirements of the RHCP.

Benefits Provided

Retirees who are entitled to receive retirement benefits under the City's retirement plan may purchase continued health benefits coverage for the retiree and the retiree's dependents, but shall pay 100 percent of the premium for coverage. The retiree, however, is able to receive a lower rate by participating in the City's plan as opposed to individually purchasing health insurance. The City's coverage is secondary to Medicare when the person becomes eligible for these benefits.

Employees covered by benefit terms. At October 1, 2021, the actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	-
Active Employees	<u>723</u>
Total	<u><u>734</u></u>

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Actuarial Assumptions and Methods

The City's total OPEB liability was measured as of September 30, 2023, and was determined by an actuarial valuation as of October 1, 2021. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	October 1, 2021
Methods and Assumptions:	
Measurement Date	September 20, 2023
Actuarial Cost Method	Entry Age Normal as a level percentage of salary
Amortization period (in years)	The expected remaining service of all employees eligible for or currently receiving OPEB through the OPEB plan.
Amortization method	Straight line amortization
Discount Rate*	4.77% per annum
Salary Increases*	3.00% per annum
Healthcare cost trends rates*	6.80% initial medical trend rate for retirees decreasing to an ultimate rate of 4.14% in the year 2042

* An embedded inflation rate of 2.50% is included in these rates.

Discount Rate

The discount rate of 4.77 percent is based upon the yield of 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The other financial assumptions for long-term inflation, payroll growth, and salary scale were taken from the TMRS actuary study. The per capita claims costs and how these costs are expected to escalate in the future were set by HUB International who develops the funding rates.

Plan Assets

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Changes in the Total OPEB Liability

The retiree medical plan sponsored by the City is offered to all former employees who satisfy the retirement eligibility provisions of the plan, however only a grandfathered group of employees and retirees are eligible for a subsidy which is based upon accrued service with the City as of October 1, 2006, and or the number of years of City service at retirement. The following table shows the changes in total OPEB liability:

	Total OPEB Liability
Balance at October 1, 2022	\$ 4,884,940
Changes for the year:	
Service cost	304,981
Interest on total OPEB liability	241,690
Change of assumptions	(55,038)
Benefit payments	(246,107)
Balance at September 30, 2023	<u>\$ 5,130,466</u>

Assumption Changes. The discount rate increased from 4.77 percent to 4.87 percent.

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

The following presents the plan's total OPEB liability, calculated using a discount rate of 4.87 percent, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate (3.87)%	Current Discount Rate Assumption (4.87%)	1% Increase in Discount Rate (5.87%)
Total OPEB Liability	\$ 5,853,212	\$ 5,130,466	\$ 4,748,650

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (5.8%)	Current Healthcare Cost Trend Rates Assumption (6.8%)	1% Increase (7.8%)
Total OPEB Liability	\$ 4,378,808	\$ 5,130,466	\$ 6,107,597

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of \$446,825. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 72,909	\$ (41,379)
Changes assumptions	724,213	(1,838,236)
	<u>\$ 797,122</u>	<u>\$ (1,879,615)</u>

Amounts currently reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows.

<u>Fiscal Year</u>	
2024	\$ (99,845)
2025	(157,683)
2026	(172,134)
2027	(172,134)
2028	(172,134)
Thereafter	(308,563)
Total	<u>\$ (1,082,493)</u>

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 13 – Fund Balance Classifications

In accordance with the guidance in GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City has classified ending fund balance based on the availability of funds for expenditure on programs and services. As of September 30, 2023, the following balances were restricted, committed, or assigned in the governmental fund balances:

	Fund Balance as of September 30, 2023
Restricted	
Debt service	\$ 3,369,997
Capital projects	34,709,307
Tourism	7,732,367
Public safety	668,452
Community development	3,181,050
Grants	167,563
Economic development	57,293,573
Total Restricted Fund Balance	\$ 107,122,309
Committed	
Capital projects	\$ 9,278,805
Total Committed Fund Balance	\$ 9,278,805
Assigned	
Public works	\$ 729,289
Grants	244,536
Total Assigned Fund Balance	\$ 973,825

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 14 – Commitments and Contingencies

Litigation and Other Contingencies

The City was involved in various lawsuits and arbitration proceedings at September 30, 2023. The City and its legal counsel believe that any amounts which the City might ultimately be required to pay will not exceed underlying insurance coverage.

Reimbursements Due to Developers/Business Assistance

Pursuant to the Local Government Code, the Economic Development Corporation offers incentives to attract and retain businesses to the City. The following are the current incentives:

	<u>Original Amount</u>	<u>Amounts Paid</u>		<u>Outstanding Balance</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Adient Medical	\$ 40,000	\$ 10,000	\$ -	\$ 30,000
Base Pair 2017	60,000	45,000	-	15,000
Coastal Swim	54,200	-	-	54,200
Endress+Hauser	525,000	301,000	126,000	98,000
ESE Partners	66,500	-	44,575	21,925
Graham Ventures	638,000	-	99,000	539,000
H-Town HealthCare	70,000	35,000	7,000	28,000
Keystone	189,000	-	-	189,000
KS Management-Grant	2,663,000	2,071,230	295,880	295,890
Lonza Phase 3	750,000	-	516,000	234,000
Multalloy	350,000	210,000	-	140,000
Ref-Chem	880,000	-	-	880,000
Syzygy	565,000	-	25,000	540,000
Tool Flo	1,152,000	748,000	-	404,000
Wilmar	116,000	76,000	-	40,000
	<u>\$ 8,118,700</u>	<u>\$ 3,496,230</u>	<u>\$ 1,113,455</u>	<u>\$ 3,509,015</u>

Lower Kirby Urban Center Master Plan

One of the strategies of the Pearland Prosperity Strategic Plan is to implement plans to develop the Lower Kirby Urban Center as Pearland's most intensive mixed-use employment, residential, and entertainment district. The Lower Kirby Master Plan identified \$48 million in priority construction projects that include drainage, water, sewer, streets, traffic, sidewalks, and streetscape necessary to facilitate development of the area. On March 10, 2014, the City entered into a Master Financing Agreement with Lower Kirby Pearland Management District and Pearland Municipal Management District which outlines the process for the City to advance funds to the District(s) in order to facilitate the development. The City will be reimbursed from the District(s) from bond sales as the area is developed and the Districts' taxable values support bond issuances. Each project is taken on a case by case basis and is approved via a Letter of Financing Agreement (LFA).

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

The following LFA's have been approved by and between the City and the LKMD and the PMMD#1. The City had receivable balances at September 30, 2023 of \$3,374,014 from the Pearland Municipal Management District #1 and \$2,504,705 from the Lower Kirby Pearland Management District.

	<u>Capital Projects Fund</u>	<u>Pearland Economic Development Corporation</u>
Pearland Municipal Management District #1		
Detention Pond Acquisition	\$ -	\$ 539,528
Detention Analysis	-	34,276
Detention Phasing Plan	-	4,992
LK PER Phase 1	-	43,717
TxDOT Ditch Acquisition	-	128,508
West Conveyance Pond	-	154,279
South Spectrum PER	-	86,124
South Spectrum West	1,000,000	1,228,377
LK Regional Detention Property Acquisition	-	154,213
Total Pearland Municipal Management District #1	<u>1,000,000</u>	<u>2,374,014</u>
Lower Kirby Pearland Management District		
LK Park Improvements	-	1,000,000
LK Regional Detention Acquisition PH 2	-	1,504,705
Total Lower Kirby Pearland Management District	<u>-</u>	<u>2,504,705</u>
Total LFA Recievables	<u>\$ 1,000,000</u>	<u>\$ 4,878,719</u>

City funding for these LFA's is via Reimbursement Agreements with the Pearland Economic Development Corporation, whereby the City gets reimbursed for the cost of these projects by the Corporation; so that the City is not actually out any dollars.

Chapter 380 Economic Development Agreements

The City had one Chapter 380 agreement in effect during the current fiscal year with Kelsey-Seybold. The City's legal obligations and limitations relating to the sales tax incentive agreements are outlined by the Texas Local Government Code, Title 12, Subtitle A, Chapter 380, Miscellaneous Provisions Relating to Municipal Planning and Development.

Kelsey-Seybold (Kelsey) is a large multi-specialty clinic system located in the Greater Houston area and is Houston's largest and most renowned private multi-specialty physician group. The Kelsey System is a major provider of healthcare for NASA and a center for healthcare research. The City of Pearland and Pearland Economic Development Corporation made certain agreements with Kelsey to relocate its administrative headquarters to Shadow Creek Ranch in Pearland. The headquarters is in a four-story, 170,000-square-foot building at the intersection of Shadow Creek Parkway and Kirby Drive. The headquarters had a cost of \$36 million, including the costs for equipment, construction, and fees. Construction began in May 2012 and Kelsey began operations at the site in October 2013.

The City of Pearland and the Pearland Economic Development Corporation (PEDC) each have a 10-year sales tax incentive agreement with Kelsey that allows Kelsey to receive an incentive of 60 percent of the sales tax remitted by Kelsey and its vendors. The agreements with the City and the PEDC require Kelsey to maintain a minimum of 600 jobs to be in place as an eligibility factor. The City and the PEDC have paid \$699,087 in sales tax incentives over the life of the agreement and \$62,237 for fiscal year 2023.

CITY OF PEARLAND, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 15 – 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's risk management program mainly encompasses obtaining property and liability insurance through Texas Municipal League's Intergovernmental Risk-Pool (TML-IRP), and through commercial insurance carriers. The participation of the City in TML-IRP is limited to payment of premiums. The City has not had any significant reduction in insurance coverage, and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

The City also provides Workers' Compensation insurance on its employees through TML-Workers' Compensation Fund. Workers' Compensation premiums are subject to change when audited by TML Workers' Compensation Fund. At the end of fiscal year 2023, the City believed the amounts paid on Workers' Compensation would not change significantly from the amounts recorded.

The City uses the Property Liability Insurance Internal Service Fund to account for the activities of the City's property and casualty insurance. Coverage includes general liability, law enforcement, public official and employees' liability, auto liability, physical damage and multi-peril, mobile equipment, real and personal property, and windstorm coverage. The fund accounts for the annual premiums and accounts for insurance recovery funds on eligible claims.

The City uses the Health Claims Fund, a medical self-insurance fund, to account for and finance the City's employee health insurance medical claims. The fund accounts for employee, City, retiree and COBRA contributions, claims and administrative fees.

Changes in the balance of claims liabilities as reported in the Health Claims Fund (an Internal Service Fund) during the current and past two years are as follows:

	Year Ended September 30,		
	2021	2022	2023
Beginning Liability	\$ 499,228	\$ 588,613	\$ 527,892
Claims incurred	8,007,351	8,337,574	7,864,240
Claims payments	<u>(7,917,966)</u>	<u>(8,398,295)</u>	<u>(8,029,606)</u>
Ending Liability	<u>\$ 588,613</u>	<u>\$ 527,892</u>	<u>\$ 362,526</u>

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 16 – Financing Lease

The City has a 20-year agreement with the University of Houston Clear Lake (UHCL), which commenced in July 2010. Under the agreement, the City issued certificates of obligation to construct a facility to be used by and ultimately transferred to UHCL, with UHCL supporting most of the related debt service payments on the certificates of obligation. The agreement provides that UHCL pay the City for debt service and operating costs through March 1, 2029, when the bond matures and the property transfers to UHCL.

The payments related to debt service to be received coincide with debt service payments the City is required to make on the certificates of obligations that mature on March 1, 2029. At September 30, 2023, the future minimum debt service payments to be received under the agreement are as follows:

<u>Year Ending September 30,</u>	<u>Payment</u>
2024	\$ 716,401
2025	695,169
2026	669,142
2027	651,309
2028-2029	<u>1,811,528</u>
	<u><u>\$ 4,543,549</u></u>

Note 17 – Restatements

The beginning balance of fund balance and net position, as applicable, of the governmental activities was restated due to the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Pearland Economic Development Corporation</u>	<u>Nonmajor Governmental Funds</u>	<u>Motor Pool Fund</u>	<u>Information Technology Fund</u>	<u>Government-wide Reconciliation</u>	<u>Total Governmental Activities</u>
Governmental Activities								
Record lease receivable at fund level	\$ 898,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (898,641)	\$ -
Record lease related deferred inflows at fund level	(712,667)	-	-	-	-	-	712,667	-
Correct terms for lease receivable	(162,322)	-	-	-	-	-	-	(162,322)
Subtotal	<u>23,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(185,974)</u>	<u>(162,322)</u>
To correct transfers posted incorrectly in previous year	-	-	-	-	587,294	-	(587,294)	-
To correct pooled cash posted incorrectly in previous year	-	-	-	-	(1,057,349)	-	1,110,842	53,493
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(470,055)</u>	<u>-</u>	<u>523,548</u>	<u>53,493</u>
Reverse duplicate recording of revenue recognition for ARPA funding	(1,000,000)	-	-	-	-	-	-	(1,000,000)
GASB 96 assets	-	-	-	-	-	2,845,005	-	2,845,005
GASB 96 liabilities	-	-	-	-	-	(2,426,245)	-	(2,426,245)
Record unavailable revenue for grant/development receivables	-	(7,296,625)	-	-	-	-	-	(7,296,625)
Correct grant receivables	-	-	38,333	(90,463)	-	-	-	(52,130)
Correct capital assets	-	-	-	-	-	-	(1,882,274)	(1,882,274)
Total restatement	<u>(976,348)</u>	<u>(7,296,625)</u>	<u>38,333</u>	<u>(90,463)</u>	<u>(470,055)</u>	<u>418,760</u>	<u>(1,544,700)</u>	<u>(9,921,098)</u>
Beginning Balance	<u>34,657,543</u>	<u>77,302,382</u>	<u>39,708,717</u>	<u>8,707,164</u>	<u>20,017,035</u>	<u>-</u>	<u>411,124,117</u>	<u>619,796,652</u>
Beginning Balance, as Restated	<u><u>\$ 33,681,195</u></u>	<u><u>\$ 70,005,757</u></u>	<u><u>\$ 39,747,050</u></u>	<u><u>\$ 8,616,701</u></u>	<u><u>\$ 19,546,980</u></u>	<u><u>\$ 418,760</u></u>	<u><u>\$ 409,579,417</u></u>	<u><u>\$ 609,875,554</u></u>

CITY OF PEARLAND, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

The beginning balance of net position of the enterprise funds and business-type activities was restated due to the following:

	Water and Sewer Fund
Business-type Activities	
Correct capital assets	\$ 2,470,813
Total restatement	2,470,813
Beginning Balance	264,138,725
Beginning Balance, as Restated	\$ 266,609,538

Lastly, the State Court Costs Fund was a custodial fund in the previous fiscal year. This fund had \$0 in net position at September 30, 2022 and was closed during fiscal year 2023. Any remaining funds are reported as deposits/liabilities in the general fund.

Note 18 – Subsequent Events

The following events occurred subsequent to September 30, 2023:

- On October 27, 2023, Moody’s Investors Services downgraded the City’s General Obligation debt to “A2” (negative outlook) from “Aa2” and downgraded the water and sewer system revenue debt to “A3” (negative outlook) from “Aa3”.
- On November 1, 2023, the City issued Series 2023 Permanent Improvement Bonds of \$8,235,000.
- On November 9, 2023, the City issued the following bonds:
 - Series 2023A Certificates of Obligation of \$10,075,000
 - Series 2023B Certificates of Obligation of \$9,390,000
 - Series 2023C Certificates of Obligation of \$54,835,000
- On May 1, 2024, the City defeased \$3,080,000 of Series 2019B Certificates of Obligation
- On May 1, 2024, the City defeased \$7,290,000 of Series 2020B Certificates of Obligation
- On May 28, 2024, Fitch Ratings downgraded the City’s Water and Sewer System revenue debt to “A” (negative outlook) from “A+” (stable outlook).

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**



CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget	2022
Revenues					
Property taxes	\$ 37,025,506	\$ 31,456,290	\$ 31,193,438	\$ (262,852)	\$ 29,937,664
Sales and use taxes	30,119,451	30,925,000	30,592,388	(332,612)	28,930,889
Franchise fees	6,737,279	6,883,139	7,178,462	295,323	6,622,237
Licenses and permits	4,656,527	3,543,088	3,419,601	(123,487)	4,612,554
Fines and forfeitures	1,977,043	2,010,508	1,764,925	(245,583)	1,989,062
Charges for services	20,799,806	19,950,090	20,090,621	140,531	22,257,316
Investment earnings	506,532	1,570,186	1,449,623	(120,563)	98,435
Intergovernmental	-	-	-	-	4,548,225
Other	542,619	799,729	828,550	28,821	603,797
Total Revenues	102,364,763	97,138,030	96,517,608	(620,422)	99,600,179
Expenditures					
Current:					
General government	9,663,317	9,976,327	9,226,863	749,464	14,545,343
Public safety	64,167,537	64,504,114	63,895,113	609,001	58,350,556
Public works	11,731,412	11,831,851	10,093,441	1,738,410	12,479,013
Community services	5,446,283	5,224,975	4,709,377	515,598	4,585,041
Parks and recreation	8,233,149	8,246,545	7,743,360	503,185	6,588,930
Debt Service:					
Principal	-	121,680	148,633	(26,953)	179,299
Interest and other charges	-	3,030	3,027	3	7,543
Capital outlay	928,030	1,271,911	1,020,858	251,053	769,296
Total Expenditures	100,169,728	101,180,433	96,840,672	4,339,761	97,505,021
Excess (Deficiency) of Revenues Over Expenditures	2,195,035	(4,042,403)	(323,064)	3,719,339	2,095,158
Other Financing Sources (Uses)					
Transfers in	6,947,699	8,402,361	-	(8,402,361)	5,197,799
Transfers out	(10,542,150)	(11,422,336)	(2,036,975)	9,385,361	(5,159,815)
Sale of general capital assets	3,000	3,000	2,428	(572)	-
Total Other Financing Sources (Uses)	(3,591,451)	(3,016,975)	(2,034,547)	982,428	37,984
Net change in Fund Balances	(1,396,416)	(7,059,378)	(2,357,611)	4,701,767	2,133,142
Fund Balances - Beginning, as Restated	33,681,195	33,681,195	33,681,195	-	32,524,401
Fund Balances (Deficit) - Ending	\$ 32,284,779	\$ 26,621,817	\$ 31,323,584	\$ 4,701,767	\$ 34,657,543

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
PEARLAND ECONOMIC DEVELOPMENT CORPORATION
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Sales and use taxes	\$ 13,989,302	\$ 15,248,339	\$ 15,078,283	\$ (170,056)	\$ 14,250,278
Investment earnings	18,554	1,588,349	1,506,308	(82,041)	224,376
Intergovernmental	12,000	12,000	12,000	-	12,000
Other	6,000	543,000	547,825	4,825	1,214,079
Total Revenues	<u>14,025,856</u>	<u>17,391,688</u>	<u>17,144,416</u>	<u>(247,272)</u>	<u>15,700,733</u>
Expenditures					
Current:					
Economic development	5,004,366	5,490,565	4,576,659	913,906	3,644,501
Debt Service:					
Principal	250,000	250,000	250,000	-	250,000
Interest and other charges	23,600	23,600	23,600	-	29,500
Capital outlay	6,261,000	950,000	651,619	298,381	10,308,907
Total Expenditures	<u>11,538,966</u>	<u>6,714,165</u>	<u>5,501,878</u>	<u>1,212,287</u>	<u>14,232,908</u>
Excess (Deficiency) of Revenues Over Expenditures	2,486,890	10,677,523	11,642,538	965,015	1,467,825
Other Financing Sources (Uses)					
Transfers in	1,300,000	-	-	-	-
Transfers out	(15,780,353)	(18,815,257)	(16,746,286)	2,068,971	(190,709)
Sale of general capital assets	-	-	-	-	1,154,819
Total Other Financing Sources (Uses)	<u>(14,480,353)</u>	<u>(18,815,257)</u>	<u>(16,746,286)</u>	<u>2,068,971</u>	<u>964,110</u>
Net change in Fund Balances	(11,993,463)	(8,137,734)	(5,103,748)	3,033,986	2,431,935
Fund Balances - Beginning, as Restated	39,747,050	39,747,050	39,747,050	-	37,276,782
Fund Balances (Deficit) - Ending	<u>\$ 27,753,587</u>	<u>\$ 31,609,316</u>	<u>\$ 34,643,302</u>	<u>\$ 3,033,986</u>	<u>\$ 39,708,717</u>

CITY OF PEARLAND, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION
For the Year Ended September 30, 2023

Budgetary Compliance

The City has complied with all material budget requirements for the year ended September 30, 2023.

Annual appropriated budgets are adopted for the General, Special Revenue and Debt Service Funds, using the same basis of accounting as for financial reporting. All annual appropriations lapse at the end of the fiscal year. Project length budgets are adopted for the Capital Project Funds. The City, for management control, approves a financial plan for the Enterprise Fund. The City does not legally adopt an annual appropriated budget for the Development Authority of Pearland or TIRZ #2.

Expenditures may not legally exceed budgeted appropriations at the fund level (*i.e.* General Fund, Debt Service Fund, etc.). Expenditure requests, which would require an increase in total budgeted appropriations, must be approved by City Council through a formal budget amendment. At any time in the fiscal year, the Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to another activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget.

Because City Council adopts the budget at the fund level, management has the authority to transfer available funds allocated by the budget from one function/department or activity to another function or activity within the same department. In cooperation with the directors and department heads of the City, the Budget Officer, the Chief Financial Officer and the City Manager prepare an annual budget for the General Fund, Special Revenue Funds and Debt Service Fund for the ensuing fiscal year, in a form and style as deemed desirable by the City Manager. The City Manager shall submit to the Council, for its review, consideration, and revision, both a letter describing the proposed new budget, as well as a balanced budget for the forthcoming fiscal year, between 60 and 90 days prior to the beginning of the fiscal year. The budget, as adopted, must set forth the appropriations for services, functions, and activities of the various City departments and agencies, and shall meet all fund requirements provided by law and required by bond covenants. Capital projects are budgeted on a project-length basis.

Amounts reported in the accompanying financial statements represent the budgeted amount with all supplemental appropriations.

CITY OF PEARLAND, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Texas Municipal Retirement System
Last Nine Measurement Years

	Measurement Year								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service cost	\$ 5,118,873	\$ 6,035,636	\$ 6,756,543	\$ 7,548,267	\$ 7,869,363	\$ 8,361,735	\$ 9,324,466	\$ 9,811,113	\$ 10,527,935
Interest	7,010,813	7,679,417	8,166,924	9,064,733	9,914,570	10,784,493	11,845,518	12,984,066	14,287,566
Difference between expected and actual experience	241,450	846,833	1,159,738	33,887	41,404	249,817	847,255	2,320,691	3,479,388
Change in assumptions	-	(304,820)	-	-	-	952,323	-	-	-
Benefit payments, including refunds of employee contributions	(2,729,973)	(3,808,062)	(2,875,256)	(3,481,143)	(4,953,354)	(5,414,199)	(4,807,485)	(5,978,894)	(6,347,455)
Net Change in Total Pension Liability	9,641,163	10,449,004	13,207,949	13,165,744	12,871,983	14,934,169	17,209,754	19,136,976	21,947,434
Total Pension Liability - Beginning	98,960,025	108,601,188	119,050,823	132,258,772	145,424,516	158,296,499	173,230,668	190,440,422	209,577,398
Total Pension Liability - Ending (a)	\$ 108,601,188	\$ 119,050,192	\$ 132,258,772	\$ 145,424,516	\$ 158,296,499	\$ 173,230,668	\$ 190,440,422	\$ 209,577,398	\$ 231,524,832
Plan Fiduciary Net Position:									
Contributions - employer	\$ 4,339,785	\$ 4,786,602	\$ 5,253,253	\$ 5,991,467	\$ 6,225,163	\$ 6,543,589	\$ 7,258,507	\$ 7,623,084	\$ 8,056,797
Contributions - employee	2,355,095	2,498,961	2,749,756	3,081,580	3,216,353	3,439,022	3,866,781	4,073,416	4,358,391
Net investment income	4,766,828	135,758	6,458,752	14,836,941	(3,818,135)	19,805,631	11,569,310	22,200,809	(14,471,304)
Benefit payments, including refunds of employee contributions	(2,729,973)	(3,808,062)	(2,875,256)	(3,481,143)	(4,953,354)	(5,414,199)	(4,807,485)	(5,978,894)	(6,347,455)
Administrative expense	(49,756)	(82,673)	(72,899)	(76,869)	(73,737)	(111,780)	(74,766)	(102,560)	(124,973)
Other	(4,091)	(4,082)	(3,927)	(3,896)	(3,853)	(3,359)	(2,917)	702	149,131
Net Change in Plan Fiduciary Net Position	8,677,888	3,526,504	11,509,679	20,348,080	592,437	24,258,904	17,809,430	27,816,557	(8,379,413)
Plan Fiduciary Net Position - Beginning	83,306,773	91,984,661	95,511,165	107,020,843	127,368,923	127,961,360	152,220,264	170,029,694	197,846,251
Plan Fiduciary Net Position - Ending (b)	91,984,661	95,511,165	107,020,844	127,368,923	127,961,360	152,220,264	170,029,694	197,846,251	189,466,838
Net Pension Liability - Ending (a) - (b)	\$ 16,616,527	\$ 23,539,027	\$ 25,237,928	\$ 18,055,593	\$ 30,335,139	\$ 21,010,404	\$ 20,410,728	\$ 11,731,147	\$ 42,057,994
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.70%	80.23%	80.92%	87.58%	80.84%	87.87%	89.28%	94.40%	81.83%
Covered Employee Payroll	\$ 33,615,923	\$ 35,545,557	\$ 39,282,225	\$ 44,013,221	\$ 45,939,075	\$ 49,128,879	\$ 55,239,728	\$ 58,191,657	\$ 62,258,636
Net Pension Liability as a Percentage of Covered Payroll	49.43%	66.22%	64.25%	41.02%	66.03%	42.77%	36.95%	20.16%	67.55%

Notes to the Required Supplementary Information

- (a) Amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year-end.
(b) Ten years of data should be presented in this schedule, but data was unavailable prior to 2014.

CITY OF PEARLAND, TEXAS
SCHEDULE OF CONTRIBUTIONS
Texas Municipal Retirement System
Last Ten Fiscal Years

	Fiscal Year				
	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 6,461,150	\$ 6,818,604	\$ 7,545,831	\$ 7,989,951	\$ 8,669,461
Contribution in relation of the actuarially determined contribution	<u>6,461,150</u>	<u>6,818,604</u>	<u>7,545,831</u>	<u>7,989,951</u>	<u>8,669,461</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 48,297,918	\$ 51,414,583	\$ 57,237,508	\$ 61,538,157	\$ 65,580,842
Contributions as a percentage of covered payroll	13.38%	13.26%	13.18%	12.98%	13.22%

	Fiscal Year				
	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 4,311,811	\$ 4,600,419	\$ 5,295,359	\$ 5,924,405	\$ 6,072,762
Contribution in relation of the actuarially determined contribution	<u>4,311,811</u>	<u>4,600,419</u>	<u>5,295,359</u>	<u>5,924,405</u>	<u>6,072,762</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 30,580,987	\$ 34,650,598	\$ 39,566,838	\$ 43,703,166	\$ 44,772,623
Contributions as a percentage of covered payroll	14.10%	13.28%	13.38%	13.56%	13.56%

CITY OF PEARLAND, TEXAS

NOTES TO REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION

For the Year Ended September 30, 2023

Methods and Assumptions Used to Determine Contribution Rates:

Valuation Date:

Notes Actuarial determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Postretirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Preretirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes: There were no benefit changes during the year.

CITY OF PEARLAND, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Texas Municipal Retirement System Supplemental Death Benefits Fund

Last Six Measurement Years

	Measurement Year					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service cost	\$ 66,020	\$ 82,690	\$ 73,693	\$ 110,479	\$ 139,660	\$ 149,421
Interest	39,025	41,463	52,362	44,073	40,441	40,870
Difference between expected and actual experience	-	143,594	(224,466)	(27,031)	(35,262)	30,912
Changes of assumptions	111,349	(99,775)	276,531	291,685	73,519	(870,455)
Benefit payments, including refunds of employee contributions	(4,401)	(4,594)	(4,913)	(5,524)	(23,277)	(24,903)
Net Change in Total OPEB Liability	211,993	163,378	173,207	413,682	195,081	(674,155)
Total OPEB Liability - Beginning	<u>1,001,605</u>	<u>1,213,598</u>	<u>1,376,976</u>	<u>1,550,183</u>	<u>1,963,865</u>	<u>2,158,946</u>
Total OPEB Liability - Ending	<u>\$ 1,213,598</u>	<u>\$ 1,376,976</u>	<u>\$ 1,550,183</u>	<u>\$ 1,963,865</u>	<u>\$ 2,158,946</u>	<u>\$ 1,484,791</u>
Covered-Employee Payroll	\$ 44,013,221	\$ 45,939,075	\$ 49,128,879	\$ 55,239,728	\$ 58,191,657	\$ 62,258,636
Total OPEB Liability as a Percentage of Covered-Employee Payroll	2.76%	3.00%	3.16%	3.56%	3.71%	2.38%

Notes to the Required Supplementary Information

Amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year-end.

Ten years of data should be presented in this schedule, but data was unavailable prior to 2017.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF PEARLAND, TEXAS

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

City Of Pearland Retirement Health Care Plan

Last Six Measurement Years

	Measurement Year					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service cost	\$ 456,161	\$ 295,552	\$ 364,519	\$ 515,331	\$ 531,977	\$ 304,981
Interest	240,852	157,119	167,755	140,612	169,734	241,690
Changes of benefit terms	(2,314,150)	-	-	-	-	-
Difference between expected and actual experience	361,831	-	(74,479)	-	28,290	-
Changes of assumptions	43,043	101,145	1,240,492	(203,273)	(2,206,085)	(55,038)
Benefit payments, including refunds of employee contributions	(127,339)	(66,167)	(38,350)	(39,277)	(127,324)	(246,107)
Net change in total OPEB liability	(1,339,602)	487,649	1,659,937	413,393	(1,603,408)	245,526
Total OPEB Liability - Beginning	<u>5,266,971</u>	<u>3,927,369</u>	<u>4,415,018</u>	<u>6,074,955</u>	<u>6,488,348</u>	<u>4,884,940</u>
Total OPEB Liability - Ending	<u>\$ 3,927,369</u>	<u>\$ 4,415,018</u>	<u>\$ 6,074,955</u>	<u>\$ 6,488,348</u>	<u>\$ 4,884,940</u>	<u>\$ 5,130,466</u>
Covered-Employee Payroll	\$ 44,772,623	\$ 48,297,918	\$ 51,067,300	\$ 54,267,466	\$ 62,799,942	\$ 63,986,647
Total OPEB Liability as a Percentage of Covered-Employee Payroll	8.77%	9.14%	11.90%	11.96%	7.78%	8.02%

Notes to the Required Supplementary Information

Amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year-end.

Ten years of data should be presented in this schedule, but data was unavailable prior to 2017.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OTHER SUPPLEMENTARY INFORMATION



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



CITY OF PEARLAND, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

Hotel/Motel Occupancy Tax

A fund created to account for hotel/motel occupancy tax revenue.

Municipal Court Security

A fund created to account for the receipt and expenditure of revenues from court fines for court security.

City Wide Donation

A fund created to account for miscellaneous donations for all City departments except parks.

Court Technology

This fund is used to account for the receipt and expenditure of revenues from court fines for court technology.

Street Assessment

A fund created to account for the revenue and expenditure of street assessments as approved by City Council for a designated street(s).

Park Donations

A fund used to account for park donations for park special events and development of parks. This fund also includes funds from tree trust donations.

Tree Trust

Tree Trust Fund Ordinance 772 established to protect healthy trees, preserve the natural ecological environment and aesthetic qualities of the City, and to protect and increase the value of residential and commercial properties within the City. This fund is used to account for tree trust donations from developers who cannot mitigate for trees removed during development; the fee is determined by a tree survey, based on how many caliper inches are mitigated.

Parks Financial Assistance Donations

The Financial Assistance Program, funded by the Forever Parks Foundation, assists individuals who are financially unable to participate in programs provided by the Parks & Recreation department.

Police State Seizure

A fund created to account for state seizure funds which are used solely for law enforcement purposes.

Police Federal Seizure

A fund created to account for federal seizure funds which are used solely for law enforcement purposes.

Community Safety Fund

The Community Safety grant was implemented in FY22 for Pearland communities to apply for funds to assist with neighborhood safety. There are no planned expenses for FY4.

Parks & Recreation Development

A fund created to account for the receipt and expenditure of payment in lieu of parkland for the development of parks.

Sidewalk Fund

A fund created to account for resources designated for sidewalks.

CITY OF PEARLAND, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

Drainage Maintenance Fund

The drainage fund was initiated in Fiscal Year 2023 as the City proposed to develop a more program-based approach to drainage maintenance. The City of Pearland develops, maintains, and operates a drainage system that facilitates the collection and movement of stormwater runoff throughout the community and into receiving streams. The City currently has inventoried and maintains 322 miles of enclosed storm sewer, 145 miles of open ditch, 12,237 inlets and 179 detention sites.

Grant Fund

To account for all revenues and expenditures associated with federal, state and local grants, except CDBG.

CDBG Grant Fund

The Community Development Block Grant Fund is funded through the U.S. Department of Housing and Urban Development (HUD) for use in providing programs, services and local infrastructure improvements that benefit low- and moderate-income families.

CDBG - Disaster Recovery Fund

The Texas General Land Office administers the State's funding from the U.S. Department of Housing & Urban Development (HUD) for the purpose of Community Development Block Grant - Disaster Recovery (CDBG-DR) funding; specifically, Hurricane Harvey federal disaster no. DR-TX-4332.

Disaster Recovery Fund

The Disaster Recovery Fund is specifically designed to account for various expenditures associated with major, federally declared catastrophes that may be the subject of FEMA Public Assistance, or some other federal and/or State grant that covers eligible costs involving the City's of local disaster response/recovery.

Hazard Mitigation Fund

The Texas Division of Emergency Management (TDEM) and the Texas Water Development Board (TWDB) separately administer various types of hazard and flood mitigation assistance to localities with post-disaster recovery needs; specifically, buyouts of flood-damaged residential property, elevation of flood-damaged homes, generators for public safety and emergency management facilities, and other eligible mitigation investments. The City of Pearland is repetitively impacted by hurricanes, tropical storms and other severe weather events that produce damages to private and public property via high winds, wind-driven rain, torrential rain, flooding, and other harmful meteorological conditions.

Coronavirus Relief Fund

The City of Pearland was a recipient of a direct allocation of Coronavirus Aid, Relief and Economic Security (CARES) Act funding for COVID-19 preparedness, response, prevention and recovery, issued by the State of Texas - Division of Emergency Management (TDEM) for the Brazoria County portion of the City. This allocation of funds was based on the U.S. Treasury method of distribution outlined in the CARES Act - \$55 per capita for the applicable population within the jurisdiction. For the Brazoria County portion of population within the City of Pearland city limits, this amounted to \$6,374,005 for the 2019 Census Bureau 115,891 population.

CITY OF PEARLAND, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

ARPA Fund

After the expiration of the 116th Congress' Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020, the 117th Congress passed additional Coronavirus recovery stimulus measures in the form of the American Rescue Plan Act (ARPA) in 2021. In addition to the expenditure allowances provided in the CARES Act, ARPA provides eligible jurisdictions with the ability to engage in economic recovery efforts involving the use of these funds for water and wastewater treatment projects, broadband infrastructure, as well as public entity economic recovery from COVID-19 revenue losses. The City of Pearland received \$11,888,971 in ARPA State & Local Fiscal Recovery Funds (SLFRF) in two equal payments, the first of which was made in June of 2021 in the amount of \$5,944,486, with the second payment of the remaining balance of the award being made in FY 2022. Funds may be used the same as allowable with the CARES Act, in addition to being able to cover revenue losses from COVID-19, water/wastewater facility improvements, and broadband infrastructure. All funds must be obligated for expenditures by December 31, 2024 and fully expended by December 31, 2026.

Opioid Settlement

To account for all revenues and expenditures associated with the Opioid Settlement funds.

Traffic Impact Improvement

A fund created to account for resources and expenditures from traffic impact analysis.

Truancy Prevention and Diversion

A fund created to account for receipt and expenditure of revenues from court fines for juvenile case manager.

Municipal Jury Fund

Effective January 1, 2020, Senate Bill 346 created the Local Consolidated Fee total \$14 of which \$0.10 is allocated to the Local Municipal Jury Fund. Money allocated under Section 134.101, 134.102, or 134.103 to the county or municipal jury fund maintained in the county or municipal treasury, as applicable, and as required by Section 134.151 may be used by a county or a municipality only to fund juror reimbursements and otherwise finance jury services.

Municipal Channel (PEG) Fund

A fund created to account for the revenues and expenditures associated with the purchase of equipment for public-access television broadcasting under rules set forth by the Federal Communications Commission (FCC).

U of H Fund

A fund created to account for lease revenues and the operating expenditures related to the University of Houston Clear Lake-Pearland Campus built by the City and leased to the University of Houston Clear Lake and the Pearland Economic Development Corporation.

Regional Detention Fund

The Regional Detention Fund accounts for regional detention development.

Infrastructure Reinvestment Fund

A fund used to account for the repair and maintenance of streets and sidewalks.

CITY OF PEARLAND, TEXAS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Hotel/Motel Occupancy Tax	Municipal Court Security	City Wide Donation	Court Technology
Assets				
Cash and cash equivalents	\$ 7,390,651	\$ 59,579	\$ 225,421	\$ 6,184
Receivables (net of allowance for uncollectibles)	412,445	-	-	-
Prepays	11,286	-	-	-
Total Assets	\$ 7,814,382	\$ 59,579	\$ 225,421	\$ 6,184
Liabilities				
Accounts payable	\$ 9,579	\$ -	\$ 140	\$ 47
Accrued liabilities	61,150	1,045	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	70,729	1,045	140	47
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	11,286	-	-	-
Restricted	7,732,367	58,534	225,281	6,137
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	7,743,653	58,534	225,281	6,137
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,814,382	\$ 59,579	\$ 225,421	\$ 6,184

CITY OF PEARLAND, TEXAS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Street Assessment	Park Donations	Tree Trust	Parks Financial Assistance Donations
Assets				
Cash and cash equivalents	\$ 52	\$ 95,195	\$ 1,429,004	\$ 2,863
Receivables (net of allowance for uncollectibles)	1,486,878	131	-	-
Prepays	-	-	-	-
Total Assets	\$ 1,486,930	\$ 95,326	\$ 1,429,004	\$ 2,863
Liabilities				
Accounts payable	\$ -	\$ -	\$ 33,700	\$ -
Accrued liabilities	-	10,000	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	-	10,000	33,700	-
Deferred Inflows of Resources				
Unavailable revenue	1,486,878	-	-	-
Total Deferred Inflows of Resources	1,486,878	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	52	85,326	1,395,304	2,863
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	52	85,326	1,395,304	2,863
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,486,930	\$ 95,326	\$ 1,429,004	\$ 2,863

CITY OF PEARLAND, TEXAS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Police State Seizure	Police Federal Seizure	Community Safety Fund	Parks & Recreation Development
Assets				
Cash and cash equivalents	\$ 181,311	\$ 211,456	\$ 225,070	\$ 592,327
Receivables (net of allowance for uncollectibles)	3,707	-	-	-
Prepays	-	-	-	-
Total Assets	\$ 185,018	\$ 211,456	\$ 225,070	\$ 592,327
Liabilities				
Accounts payable	\$ 2,719	\$ 17,586	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	2,719	17,586	-	-
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	182,299	193,870	225,070	592,327
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	182,299	193,870	225,070	592,327
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 185,018	\$ 211,456	\$ 225,070	\$ 592,327

CITY OF PEARLAND, TEXAS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Sidewalk Fund	Drainage Maintenance Fund	Grant Fund	CDBG Grant Fund
Assets				
Cash and cash equivalents	\$ 66,065	\$ 490,892	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	-	-	486,014	196,701
Prepays	-	-	-	-
Total Assets	<u>\$ 66,065</u>	<u>\$ 490,892</u>	<u>\$ 486,014</u>	<u>\$ 196,701</u>
Liabilities				
Accounts payable	\$ -	\$ 536	\$ -	\$ 11,050
Accrued liabilities	-	34,130	30,888	12,279
Due to other funds	-	-	210,590	110,581
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>34,666</u>	<u>241,478</u>	<u>133,910</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	62,791
Committed	-	-	-	-
Assigned	66,065	456,226	244,536	-
Unassigned	-	-	-	-
Total Fund Balances	<u>66,065</u>	<u>456,226</u>	<u>244,536</u>	<u>62,791</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 66,065</u>	<u>\$ 490,892</u>	<u>\$ 486,014</u>	<u>\$ 196,701</u>

	CDBG - Disaster Recovery Fund	Disaster Recovery Fund	Hazard Mitigation Fund	Coronavirus Relief Fund
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-
Prepays	-	-	-	-
Total Assets	\$ -	\$ -	\$ -	\$ -
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	433	-	433	-
Due to other funds	307,337	68,402	83,261	1,412,395
Unearned revenue	-	-	-	-
Total Liabilities	307,770	68,402	83,694	1,412,395
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(307,770)	(68,402)	(83,694)	(1,412,395)
Total Fund Balances	(307,770)	(68,402)	(83,694)	(1,412,395)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ -	\$ -	\$ -

	<u>ARPA Fund</u>	<u>Opioid Settlement</u>	<u>Traffic Impact Improvement</u>	<u>Truancy Prevention and Diversion</u>
Assets				
Cash and cash equivalents	\$ 2,681,055	\$ 104,772	\$ 340,320	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-
Prepays	-	-	-	-
Total Assets	<u>\$ 2,681,055</u>	<u>\$ 104,772</u>	<u>\$ 340,320</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 100
Accrued liabilities	2,166	-	-	1,577
Due to other funds	-	-	-	2,651
Unearned revenue	2,678,889	-	-	-
Total Liabilities	<u>2,681,055</u>	<u>-</u>	<u>-</u>	<u>4,328</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	104,772	340,320	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(4,328)
Total Fund Balances	<u>-</u>	<u>104,772</u>	<u>340,320</u>	<u>(4,328)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,681,055</u>	<u>\$ 104,772</u>	<u>\$ 340,320</u>	<u>\$ -</u>

CITY OF PEARLAND, TEXAS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2023

	<u>Municipal Jury Fund</u>	<u>Municipal Channel (PEG) Fund</u>	<u>U of H Fund</u>	<u>Regional Detention Fund</u>
Assets				
Cash and cash equivalents	\$ 2,542	\$ 538,468	\$ -	\$ 206,998
Receivables (net of allowance for uncollectibles)	-	12,770	-	-
Prepays	-	-	-	-
Total Assets	<u>\$ 2,542</u>	<u>\$ 551,238</u>	<u>\$ -</u>	<u>\$ 206,998</u>
Liabilities				
Accounts payable	\$ -	\$ 11,661	\$ -	\$ -
Accrued liabilities	-	-	27,299	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>11,661</u>	<u>27,299</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	2,542	539,577	-	-
Committed	-	-	-	-
Assigned	-	-	-	206,998
Unassigned	-	-	(27,299)	-
Total Fund Balances	<u>2,542</u>	<u>539,577</u>	<u>(27,299)</u>	<u>206,998</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,542</u>	<u>\$ 551,238</u>	<u>\$ -</u>	<u>\$ 206,998</u>

CITY OF PEARLAND, TEXAS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Infrastructure Reinvestment Fund	Total Nonmajor Governmental Funds
Assets		
Cash and cash equivalents	\$ 1,449,011	\$ 16,299,236
Receivables (net of allowance for uncollectibles)	-	2,598,646
Prepays	-	11,286
Total Assets	\$ 1,449,011	\$ 18,909,168
Liabilities		
Accounts payable	\$ -	\$ 87,118
Accrued liabilities	-	181,400
Due to other funds	-	2,195,217
Unearned revenue	-	2,678,889
Total Liabilities	-	5,142,624
Deferred Inflows of Resources		
Unavailable revenue	-	1,486,878
Total Deferred Inflows of Resources	-	1,486,878
Fund Balances		
Nonspendable	-	11,286
Restricted	-	11,749,432
Committed	1,449,011	1,449,011
Assigned	-	973,825
Unassigned	-	(1,903,888)
Total Fund Balances	1,449,011	12,279,666
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,449,011	\$ 18,909,168

CITY OF PEARLAND, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	<u>Hotel/Motel Occupancy Tax</u>	<u>Municipal Court Security</u>	<u>City Wide Donation</u>	<u>Court Technology</u>
Revenues				
Sales and use taxes	\$ 1,747,149	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	36,686	-	30,200
Charges for services	-	-	-	-
Investment earnings	304,679	1,741	7,235	93
Intergovernmental	-	-	-	-
Other	22,348	-	170,432	-
Total Revenues	<u>2,074,176</u>	<u>38,427</u>	<u>177,667</u>	<u>30,293</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	183,367	-
Public works	-	-	-	-
Community services	-	40,606	-	23,551
Parks and recreation	933,539	-	-	-
Debt Service:				
Principal	20,454	-	-	-
Capital outlay	105,603	-	-	-
Intergovernmental	-	-	-	-
Total Expenditures	<u>1,059,596</u>	<u>40,606</u>	<u>183,367</u>	<u>23,551</u>
Excess (Deficiency) of Revenues Over Expenditures	1,014,580	(2,179)	(5,700)	6,742
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(31,515)	-	-	-
Issuance of debt - leases	105,603	-	-	-
Total Other Financing Sources (Uses)	<u>74,088</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	1,088,668	(2,179)	(5,700)	6,742
Fund Balances - Beginning	<u>6,654,985</u>	<u>60,713</u>	<u>230,981</u>	<u>(605)</u>
Fund Balances (Deficit) - Ending	<u>\$ 7,743,653</u>	<u>\$ 58,534</u>	<u>\$ 225,281</u>	<u>\$ 6,137</u>

CITY OF PEARLAND, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Street Assessment	Park Donations	Tree Trust	Parks Financial Assistance Donations
Revenues				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	425,900	-
Investment earnings	1	2,251	44,393	19
Intergovernmental	-	-	-	-
Other	-	126,536	-	11,000
Total Revenues	1	128,787	470,293	11,019
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community services	-	-	22,752	-
Parks and recreation	-	68,382	-	-
Debt Service:				
Principal	-	-	-	-
Capital outlay	-	-	286,478	-
Intergovernmental	-	-	-	-
Total Expenditures	-	68,382	309,230	-
Excess (Deficiency) of Revenues Over Expenditures	1	60,405	161,063	11,019
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt - leases	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in Fund Balances	1	60,405	161,063	11,019
Fund Balances - Beginning	51	24,921	1,234,241	(8,156)
Fund Balances (Deficit) - Ending	\$ 52	\$ 85,326	\$ 1,395,304	\$ 2,863

CITY OF PEARLAND, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	<u>Police State Seizure</u>	<u>Police Federal Seizure</u>	<u>Community Safety Fund</u>	<u>Parks & Recreation Development</u>
Revenues				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-
Licenses and permits	-	-	-	202,269
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	5,331	6,531	6,535	19,278
Intergovernmental	-	-	-	-
Other	59,492	150,993	-	-
Total Revenues	<u>64,823</u>	<u>157,524</u>	<u>6,535</u>	<u>221,547</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	90,701	33,357	-	-
Public works	-	-	-	-
Community services	-	-	-	-
Parks and recreation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Capital outlay	-	49,195	-	-
Intergovernmental	-	-	13,381	-
Total Expenditures	<u>90,701</u>	<u>82,552</u>	<u>13,381</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(25,878)	74,972	(6,846)	221,547
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(334,721)
Issuance of debt - leases	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(334,721)</u>
Net change in Fund Balances	(25,878)	74,972	(6,846)	(113,174)
Fund Balances - Beginning	208,177	118,898	231,916	705,501
Fund Balances (Deficit) - Ending	<u>\$ 182,299</u>	<u>\$ 193,870</u>	<u>\$ 225,070</u>	<u>\$ 592,327</u>

CITY OF PEARLAND, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Sidewalk Fund	Drainage Maintenance Fund	Grant Fund	CDBG Grant Fund
Revenues				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	1,908	10,767	-	-
Intergovernmental	-	-	666,054	277,601
Other	-	-	231,540	-
Total Revenues	<u>1,908</u>	<u>10,767</u>	<u>897,594</u>	<u>277,601</u>
Expenditures				
Current:				
General government	-	-	9,829	72,042
Public safety	-	-	323,758	-
Public works	-	1,559,999	-	-
Community services	-	-	-	60,828
Parks and recreation	-	-	3,244	-
Debt Service:				
Principal	-	-	-	-
Capital outlay	-	-	871,081	-
Intergovernmental	-	-	-	91,326
Total Expenditures	<u>-</u>	<u>1,559,999</u>	<u>1,207,912</u>	<u>224,196</u>
Excess (Deficiency) of Revenues Over Expenditures	1,908	(1,549,232)	(310,318)	53,405
Other Financing Sources (Uses)				
Transfers in	-	2,005,458	84,721	-
Transfers out	-	-	-	-
Issuance of debt - leases	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,005,458</u>	<u>84,721</u>	<u>-</u>
Net change in Fund Balances	1,908	456,226	(225,597)	53,405
Fund Balances - Beginning	64,157	-	470,133	9,386
Fund Balances (Deficit) - Ending	<u>\$ 66,065</u>	<u>\$ 456,226</u>	<u>\$ 244,536</u>	<u>\$ 62,791</u>

CITY OF PEARLAND, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	CDBG - Disaster Recovery Fund	Disaster Recovery Fund	Hazard Mitigation Fund	Coronavirus Relief Fund
Revenues				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Intergovernmental	-	46,945	-	-
Other	-	238,884	-	-
Total Revenues	-	285,829	-	-
Expenditures				
Current:				
General government	28,490	-	8,888	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community services	-	-	-	-
Parks and recreation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Capital outlay	-	-	-	-
Intergovernmental	167	-	16,881	-
Total Expenditures	28,657	-	25,769	-
Excess (Deficiency) of Revenues Over Expenditures	(28,657)	285,829	(25,769)	-
Other Financing Sources (Uses)				
Transfers in	-	-	-	1,827,767
Transfers out	-	-	-	-
Issuance of debt - leases	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	1,827,767
Net change in Fund Balances	(28,657)	285,829	(25,769)	1,827,767
Fund Balances - Beginning	(279,113)	(354,231)	(57,925)	(3,240,162)
Fund Balances (Deficit) - Ending	\$ (307,770)	\$ (68,402)	\$ (83,694)	\$ (1,412,395)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2023

	ARPA Fund	Opioid Settlement	Traffic Impact Improvement	Truancy Prevention and Diversion
Revenues				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	37,705
Charges for services	-	-	-	-
Investment earnings	-	-	9,831	2
Intergovernmental	4,619,182	104,772	-	-
Other	-	-	-	-
Total Revenues	4,619,182	104,772	9,831	37,707
Expenditures				
Current:				
General government	12,450	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community services	-	-	-	41,390
Parks and recreation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Capital outlay	1,104,264	-	-	-
Intergovernmental	-	-	-	-
Total Expenditures	1,116,714	-	-	41,390
Excess (Deficiency) of Revenues Over Expenditures	3,502,468	104,772	9,831	(3,683)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(3,502,468)	-	-	-
Issuance of debt - leases	-	-	-	-
Total Other Financing Sources (Uses)	(3,502,468)	-	-	-
Net change in Fund Balances	-	104,772	9,831	(3,683)
Fund Balances - Beginning	-	-	330,489	(645)
Fund Balances (Deficit) - Ending	\$ -	\$ 104,772	\$ 340,320	\$ (4,328)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2023

	Municipal Jury Fund	Municipal Channel (PEG) Fund	U of H Fund	Regional Detention Fund
Revenues				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	204,814	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	715	-	-	-
Charges for services	-	-	-	4,000
Investment earnings	65	18,754	-	5,967
Intergovernmental	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>780</u>	<u>223,568</u>	<u>-</u>	<u>9,967</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community services	-	39,126	-	-
Parks and recreation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Capital outlay	-	-	-	-
Intergovernmental	-	-	-	-
Total Expenditures	<u>-</u>	<u>39,126</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	780	184,442	-	9,967
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt - leases	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	780	184,442	-	9,967
Fund Balances - Beginning	1,762	355,135	(27,299)	197,031
Fund Balances (Deficit) - Ending	<u>\$ 2,542</u>	<u>\$ 539,577</u>	<u>\$ (27,299)</u>	<u>\$ 206,998</u>

CITY OF PEARLAND, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Infrastructure Reinvestment Fund	Total Nonmajor Governmental Funds
Revenues		
Sales and use taxes	\$ -	\$ 1,747,149
Franchise fees	-	204,814
Licenses and permits	-	202,269
Fines and forfeitures	-	105,306
Charges for services	-	429,900
Investment earnings	41,366	486,747
Intergovernmental	-	5,714,554
Other	-	1,011,225
Total Revenues	41,366	9,901,964
Expenditures		
Current:		
General government	-	131,699
Public safety	-	631,183
Public works	1,308,298	2,868,297
Community services	-	228,253
Parks and recreation	-	1,005,165
Debt Service:		
Principal	-	20,454
Capital outlay	564,131	2,980,752
Intergovernmental	-	121,755
Total Expenditures	1,872,429	7,987,558
Excess (Deficiency) of Revenues Over Expenditures	(1,831,063)	1,914,406
Other Financing Sources (Uses)		
Transfers in	1,593,714	5,511,660
Transfers out	-	(3,868,704)
Issuance of debt - leases	-	105,603
Total Other Financing Sources (Uses)	1,593,714	1,748,559
Net change in Fund Balances	(237,349)	3,662,965
Fund Balances - Beginning	1,686,360	8,616,701
Fund Balances (Deficit) - Ending	\$ 1,449,011	\$ 12,279,666

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Property taxes	\$ 43,951,802	\$ 37,330,000	\$ 36,875,417	\$ (454,583)	\$ 37,763,000
Investment earnings	10,000	396,073	371,342	(24,731)	41,091
Other	692,979	10,625,627	10,802,953	177,326	735,447
Total Revenues	<u>44,654,781</u>	<u>48,351,700</u>	<u>48,049,712</u>	<u>(301,988)</u>	<u>38,539,538</u>
Expenditures					
Debt Service:					
Principal	22,665,000	18,365,000	18,035,000	330,000	21,505,000
Interest and other charges	16,108,045	15,662,508	15,535,258	127,250	14,785,753
Bond issuance costs	90,000	10,132,475	10,093,025	39,450	31,900
Intergovernmental	7,763,930	8,048,961	8,048,963	(2)	7,289,088
Total Expenditures	<u>46,626,975</u>	<u>52,208,944</u>	<u>51,712,246</u>	<u>496,698</u>	<u>43,611,741</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,972,194)	(3,857,244)	(3,662,534)	194,710	(5,072,203)
Other Financing Sources (Uses)					
Transfers in	3,302,442	3,552,442	3,552,442	-	2,621,118
Capital bonds issued	-	4,420,000	4,420,000	-	-
Payment to refunded bond escrow agent	-	(4,376,057)	(4,376,057)	-	-
Total Other Financing Sources (Uses)	<u>3,302,442</u>	<u>3,596,385</u>	<u>3,596,385</u>	<u>-</u>	<u>2,621,118</u>
Net change in Fund Balances	1,330,248	(260,859)	(66,149)	194,710	(2,451,085)
Fund Balances - Beginning	3,436,146	3,436,146	3,436,146	-	5,887,231
Fund Balances (Deficit) - Ending	<u>\$ 4,766,394</u>	<u>\$ 3,175,287</u>	<u>\$ 3,369,997</u>	<u>\$ 194,710</u>	<u>\$ 3,436,146</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
HOTEL/MOTEL OCCUPANCY TAX
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Sales and use taxes	\$ 946,900	\$ 1,420,000	\$ 1,747,149	\$ 327,149	\$ 1,518,308
Investment earnings	6,000	200,000	304,679	104,679	46,617
Other	15,000	20,000	22,348	2,348	25,242
Total Revenues	<u>967,900</u>	<u>1,640,000</u>	<u>2,074,176</u>	<u>434,176</u>	<u>1,590,167</u>
Expenditures					
Current:					
Parks and recreation	1,060,038	987,608	933,539	54,069	851,968
Debt Service:					
Principal	-	-	20,454	(20,454)	-
Capital outlay	-	-	105,603	(105,603)	-
Total Expenditures	<u>1,060,038</u>	<u>987,608</u>	<u>1,059,596</u>	<u>(71,988)</u>	<u>851,968</u>
Excess (Deficiency) of Revenues Over Expenditures	(92,138)	652,392	1,014,580	362,188	738,199
Other Financing Sources (Uses)					
Transfers out	(31,515)	(31,515)	(31,515)	-	(944)
Leases (as lessee)	-	-	105,603	105,603	-
Total Other Financing Sources (Uses)	<u>(31,515)</u>	<u>(31,515)</u>	<u>74,088</u>	<u>105,603</u>	<u>(944)</u>
Net change in Fund Balances	(123,653)	620,877	1,088,668	467,791	737,255
Fund Balances - Beginning	6,654,985	6,654,985	6,654,985	-	5,917,730
Fund Balances (Deficit) - Ending	<u>\$ 6,531,332</u>	<u>\$ 7,275,862</u>	<u>\$ 7,743,653</u>	<u>\$ 467,791</u>	<u>\$ 6,654,985</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
MUNICIPAL COURT SECURITY
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Fines and forfeitures	\$ 48,000	\$ 36,800	\$ 36,686	\$ (114)	\$ 42,699
Investment earnings	4	1,100	1,741	641	95
Total Revenues	<u>48,004</u>	<u>37,900</u>	<u>38,427</u>	<u>527</u>	<u>42,794</u>
Expenditures					
Current:					
Community services	<u>34,625</u>	<u>41,942</u>	<u>40,606</u>	<u>1,336</u>	<u>31,056</u>
Total Expenditures	<u>34,625</u>	<u>41,942</u>	<u>40,606</u>	<u>1,336</u>	<u>31,056</u>
Net change in Fund Balances	13,379	(4,042)	(2,179)	1,863	11,738
Fund Balances - Beginning	<u>60,713</u>	<u>60,713</u>	<u>60,713</u>	<u>-</u>	<u>48,975</u>
Fund Balances (Deficit) - Ending	<u>\$ 74,092</u>	<u>\$ 56,671</u>	<u>\$ 58,534</u>	<u>\$ 1,863</u>	<u>\$ 60,713</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
CITY WIDE DONATION
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Investment earnings	\$ 100	\$ 5,161	\$ 7,235	\$ 2,074	\$ 355
Other	65,800	155,835	170,432	14,597	76,195
Total Revenues	<u>65,900</u>	<u>160,996</u>	<u>177,667</u>	<u>16,671</u>	<u>76,550</u>
Expenditures					
Current:					
General government	-	-	-	-	1,494
Public safety	177,680	238,180	183,367	54,813	15,287
Total Expenditures	<u>177,680</u>	<u>238,180</u>	<u>183,367</u>	<u>54,813</u>	<u>16,781</u>
Net change in Fund Balances	(111,780)	(77,184)	(5,700)	71,484	59,769
Fund Balances - Beginning	230,981	230,981	230,981	-	171,212
Fund Balances (Deficit) - Ending	<u>\$ 119,201</u>	<u>\$ 153,797</u>	<u>\$ 225,281</u>	<u>\$ 71,484</u>	<u>\$ 230,981</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
COURT TECHNOLOGY
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Fines and forfeitures	\$ 45,000	\$ 30,000	\$ 30,200	\$ 200	\$ 35,426
Investment earnings	100	100	93	(7)	-
Total Revenues	<u>45,100</u>	<u>30,100</u>	<u>30,293</u>	<u>193</u>	<u>35,426</u>
Expenditures					
Current:					
General government	-	-	-	-	30,000
Community services	32,943	32,943	23,551	9,392	13,756
Total Expenditures	<u>32,943</u>	<u>32,943</u>	<u>23,551</u>	<u>9,392</u>	<u>43,756</u>
Net change in Fund Balances	12,157	(2,843)	6,742	9,585	(8,330)
Fund Balances - Beginning	(605)	(605)	(605)	-	7,725
Fund Balances (Deficit) - Ending	<u>\$ 11,552</u>	<u>\$ (3,448)</u>	<u>\$ 6,137</u>	<u>\$ 9,585</u>	<u>\$ (605)</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
STREET ASSESSMENT
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget	2022
Revenues					
Investment earnings	\$ -	\$ -	\$ 1	\$ 1	\$ 51
Total Revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>51</u>
Expenditures					
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	-	-	1	1	51
Fund Balances - Beginning	51	51	51	-	-
Fund Balances (Deficit) - Ending	<u>\$ 51</u>	<u>\$ 51</u>	<u>\$ 52</u>	<u>\$ 1</u>	<u>\$ 51</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
PARK DONATIONS
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Investment earnings	\$ 100	\$ 1,000	\$ 2,251	\$ 1,251	\$ 46
Other	105,100	119,015	126,536	7,521	15,661
Total Revenues	<u>105,200</u>	<u>120,015</u>	<u>128,787</u>	<u>8,772</u>	<u>15,707</u>
Expenditures					
Current:					
Parks and recreation	105,550	49,556	68,382	(18,826)	47,763
Total Expenditures	<u>105,550</u>	<u>49,556</u>	<u>68,382</u>	<u>(18,826)</u>	<u>47,763</u>
Net change in Fund Balances	(350)	70,459	60,405	(10,054)	(32,056)
Fund Balances - Beginning	24,921	24,921	24,921	-	56,977
Fund Balances (Deficit) - Ending	<u>\$ 24,571</u>	<u>\$ 95,380</u>	<u>\$ 85,326</u>	<u>\$ (10,054)</u>	<u>\$ 24,921</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
TREE TRUST
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Charges for services	\$ 2,000	\$ 300,000	\$ 425,900	\$ 125,900	\$ 1,025,950
Investment earnings	100	30,000	44,393	14,393	1,983
Total Revenues	<u>2,100</u>	<u>330,000</u>	<u>470,293</u>	<u>140,293</u>	<u>1,027,933</u>
Expenditures					
Current:					
Community services	12,500	39,191	22,752	16,439	-
Parks and recreation	-	-	-	-	58,897
Capital outlay	445,000	445,000	286,478	158,522	-
Total Expenditures	<u>457,500</u>	<u>484,191</u>	<u>309,230</u>	<u>174,961</u>	<u>58,897</u>
Excess (Deficiency) of Revenues Over Expenditures	(455,400)	(154,191)	161,063	315,254	969,036
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	(200,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Net change in Fund Balances	(455,400)	(154,191)	161,063	315,254	769,036
Fund Balances - Beginning	1,234,241	1,234,241	1,234,241	-	465,205
Fund Balances (Deficit) - Ending	<u>\$ 778,841</u>	<u>\$ 1,080,050</u>	<u>\$ 1,395,304</u>	<u>\$ 315,254</u>	<u>\$ 1,234,241</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
PARKS FINANCIAL ASSISTANCE DONATIONS
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Investment earnings	\$ 50	\$ 50	\$ 19	\$ (31)	\$ -
Other	5,000	5,000	11,000	6,000	-
Total Revenues	<u>5,050</u>	<u>5,050</u>	<u>11,019</u>	<u>5,969</u>	<u>-</u>
Expenditures					
Current:					
Parks and recreation	5,000	5,000	-	5,000	8,190
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>8,190</u>
Net change in Fund Balances	50	50	11,019	10,969	(8,190)
Fund Balances - Beginning	(8,156)	(8,156)	(8,156)	-	34
Fund Balances (Deficit) - Ending	<u>\$ (8,106)</u>	<u>\$ (8,106)</u>	<u>\$ 2,863</u>	<u>\$ 10,969</u>	<u>\$ (8,156)</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
POLICE STATE SEIZURE
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Investment earnings	\$ 108	\$ 5,000	\$ 5,331	\$ 331	\$ 273
Other	-	56,000	59,492	3,492	67,043
Total Revenues	<u>108</u>	<u>61,000</u>	<u>64,823</u>	<u>3,823</u>	<u>67,316</u>
Expenditures					
Current:					
Public safety	52,200	89,883	90,701	(818)	27,952
Capital outlay	-	-	-	-	27,314
Total Expenditures	<u>52,200</u>	<u>89,883</u>	<u>90,701</u>	<u>(818)</u>	<u>55,266</u>
Net change in Fund Balances	(52,092)	(28,883)	(25,878)	3,005	12,050
Fund Balances - Beginning	208,177	208,177	208,177	-	196,127
Fund Balances (Deficit) - Ending	<u>\$ 156,085</u>	<u>\$ 179,294</u>	<u>\$ 182,299</u>	<u>\$ 3,005</u>	<u>\$ 208,177</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
POLICE FEDERAL SEIZURE
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Investment earnings	\$ 100	\$ 5,000	\$ 6,531	\$ 1,531	\$ 194
Other	-	151,000	150,993	(7)	-
Total Revenues	<u>100</u>	<u>156,000</u>	<u>157,524</u>	<u>1,524</u>	<u>194</u>
Expenditures					
Current:					
Public safety	35,000	35,000	33,357	1,643	15,493
Capital outlay	-	124,196	49,195	75,001	32,797
Total Expenditures	<u>35,000</u>	<u>159,196</u>	<u>82,552</u>	<u>76,644</u>	<u>48,290</u>
Net change in Fund Balances	(34,900)	(3,196)	74,972	78,168	(48,096)
Fund Balances - Beginning	118,898	118,898	118,898	-	166,994
Fund Balances (Deficit) - Ending	<u>\$ 83,998</u>	<u>\$ 115,702</u>	<u>\$ 193,870</u>	<u>\$ 78,168</u>	<u>\$ 118,898</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
COMMUNITY SAFETY FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Investment earnings	\$ -	\$ 3,500	\$ 6,535	\$ 3,035	\$ -
Total Revenues	<u>-</u>	<u>3,500</u>	<u>6,535</u>	<u>3,035</u>	<u>-</u>
Expenditures					
Intergovernmental	-	231,915	13,381	218,534	18,084
Total Expenditures	<u>-</u>	<u>231,915</u>	<u>13,381</u>	<u>218,534</u>	<u>18,084</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(228,415)	(6,846)	221,569	(18,084)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	250,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Net change in Fund Balances	-	(228,415)	(6,846)	221,569	231,916
Fund Balances - Beginning	<u>231,916</u>	<u>231,916</u>	<u>231,916</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit) - Ending	<u>\$ 231,916</u>	<u>\$ 3,501</u>	<u>\$ 225,070</u>	<u>\$ 221,569</u>	<u>\$ 231,916</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
PARKS & RECREATION DEVELOPMENT
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Licenses and permits	\$ 95,000	\$ 260,000	\$ 202,269	\$ (57,731)	\$ 611,390
Investment earnings	3,000	14,000	19,278	5,278	1,656
Total Revenues	<u>98,000</u>	<u>274,000</u>	<u>221,547</u>	<u>(52,453)</u>	<u>613,046</u>
Expenditures					
Current:					
Parks and recreation	-	-	-	-	1
Debt Service:					
Principal	-	-	-	-	71,079
Interest and other charges	-	-	-	-	2,674
Capital outlay	-	615,319	-	615,319	22,495
Total Expenditures	<u>-</u>	<u>615,319</u>	<u>-</u>	<u>615,319</u>	<u>96,249</u>
Excess (Deficiency) of Revenues Over Expenditures	98,000	(341,319)	221,547	562,866	516,797
Other Financing Sources (Uses)					
Transfers out	(84,721)	(334,721)	(334,721)	-	(710,228)
Total Other Financing Sources (Uses)	<u>(84,721)</u>	<u>(334,721)</u>	<u>(334,721)</u>	<u>-</u>	<u>(710,228)</u>
Net change in Fund Balances	13,279	(676,040)	(113,174)	562,866	(193,431)
Fund Balances - Beginning	705,501	705,501	705,501	-	898,932
Fund Balances (Deficit) - Ending	<u>\$ 718,780</u>	<u>\$ 29,461</u>	<u>\$ 592,327</u>	<u>\$ 562,866</u>	<u>\$ 705,501</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
SIDEWALK FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Charges for services	\$ 5,000	\$ -	\$ -	\$ -	\$ 17,422
Investment earnings	100	1,300	1,908	608	100
Total Revenues	<u>5,100</u>	<u>1,300</u>	<u>1,908</u>	<u>608</u>	<u>17,522</u>
Expenditures					
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	5,100	1,300	1,908	608	17,522
Fund Balances - Beginning	64,157	64,157	64,157	-	46,635
Fund Balances (Deficit) - Ending	<u>\$ 69,257</u>	<u>\$ 65,457</u>	<u>\$ 66,065</u>	<u>\$ 608</u>	<u>\$ 64,157</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
DRAINAGE MAINTENANCE FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Investment earnings	\$ -	\$ 6,820	\$ 10,767	\$ 3,947	\$ -
Total Revenues	<u>-</u>	<u>6,820</u>	<u>10,767</u>	<u>3,947</u>	<u>-</u>
Expenditures					
Current:					
Public works	1,827,449	1,725,824	1,559,999	165,825	-
Total Expenditures	<u>1,827,449</u>	<u>1,725,824</u>	<u>1,559,999</u>	<u>165,825</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,827,449)	(1,719,004)	(1,549,232)	169,772	-
Other Financing Sources (Uses)					
Transfers in	1,972,958	1,972,958	2,005,458	32,500	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,972,958</u>	<u>1,972,958</u>	<u>2,005,458</u>	<u>32,500</u>	<u>-</u>
Net change in Fund Balances	145,509	253,954	456,226	202,272	-
Fund Balances - Beginning	-	-	-	-	-
Fund Balances (Deficit) - Ending	<u>\$ 145,509</u>	<u>\$ 253,954</u>	<u>\$ 456,226</u>	<u>\$ 202,272</u>	<u>\$ -</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GRANT FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Intergovernmental	\$ 393,356	\$ 1,394,462	\$ 666,054	\$ (728,408)	\$ 1,610,220
Other	-	190,000	231,540	41,540	-
Total Revenues	<u>393,356</u>	<u>1,584,462</u>	<u>897,594</u>	<u>(686,868)</u>	<u>1,610,220</u>
Expenditures					
Current:					
General government	1,320	13,319	9,829	3,490	11,343
Public safety	259,982	301,213	323,758	(22,545)	764,707
Parks and recreation	-	30,799	3,244	27,555	-
Capital outlay	156,940	1,160,267	871,081	289,186	585,548
Total Expenditures	<u>418,242</u>	<u>1,505,598</u>	<u>1,207,912</u>	<u>297,686</u>	<u>1,361,598</u>
Excess (Deficiency) of Revenues Over Expenditures	(24,886)	78,864	(310,318)	(389,182)	248,622
Other Financing Sources (Uses)					
Transfers in	84,721	84,721	84,721	-	94,900
Total Other Financing Sources (Uses)	<u>84,721</u>	<u>84,721</u>	<u>84,721</u>	<u>-</u>	<u>94,900</u>
Net change in Fund Balances	59,835	163,585	(225,597)	(389,182)	343,522
Fund Balances - Beginning	470,133	470,133	470,133	-	126,611
Fund Balances (Deficit) - Ending	<u>\$ 529,968</u>	<u>\$ 633,718</u>	<u>\$ 244,536</u>	<u>\$ (389,182)</u>	<u>\$ 470,133</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
CDBG GRANT FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Intergovernmental	\$ 478,854	\$ 4,130,926	\$ 277,601	\$ (3,853,325)	\$ 367,846
Total Revenues	<u>478,854</u>	<u>4,130,926</u>	<u>277,601</u>	<u>(3,853,325)</u>	<u>367,846</u>
Expenditures					
Current:					
General government	40,794	69,708	72,042	(2,334)	93,717
Public safety	-	-	-	-	60,669
Community services	67,603	67,602	60,828	6,774	57,310
Capital outlay	271,049	2,678,009	-	2,678,009	-
Intergovernmental	99,408	1,315,607	91,326	1,224,281	167,925
Total Expenditures	<u>478,854</u>	<u>4,130,926</u>	<u>224,196</u>	<u>3,906,730</u>	<u>379,621</u>
Net change in Fund Balances	-	-	53,405	53,405	(11,775)
Fund Balances - Beginning	9,386	9,386	9,386	-	21,161
Fund Balances (Deficit) - Ending	<u>\$ 9,386</u>	<u>\$ 9,386</u>	<u>\$ 62,791</u>	<u>\$ 53,405</u>	<u>\$ 9,386</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
CDBG - DISASTER RECOVERY FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Intergovernmental	\$ 5,308,153	\$ 19,081,869	\$ -	\$ (19,081,869)	\$ 81,833
Total Revenues	<u>5,308,153</u>	<u>19,081,869</u>	<u>-</u>	<u>(19,081,869)</u>	<u>81,833</u>
Expenditures					
Current:					
General government	293,896	304,260	28,490	275,770	13,208
Capital outlay	4,361,635	17,045,900	-	17,045,900	68,624
Intergovernmental	455,342	1,731,709	167	1,731,542	1
Total Expenditures	<u>5,110,873</u>	<u>19,081,869</u>	<u>28,657</u>	<u>19,053,212</u>	<u>81,833</u>
Net change in Fund Balances	197,280	-	(28,657)	(28,657)	-
Fund Balances - Beginning, as Restated	<u>(279,113)</u>	<u>(279,113)</u>	<u>(279,113)</u>	<u>-</u>	<u>(197,280)</u>
Fund Balances (Deficit) - Ending	<u>\$ (81,833)</u>	<u>\$ (279,113)</u>	<u>\$ (307,770)</u>	<u>\$ (28,657)</u>	<u>\$ (197,280)</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
DISASTER RECOVERY FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Intergovernmental	\$ -	\$ 46,495	\$ 46,945	\$ 450	\$ -
Other	-	-	238,884	238,884	8,865
Total Revenues	<u>-</u>	<u>46,495</u>	<u>285,829</u>	<u>239,334</u>	<u>8,865</u>
Expenditures					
Current:					
General government	-	-	-	-	1,009
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,009</u>
Excess (Deficiency) of Revenues Over Expenditures	-	46,495	285,829	239,334	7,856
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	94,365
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,365</u>
Net change in Fund Balances	-	46,495	285,829	239,334	102,221
Fund Balances - Beginning	<u>(354,231)</u>	<u>(354,231)</u>	<u>(354,231)</u>	<u>-</u>	<u>(456,452)</u>
Fund Balances (Deficit) - Ending	<u>\$ (354,231)</u>	<u>\$ (307,736)</u>	<u>\$ (68,402)</u>	<u>\$ 239,334</u>	<u>\$ (354,231)</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
HAZARD MITIGATION FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Intergovernmental	\$ 503,760	\$ 5,575,469	\$ -	\$ (5,575,469)	\$ (40,513)
Total Revenues	<u>503,760</u>	<u>5,575,469</u>	<u>-</u>	<u>(5,575,469)</u>	<u>(40,513)</u>
Expenditures					
Current:					
General government	-	30,138	8,888	21,250	741
Capital outlay	-	4,204,300	-	4,204,300	-
Intergovernmental	499,760	2,040,063	16,881	2,023,182	4,041
Total Expenditures	<u>499,760</u>	<u>6,274,501</u>	<u>25,769</u>	<u>6,248,732</u>	<u>4,782</u>
Net change in Fund Balances	4,000	(699,032)	(25,769)	673,263	(45,295)
Fund Balances - Beginning, as Restated	<u>(57,925)</u>	<u>(57,925)</u>	<u>(57,925)</u>	-	<u>(4,000)</u>
Fund Balances (Deficit) - Ending	<u>\$ (53,925)</u>	<u>\$ (756,957)</u>	<u>\$ (83,694)</u>	<u>\$ 673,263</u>	<u>\$ (49,295)</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
CORONAVIRUS RELIEF FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 18,945
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,945</u>
Expenditures					
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	18,945
Other Financing Sources (Uses)					
Transfers in	1,827,767	1,827,767	1,827,767	-	-
Total Other Financing Sources (Uses)	<u>1,827,767</u>	<u>1,827,767</u>	<u>1,827,767</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	1,827,767	1,827,767	1,827,767	-	18,945
Fund Balances - Beginning	<u>(3,240,162)</u>	<u>(3,240,162)</u>	<u>(3,240,162)</u>	<u>-</u>	<u>(3,259,107)</u>
Fund Balances (Deficit) - Ending	<u>\$ (1,412,395)</u>	<u>\$ (1,412,395)</u>	<u>\$ (1,412,395)</u>	<u>\$ -</u>	<u>\$ (3,240,162)</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
ARPA FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Intergovernmental	\$ 5,944,486	\$ 7,298,074	\$ 4,619,182	\$ (2,678,892)	\$ 1,172,384
Total Revenues	<u>5,944,486</u>	<u>7,298,074</u>	<u>4,619,182</u>	<u>(2,678,892)</u>	<u>1,172,384</u>
Expenditures					
Current:					
General government	3,006,779	3,228,606	12,450	3,216,156	172,384
Capital outlay	-	550,000	1,104,264	(554,264)	-
Total Expenditures	<u>3,006,779</u>	<u>3,778,606</u>	<u>1,116,714</u>	<u>2,661,892</u>	<u>172,384</u>
Excess (Deficiency) of Revenues Over Expenditures	2,937,707	3,519,468	3,502,468	(17,000)	1,000,000
Other Financing Sources (Uses)					
Transfers out	(1,687,319)	(2,519,468)	(3,502,468)	(983,000)	-
Total Other Financing Sources (Uses)	<u>(1,687,319)</u>	<u>(2,519,468)</u>	<u>(3,502,468)</u>	<u>(983,000)</u>	<u>-</u>
Net change in Fund Balances	1,250,388	1,000,000	-	(1,000,000)	1,000,000
Fund Balances - Beginning	-	-	-	-	(1,000,000)
Fund Balances (Deficit) - Ending	<u>\$ 1,250,388</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
OPIOID SETTLEMENT
For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget	2022
Revenues					
Intergovernmental	\$ -	\$ -	\$ 104,772	\$ 104,772	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>104,772</u>	<u>104,772</u>	<u>-</u>
Expenditures					
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	-	-	104,772	104,772	-
Fund Balances - Beginning	-	-	-	-	-
Fund Balances (Deficit) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,772</u>	<u>\$ 104,772</u>	<u>\$ -</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
TRAFFIC IMPACT IMPROVEMENT
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Investment earnings	\$ 100	\$ 6,945	\$ 9,831	\$ 2,886	\$ 561
Total Revenues	<u>100</u>	<u>6,945</u>	<u>9,831</u>	<u>2,886</u>	<u>561</u>
Expenditures					
Current:					
Public works	214,920	-	-	-	288,065
Total Expenditures	<u>214,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,065</u>
Net change in Fund Balances	(214,820)	6,945	9,831	2,886	(287,504)
Fund Balances - Beginning	330,489	330,489	330,489	-	617,993
Fund Balances (Deficit) - Ending	<u>\$ 115,669</u>	<u>\$ 337,434</u>	<u>\$ 340,320</u>	<u>\$ 2,886</u>	<u>\$ 330,489</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
TRUANCY PREVENTION AND DIVERSION
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Fines and forfeitures	\$ 52,500	\$ 37,145	\$ 37,705	\$ 560	\$ 44,208
Investment earnings	100	50	2	(48)	-
Total Revenues	<u>52,600</u>	<u>37,195</u>	<u>37,707</u>	<u>512</u>	<u>44,208</u>
Expenditures					
Current:					
Community services	43,583	42,743	41,390	1,353	49,092
Total Expenditures	<u>43,583</u>	<u>42,743</u>	<u>41,390</u>	<u>1,353</u>	<u>49,092</u>
Net change in Fund Balances	9,017	(5,548)	(3,683)	1,865	(4,884)
Fund Balances - Beginning	(645)	(645)	(645)	-	4,239
Fund Balances (Deficit) - Ending	<u>\$ 8,372</u>	<u>\$ (6,193)</u>	<u>\$ (4,328)</u>	<u>\$ 1,865</u>	<u>\$ (645)</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
MUNICIPAL JURY FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Fines and forfeitures	\$ 1,000	\$ 705	\$ 715	\$ 10	\$ 808
Investment earnings	25	50	65	15	3
Total Revenues	<u>1,025</u>	<u>755</u>	<u>780</u>	<u>25</u>	<u>811</u>
Expenditures					
Current:					
Community services	1,000	1,000	-	1,000	-
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Net change in Fund Balances	25	(245)	780	1,025	811
Fund Balances - Beginning	1,762	1,762	1,762	-	951
Fund Balances (Deficit) - Ending	<u>\$ 1,787</u>	<u>\$ 1,517</u>	<u>\$ 2,542</u>	<u>\$ 1,025</u>	<u>\$ 1,762</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
MUNICIPAL CHANNEL (PEG) FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Franchise fees	\$ 235,000	\$ 208,000	\$ 204,814	\$ (3,186)	\$ 247,362
Investment earnings	1,500	15,100	18,754	3,654	2,895
Total Revenues	<u>236,500</u>	<u>223,100</u>	<u>223,568</u>	<u>468</u>	<u>250,257</u>
Expenditures					
Current:					
Community services	101,500	101,500	39,126	62,374	43,963
Capital outlay	-	144,500	-	144,500	-
Total Expenditures	<u>101,500</u>	<u>246,000</u>	<u>39,126</u>	<u>206,874</u>	<u>43,963</u>
Excess (Deficiency) of Revenues Over Expenditures	135,000	(22,900)	184,442	207,342	206,294
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	(701,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(701,000)</u>
Net change in Fund Balances	135,000	(22,900)	184,442	207,342	(494,706)
Fund Balances - Beginning	<u>355,135</u>	<u>355,135</u>	<u>355,135</u>	<u>-</u>	<u>849,841</u>
Fund Balances (Deficit) - Ending	<u>\$ 490,135</u>	<u>\$ 332,235</u>	<u>\$ 539,577</u>	<u>\$ 207,342</u>	<u>\$ 355,135</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
U OF H FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures					
Total Expenditures	-	-	-	-	-
Net change in Fund Balances	-	-	-	-	-
Fund Balances - Beginning	\$ (27,299)	\$ (27,299)	\$ (27,299)	\$ -	\$ (27,299)
Fund Balances (Deficit) - Ending	<u>\$ (27,299)</u>	<u>\$ (27,299)</u>	<u>\$ (27,299)</u>	<u>\$ -</u>	<u>\$ (27,299)</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
REGIONAL DETENTION FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Charges for services	\$ -	\$ 4,000	\$ 4,000	\$ -	\$ 195,724
Investment earnings	-	4,200	5,967	1,767	307
Total Revenues	<u>-</u>	<u>8,200</u>	<u>9,967</u>	<u>1,767</u>	<u>196,031</u>
Expenditures					
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	-	8,200	9,967	1,767	196,031
Fund Balances - Beginning	197,031	197,031	197,031	-	1,000
Fund Balances (Deficit) - Ending	<u>\$ 197,031</u>	<u>\$ 205,231</u>	<u>\$ 206,998</u>	<u>\$ 1,767</u>	<u>\$ 197,031</u>

CITY OF PEARLAND, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
INFRASTRUCTURE REINVESTMENT FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
Revenues					
Investment earnings	\$ -	\$ 36,000	\$ 41,366	\$ 5,366	\$ 2,522
Total Revenues	<u>-</u>	<u>36,000</u>	<u>41,366</u>	<u>5,366</u>	<u>2,522</u>
Expenditures					
Current:					
Public works	940,894	1,027,033	1,308,298	(281,265)	1,478,204
Capital outlay	652,820	652,820	564,131	88,689	670,704
Total Expenditures	<u>1,593,714</u>	<u>1,679,853</u>	<u>1,872,429</u>	<u>(192,576)</u>	<u>2,148,908</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,593,714)	(1,643,853)	(1,831,063)	(187,210)	(2,146,386)
Other Financing Sources (Uses)					
Transfers in	1,593,714	1,593,714	1,593,714	-	2,406,203
Total Other Financing Sources (Uses)	<u>1,593,714</u>	<u>1,593,714</u>	<u>1,593,714</u>	<u>-</u>	<u>2,406,203</u>
Net change in Fund Balances	-	(50,139)	(237,349)	(187,210)	259,817
Fund Balances - Beginning	1,686,360	1,686,360	1,686,360	-	1,426,543
Fund Balances (Deficit) - Ending	<u>\$ 1,686,360</u>	<u>\$ 1,636,221</u>	<u>\$ 1,449,011</u>	<u>\$ (187,210)</u>	<u>\$ 1,686,360</u>



CITY OF PEARLAND, TEXAS

INTERNAL SERVICE FUNDS

September 30, 2023

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Property Liability Insurance Fund – To account for the activities of the City's property and casualty insurance. Coverage includes general liability, law enforcement, public official and employees' liability, auto liability, physical damage and multi-peril, mobile equipment, real and personal property, and windstorm coverage.

Employee Benefits Fund — City to employees except for health insurance.

Health Claims Fund – To account for the activities of the City's employee health insurance. The fund accounts for retiree and COBRA contributions, claims and coverage.

Motor Pool Fund – To account for the operations and maintenance of the City's fleet. Its customers are City departments, and its primary revenue source is payments from those departments for vehicle and equipment maintenance and replacement.

CITY OF PEARLAND, TEXAS
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
September 30, 2023

	Risk Management Fund	Employee Benefits Fund	Health Claims Fund	Motor Pool Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,199,064	\$ 161,110	\$ 3,373,042	\$ 15,086,995
Receivables, net	45,889	-	213,665	-
Inventories	-	-	-	629,460
Restricted cash and cash equivalents	5,000	-	84,196	-
Total current assets	<u>1,249,953</u>	<u>161,110</u>	<u>3,670,903</u>	<u>15,716,455</u>
Noncurrent assets:				
Capital assets:				
Machinery and equipment	-	-	-	10,892,429
Right-to-use software	-	-	-	-
Less accumulated depreciation/amortization	-	-	-	(4,288,805)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,603,624</u>
Total Assets	<u>1,249,953</u>	<u>161,110</u>	<u>3,670,903</u>	<u>22,320,079</u>
Deferred Outflows of Resources				
Pension related	17,056	-	-	161,616
OPEB related	879	-	-	8,328
Total Deferred Outflows of Resources	<u>17,935</u>	<u>-</u>	<u>-</u>	<u>169,944</u>
Liabilities				
Current liabilities:				
Accounts payable	227	14,529	-	106,239
Accrued liabilities	10,306	107,875	370,839	87,887
Accrued interest	-	-	-	-
Customer deposits	-	-	2,738	-
Current portion of noncurrent liabilities:				
SBITA payable	-	-	-	-
Total current liabilities:	<u>10,533</u>	<u>122,404</u>	<u>373,577</u>	<u>194,126</u>
Noncurrent liabilities:				
Compensated absences	-	-	-	37,295
SBITA payable	-	-	-	-
Net pension liability	29,708	-	-	281,497
Total OPEB liability	4,673	-	-	44,276
Total noncurrent liabilities:	<u>34,381</u>	<u>-</u>	<u>-</u>	<u>363,068</u>
Total Liabilities	<u>44,914</u>	<u>122,404</u>	<u>373,577</u>	<u>557,194</u>
Deferred Inflows of Resources				
OPEB related	1,969	-	-	18,654
Total Deferred Inflows of Resources	<u>1,969</u>	<u>-</u>	<u>-</u>	<u>18,654</u>
Net Position				
Net investment in capital assets	-	-	-	6,603,624
Unassigned	1,221,005	38,706	3,297,326	15,310,551
Total Net Position	<u>\$ 1,221,005</u>	<u>\$ 38,706</u>	<u>\$ 3,297,326</u>	<u>\$ 21,914,175</u>

CITY OF PEARLAND, TEXAS
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
September 30, 2023

	Facilities Fund	Information Technology Fund	Total Internal Service Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,100,806	\$ 432,195	\$ 21,353,212
Receivables, net	-	1,920	261,474
Inventories	-	-	629,460
Restricted cash and cash equivalents	-	-	89,196
Total current assets	1,100,806	434,115	22,333,342
Noncurrent assets:			
Capital assets:			
Machinery and equipment	-	-	10,892,429
Right-to-use software	-	11,016,172	11,016,172
Less accumulated depreciation/amortization	-	(4,040,720)	(8,329,525)
Total noncurrent assets	-	6,975,452	13,579,076
Total Assets	1,100,806	7,409,567	35,912,418
Deferred Outflows of Resources			
Pension related	-	-	178,672
OPEB related	-	-	9,207
Total Deferred Outflows of Resources	-	-	187,879
Liabilities			
Current liabilities:			
Accounts payable	115,398	262,824	499,217
Accrued liabilities	111,725	157,779	846,411
Accrued interest	-	150,598	150,598
Customer deposits	-	-	2,738
Current portion of noncurrent liabilities:			
SBITA payable	-	2,477,440	2,477,440
Total current liabilities:	227,123	3,048,641	3,976,404
Noncurrent liabilities:			
Compensated absences	106,671	374,720	518,686
SBITA payable	-	3,892,207	3,892,207
Net pension liability	-	-	311,205
Total OPEB liability	-	-	48,949
Total noncurrent liabilities:	106,671	4,266,927	4,771,047
Total Liabilities	333,794	7,315,568	8,747,451
Deferred Inflows of Resources			
OPEB related	-	-	20,623
Total Deferred Inflows of Resources	-	-	20,623
Net Position			
Net investment in capital assets	-	605,805	7,209,429
Unassigned	767,012	(511,806)	20,122,794
Total Net Position	\$ 767,012	\$ 93,999	\$ 27,332,223

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2023**

	Risk Management Fund	Employee Benefits Fund	Health Claims Fund	Motor Pool Fund
Operating Revenues				
Charges for services:				
Risk management	\$ 545,448	\$ -	\$ 9,689,351	\$ -
Equipment management	-	-	-	5,209,461
Miscellaneous	472,738	-	934,665	-
Total Operating Revenues	<u>1,018,186</u>	<u>-</u>	<u>10,624,016</u>	<u>5,209,461</u>
Operating Expenses				
Personnel services	66,210	-	-	673,207
Supplies and materials	242	-	-	16,898
Buildings and grounds	-	-	-	-
Repairs and Maintenance	195	-	-	914,922
Contractual Services	3,242,764	-	10,231,622	37,577
Miscellaneous	909	-	16,593	137,475
Depreciation and amortization	-	-	-	1,753,018
Total Operating Expenses	<u>3,310,320</u>	<u>-</u>	<u>10,248,215</u>	<u>3,533,097</u>
Operating Income (Loss)	<u>(2,292,134)</u>	<u>-</u>	<u>375,801</u>	<u>1,676,364</u>
Nonoperating Revenues (Expenses)				
Investment earnings	33,059	1,944	84,723	625,525
Gain (loss) on disposal of property	-	-	-	96,105
Interest expense	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>33,059</u>	<u>1,944</u>	<u>84,723</u>	<u>721,630</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(2,259,075)</u>	<u>1,944</u>	<u>460,524</u>	<u>2,397,994</u>
Transfers in	1,804,000	-	-	-
Transfers out	-	-	-	(30,799)
Change in Net Position	<u>(455,075)</u>	<u>1,944</u>	<u>460,524</u>	<u>2,367,195</u>
Net Position - Beginning, as Restated	<u>1,676,080</u>	<u>36,762</u>	<u>2,836,802</u>	<u>19,546,980</u>
Net Position (Deficit) - Ending	<u>\$ 1,221,005</u>	<u>\$ 38,706</u>	<u>\$ 3,297,326</u>	<u>\$ 21,914,175</u>

CITY OF PEARLAND, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2023**

	<u>Facilities Fund</u>	<u>Information Technology Fund</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Charges for services:			
Risk management	\$ -	\$ -	\$ 10,234,799
Equipment management	-	8,488,643	13,698,104
Miscellaneous	-	10,000	1,417,403
Total Operating Revenues	<u>-</u>	<u>8,498,643</u>	<u>25,350,306</u>
Operating Expenses			
Personnel services	938,372	2,684,740	4,362,529
Supplies and materials	35,059	58,844	111,043
Buildings and grounds	1,038,507	-	1,038,507
Repairs and Maintenance	345,756	1,035,748	2,296,621
Contractual Services	739,609	478,451	14,730,023
Miscellaneous	84,940	529,616	769,533
Depreciation and amortization	-	4,040,720	5,793,738
Total Operating Expenses	<u>3,182,243</u>	<u>8,828,119</u>	<u>29,101,994</u>
Operating Income (Loss)	<u>(3,182,243)</u>	<u>(329,476)</u>	<u>(3,751,688)</u>
Nonoperating Revenues (Expenses)			
Investment earnings	24,531	7,104	776,886
Gain (loss) on disposal of property	-	-	96,105
Interest expense	-	(205,156)	(205,156)
Total Nonoperating Revenues (Expenses)	<u>24,531</u>	<u>(198,052)</u>	<u>667,835</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(3,157,712)</u>	<u>(527,528)</u>	<u>(3,083,853)</u>
Transfers in	3,924,724	202,767	5,931,491
Transfers out	-	-	(30,799)
Change in Net Position	<u>767,012</u>	<u>(324,761)</u>	<u>2,816,839</u>
Net Position - Beginning, as Restated	<u>-</u>	<u>418,760</u>	<u>24,515,384</u>
Net Position (Deficit) - Ending	<u>\$ 767,012</u>	<u>\$ 93,999</u>	<u>\$ 27,332,223</u>

CITY OF PEARLAND, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2023

	Risk Management Fund	Employee Benefits Fund	Health Claims Fund	Motor Pool Fund	Facilities Fund	Information Technology Fund	Total Internal Service Funds
Cash Flows from Operating Activities							
Receipts from interfund charges for services	\$ 545,448	\$ -	\$ 9,689,351	\$ 5,209,461	\$ -	\$ 8,488,643	\$ 23,932,903
Other receipts	484,991	909	728,877	897	-	8,080	1,223,754
Payments to employees for salaries and benefits	(62,477)	-	-	(613,685)	(831,701)	(2,310,020)	(3,817,883)
Payments to suppliers and service providers	(3,291,686)	(116,129)	(10,412,932)	(1,472,803)	(2,016,748)	(1,682,056)	(18,992,354)
Net Cash Provided (Used) by Operating Activities	(2,323,724)	(115,220)	5,296	3,123,870	(2,848,449)	4,504,647	2,346,420
Cash Flows from Noncapital Financing Activities							
Transfers from other funds	1,804,000	-	-	-	3,924,724	202,767	5,931,491
Transfers to other funds	-	-	-	(30,799)	-	-	(30,799)
Net Cash Provided (Used) by Noncapital Financing Activities	1,804,000	-	-	(30,799)	3,924,724	202,767	5,900,692
Cash Flows from Capital and Related Financing Activities							
Acquisition and construction of capital assets	-	-	-	(2,750,967)	-	(46,161)	(2,797,128)
Proceeds from sale of capital assets	-	-	-	616,086	-	-	616,086
Principal payments on SBITAs	-	-	-	-	-	(4,181,604)	(4,181,604)
Interest paid on capital related debt	-	-	-	-	-	(54,558)	(54,558)
Net cash Provided (Used) by Capital and Related Financing Activities	-	-	-	(2,134,881)	-	(4,282,323)	(6,417,204)
Cash Flows from Investing Activities							
Interest on investments	33,059	1,944	84,723	625,525	24,531	7,104	776,886
Net Cash Provided (Used) by Investing Activities	33,059	1,944	84,723	625,525	24,531	7,104	776,886
Net Increase (Decrease) in Cash and Cash Equivalents	(486,665)	(113,276)	90,019	1,583,715	1,100,806	432,195	2,606,794
Beginning Cash and Cash Equivalents	1,690,729	274,386	3,367,219	13,503,280	-	-	18,835,614
Ending Cash and Cash Equivalents	\$ 1,204,064	\$ 161,110	\$ 3,457,238	\$ 15,086,995	\$ 1,100,806	\$ 432,195	\$ 21,442,408
Reconciliation to the Statement of Net Position - Proprietary Funds							
Unrestricted cash and cash equivalents	\$ 1,199,064	\$ 161,110	\$ 3,373,042	\$ 15,086,995	\$ 1,100,806	\$ 432,195	\$ 21,353,212
Restricted cash and cash equivalents	5,000	-	84,196	-	-	-	89,196
Ending Cash and Cash Equivalents	\$ 1,204,064	\$ 161,110	\$ 3,457,238	\$ 15,086,995	\$ 1,100,806	\$ 432,195	\$ 21,442,408

CITY OF PEARLAND, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2023

	Risk Management Fund	Employee Benefits Fund	Health Claims Fund	Motor Pool Fund	Facilities Fund	Information Technology Fund	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Operating income (loss)	\$ (2,292,134)	\$ -	\$ 375,801	\$ 1,676,364	\$ (3,182,243)	\$ (329,476)	\$ (3,751,688)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization expense	-	-	-	1,753,018	-	4,040,720	5,793,738
(Increase) decrease in assets:							
Accounts receivable, net	12,253	909	(205,788)	897	-	(1,920)	(193,649)
Inventories	-	-	-	(147,463)	-	-	(147,463)
Increase (decrease) in liabilities:							
Accounts payable	(24,639)	14,529	-	(244,230)	115,398	262,824	123,882
Accrued liabilities	(22,937)	(130,658)	(164,651)	25,762	111,725	157,779	(22,980)
Customer deposits	-	-	(66)	-	-	-	(66)
Compensated absences	-	-	-	(12,289)	106,671	374,720	469,102
Net pension liability and related amounts	(73)	-	-	42,044	-	-	41,971
Total OPEB liability and related amounts	3,806	-	-	29,767	-	-	33,573
Net Cash Provided (Used) by Operating Activities	\$ (2,323,724)	\$ (115,220)	\$ 5,296	\$ 3,123,870	\$ (2,848,449)	\$ 4,504,647	\$ 2,346,420
Noncash Investing, Capital, and Financing Activities							
Gain (loss) on disposition of capital assets	\$ -	\$ -	\$ -	\$ 96,105	\$ -	\$ -	\$ 96,105
SBITAs issued	-	-	-	-	-	(8,125,006)	(8,125,006)
SBITA assets obtained	-	-	-	-	-	8,171,170	8,171,170



STATISTICAL SECTION



CITY OF PEARLAND, TEXAS
STATISTICAL SECTION (UNAUDITED)
September 30, 2023

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

Contents	Page
Financial Trends	156
These schedules contain trend information to help the readers understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	166
These schedules contain information to help the reader assess the City's most significant local revenue sources, sales and property tax.	
Debt Capacity	178
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	185
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	188
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.	
Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.	

CITY OF PEARLAND, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities					
Net investment in capital assets	\$ 397,346	\$ 423,706	\$ 439,923	\$ 449,141	\$ 454,670
Restricted	52,209	53,883	60,640	60,310	67,263
Unrestricted	2,477	3,800	3,185	(5,045)	(2,500)
Total Governmental Activities					
Net Position	<u>\$ 452,032</u>	<u>\$ 481,389</u>	<u>\$ 503,748</u>	<u>\$ 504,406</u>	<u>\$ 519,433</u>
 Business-Type Activities					
Net investment in capital assets	\$ 174,955	\$ 186,819	\$ 187,937	\$ 205,827	\$ 210,674
Restricted	14,484	13,539	15,852	13,972	14,525
Unrestricted	15,612	12,815	13,351	6,972	20,663
Total Business-Type Activities					
Net Position	<u>\$ 205,051</u>	<u>\$ 213,173</u>	<u>\$ 217,140</u>	<u>\$ 226,771</u>	<u>\$ 245,862</u>
 Primary Government					
Investment in capital assets	\$ 572,301	\$ 610,525	\$ 627,860	\$ 654,968	\$ 665,344
Restricted	66,693	67,422	76,492	74,282	81,788
Unrestricted	18,089	16,615	16,536	1,927	18,163
Total Primary Government					
Net Position	<u>\$ 657,083</u>	<u>\$ 694,562</u>	<u>\$ 720,888</u>	<u>\$ 731,177</u>	<u>\$ 765,295</u>

CITY OF PEARLAND, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Activities					
Net investment in capital assets	\$ 488,077	\$ 490,304	\$ 493,671	\$ 511,377	\$ 520,909
Restricted	56,491	44,928	45,162	48,792	79,137
Unrestricted	(734)	33,179	52,796	59,628	29,248
Total Governmental Activities					
Net Position	<u>\$ 543,834</u>	<u>\$ 568,411</u>	<u>\$ 591,629</u>	<u>\$ 619,797</u>	<u>\$ 629,294</u>
 Business-Type Activities					
Net investment in capital assets	\$ 214,672	\$ 213,081	\$ 161,157	\$ 216,661	\$ 221,205
Restricted	15,270	16,776	30,064	32,025	34,269
Unrestricted	29,806	39,015	81,185	20,264	28,548
Total Business-Type Activities					
Net Position	<u>\$ 259,748</u>	<u>\$ 268,872</u>	<u>\$ 272,406</u>	<u>\$ 268,950</u>	<u>\$ 284,022</u>
 Primary Government					
Investment in capital assets	\$ 702,749	\$ 703,386	\$ 654,828	\$ 728,037	\$ 742,113
Restricted	71,761	61,704	75,226	80,817	113,406
Unrestricted	29,072	72,195	133,981	79,892	57,796
Total Primary Government					
Net Position	<u>\$ 803,582</u>	<u>\$ 837,285</u>	<u>\$ 864,035</u>	<u>\$ 888,746</u>	<u>\$ 913,315</u>

CHANGES IN NET POSITION

Last Ten Fiscal Years

Amounts in (000's)

(Accrual Basis of Accounting)

Primary Government	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	\$ 12,241	\$ 17,189	\$ 18,016	\$20,121.00	\$ 20,360
Public safety	32,130	33,179	38,933	44,343	43,275
Public works	38,579	45,894	46,449	49,221	53,271
Community services	4,687	3,641	3,711	5,107	4,509
Parks and recreation	6,896	3,731	4,820	8,823	7,194
Economic development	26,498	26,159	31,330	31,293	29,521
Intergovernmental	-	-	-	-	-
Interest on long-term debt	16,225	15,569	15,946	14,422	14,441
Total governmental activities expenses	<u>137,256</u>	<u>145,362</u>	<u>159,205</u>	<u>173,330</u>	<u>172,571</u>
Business-type activities:					
Water and Sewer	32,444	34,266	37,941	41,475	41,683
Solid Waste	6,664	6,417	6,833	7,059	7,441
Total Business-type activities	<u>39,108</u>	<u>40,683</u>	<u>44,774</u>	<u>48,534</u>	<u>49,124</u>
Total Expenses	<u>\$ 176,364</u>	<u>\$ 186,045</u>	<u>\$ 203,979</u>	<u>\$ 221,864</u>	<u>\$ 221,695</u>

Program Revenue

Governmental activities:					
Charges for services:					
General government	\$ 6,637	\$ 7,624	\$ 8,547	\$9,518.00	\$ 10,414
Public safety	2,793	4,110	4,276	3,949	3,777
Public works	322	338	320	1,395	253
Community services	7,375	7,771	8,520	8,026	6,566
Parks and recreation	2,290	2,412	2,218	2,001	2,766
Economic development	430	1,209	13	3,886	3,503
Operating grants and contributions:					
General government	440	747	2,595	-	-
Public safety	434	294	-	-	11
Public works	7,612	4,589	11,123	12,459	5,884
Community services	337	216	-	575	232
Parks and recreation	474	1,586	-	-	-
Economic development	-	-	-	-	-
Capital grants and contributions:					
Public works	29,269	36,440	24,636	10,107	19,241
Total governmental activities	<u>58,413</u>	<u>67,336</u>	<u>62,248</u>	<u>51,916</u>	<u>52,647</u>
Business-type activities:					
Charges for services:					
Water and sewer	28,929	30,201	43,677	51,544	55,593
Solid waste	7,008	6,637	6,945	6,549	7,842
Operating grants and contributions:					
Water and sewer	-	2,512	30	-	-
Capital grants and contributions:					
Water and sewer	17,677	13,177	4,094	2,027	4,613
Total Business-type activities	<u>53,614</u>	<u>52,527</u>	<u>54,746</u>	<u>60,120</u>	<u>68,048</u>
Total Program Revenue	<u>\$ 112,027</u>	<u>\$ 119,863</u>	<u>\$ 116,994</u>	<u>\$ 112,036</u>	<u>\$ 120,695</u>

CHANGES IN NET POSITION

Last Ten Fiscal Years

Amounts in (000's)

(Accrual Basis of Accounting)

Primary Government	2019	2020	2021	2022	2023
Expenses					
Governmental activities:					
General government	\$ 21,249	\$ 25,504	\$ 27,596	\$ 34,580	\$ 15,525
Public safety	47,948	51,031	53,503	52,440	69,571
Public works	46,631	44,862	48,115	33,363	51,591
Community services	4,616	4,383	4,465	4,834	5,577
Parks and recreation	7,683	8,197	6,799	8,041	10,145
Economic development	33,470	28,683	30,653	39,101	41,692
Intergovernmental	-	-	-	-	8,171
Interest on long-term debt	14,017	14,042	13,604	13,238	13,763
Total governmental activities expenses	<u>175,614</u>	<u>176,702</u>	<u>184,735</u>	<u>185,597</u>	<u>216,035</u>
Business-type activities:					
Water and Sewer	39,413	45,055	44,654	48,592	56,008
Solid Waste	7,752	7,930	8,094	7,158	7,556
Total Business-type activities	<u>47,165</u>	<u>52,985</u>	<u>52,748</u>	<u>55,750</u>	<u>63,564</u>
Total Expenses	<u>\$ 222,779</u>	<u>\$ 229,687</u>	<u>\$ 237,483</u>	<u>\$ 241,347</u>	<u>\$ 279,599</u>
Program Revenue					
Governmental activities:					
Charges for services:					
General government	\$ 10,826	\$ 12,424	\$ 15,425	\$ 17,816	\$ 11,808
Public safety	4,413	4,772	5,048	5,746	7,743
Public works	1,379	113	157	186	289
Community services	6,888	6,100	6,090	5,732	4,067
Parks and recreation	2,328	992	1,090	1,614	2,106
Economic development	1,951	460	445	-	1,375
Operating grants and contributions:					
General government	-	6,609	1,693	5,740	11,564
Public safety	-	-	-	-	-
Public works	8,765	14,164	17,584	14,008	4,110
Community services	239	-	729	368	-
Parks and recreation	-	-	-	-	-
Economic development	-	-	-	-	12
Capital grants and contributions:					
Public works	16,678	7,148	1,876	-	-
Total governmental activities	<u>53,467</u>	<u>52,782</u>	<u>50,137</u>	<u>51,210</u>	<u>43,074</u>
Business-type activities:					
Charges for services:					
Water and sewer	55,696	54,710	52,649	55,352	68,700
Solid waste	8,621	7,755	8,064	6,855	7,473
Operating grants and contributions:					
Water and sewer	1,497	225	-	35	-
Capital grants and contributions:					
Water and sewer	4,113	1,456	1,007	-	-
Total Business-type activities	<u>69,927</u>	<u>64,146</u>	<u>61,720</u>	<u>62,242</u>	<u>76,173</u>
Total Program Revenue	<u>\$ 123,394</u>	<u>\$ 116,928</u>	<u>\$ 111,857</u>	<u>\$ 113,452</u>	<u>\$ 119,247</u>

CHANGES IN NET POSITION

Last Ten Fiscal Years

Amounts in (000's)

(Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net (Expense)/Revenue					
Governmental activities	\$ (78,843)	\$ (78,026)	\$ (96,957)	\$ (121,414)	\$ (119,924)
Business-type activities	14,506	11,844	9,972	11,586	18,924
Total primary government net expense	<u>\$ (64,337)</u>	<u>\$ (66,182)</u>	<u>\$ (86,985)</u>	<u>\$ (109,828)</u>	<u>\$ (101,000)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Property taxes	\$ 57,378	\$ 62,974	\$ 67,644	\$ 76,686	\$ 83,803
Sales and use taxes	27,295	29,970	31,293	31,976	35,437
Franchise taxes	6,484	6,971	7,228	7,263	7,358
Investment earnings	254	491	729	622	1,651
Miscellaneous	2,399	4,149	5,957	3,108	4,691
Gain on sale of assets	-	-	-	-	-
Transfers	1,607	2,828	6,464	2,417	3,103
Total governmental activities	<u>\$ 95,417</u>	<u>\$ 107,383</u>	<u>\$ 119,315</u>	<u>\$ 122,072</u>	<u>\$ 136,043</u>
Business-type activities:					
Sales and use taxes	-	-	-	-	-
Investment earnings	\$ 95	\$ 325	\$ 294	\$ 396	\$ 1,361
Miscellaneous	682	219	166	66	7
Gain on sale of assets					
Transfers	<u>(1,607)</u>	<u>(2,828)</u>	<u>(6,464)</u>	<u>(2,417)</u>	<u>(3,103)</u>
Total business-type activities	<u>(830)</u>	<u>(2,284)</u>	<u>(6,004)</u>	<u>(1,955)</u>	<u>(1,735)</u>
Total primary government	<u>\$ 94,587</u>	<u>\$ 105,099</u>	<u>\$ 113,311</u>	<u>\$ 120,117</u>	<u>\$ 134,308</u>
Change in Net Position:					
Governmental activities	\$ 16,574	\$ 29,357	\$ 22,358	\$ 658	\$ 16,117
Business-type activities	13,676	9,560	3,968	9,631	17,189
Total primary government	<u>\$ 30,250</u>	<u>\$ 38,917</u>	<u>\$ 26,326</u>	<u>\$ 10,289</u>	<u>\$ 33,306</u>

CHANGES IN NET POSITION

Last Ten Fiscal Years

Amounts in (000's)

(Accrual Basis of Accounting)

	2019	2020	2021	2022	2023
Net (Expense)/Revenue					
Governmental activities	\$ (122,147)	\$ (123,919)	\$ (134,598)	\$ (134,387)	\$ (172,962)
Business-type activities	22,762	11,162	8,972	6,492	12,609
Total primary government net expense	<u>\$ (99,385)</u>	<u>\$ (112,757)</u>	<u>\$ (125,626)</u>	<u>\$ (127,895)</u>	<u>\$ (160,353)</u>
General Revenues and Other					
Changes in Net Position					
Governmental activities:					
Taxes:					
Property taxes	\$ 89,930	\$ 97,106	\$ 100,075	\$ 101,524	\$ 105,407
Sales and use taxes	34,872	34,928	40,248	44,699	47,418
Franchise taxes	7,480	7,270	6,940	6,870	7,383
Investment earnings	3,293	1,626	209	472	8,577
Miscellaneous	562	4,865	4,793	5,206	16,393
Gain on sale of assets	-	-	-	-	60
Transfers	11,364	5,460	5,548	6,079	7,142
Total governmental activities	<u>\$ 147,501</u>	<u>\$ 151,255</u>	<u>\$ 157,813</u>	<u>\$ 164,850</u>	<u>\$ 192,380</u>
Business-type activities:					
Sales and use taxes	-	-	-	-	4
Investment earnings	\$ 2,947	\$ 1,277	\$ 94	\$ 1,161	6,788
Miscellaneous	2,361	13	16	45	348
Gain on sale of assets	-	-	-	-	(5)
Transfers	(11,364)	(5,460)	(5,548)	(6,079)	(7,142)
Total business-type activities	<u>(6,056)</u>	<u>(4,170)</u>	<u>(5,438)</u>	<u>(4,873)</u>	<u>(7)</u>
Total primary government	<u>\$ 141,445</u>	<u>\$ 147,085</u>	<u>\$ 152,375</u>	<u>\$ 159,977</u>	<u>\$ 192,373</u>
Change in Net Position:					
Governmental activities	\$ 25,354	\$ 27,336	\$ 23,215	\$ 30,463	\$ 19,418
Business-type activities	16,706	6,992	3,534	1,619	12,602
Total primary government	<u>\$ 42,060</u>	<u>\$ 34,328</u>	<u>\$ 26,749</u>	<u>\$ 32,082</u>	<u>\$ 32,020</u>

CITY OF PEARLAND, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
Amounts in (000's)
(Modified Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund					
Non-spendable	\$ 202	\$ 293	\$ 151	\$ 101	\$ 136
Assigned	1,394	1,406	3,994	3,000	1,538
Unassigned	17,859	19,655	16,774	11,262	12,314
Total General Fund	<u>\$ 19,455</u>	<u>\$ 21,354</u>	<u>\$ 20,919</u>	<u>\$ 14,363</u>	<u>\$ 13,988</u>
 All Other Governmental Funds					
Non-spendable	\$ 209	\$ 173	\$ -	\$ 4	\$ -
Restricted	51,754	57,768	94,411	107,916	101,810
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(28)	(52)
Total All Other Governmental Funds	<u>\$ 51,963</u>	<u>\$ 57,941</u>	<u>\$ 94,411</u>	<u>\$ 107,892</u>	<u>\$ 101,758</u>

CITY OF PEARLAND, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Amounts in (000's)

(Modified Accrual Basis of Accounting)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General fund					
Non-spendable	\$ 15	\$ 28	\$ 3	\$ -	\$ 7
Assigned	1,521	648	216	-	-
Unassigned	15,666	28,400	32,305	34,658	31,316
Total General Fund	<u>\$ 17,202</u>	<u>\$ 29,076</u>	<u>\$ 32,524</u>	<u>\$ 34,658</u>	<u>\$ 31,324</u>
All Other Governmental Funds					
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ 11
Restricted	100,773	131,286	135,755	152,809	107,122
Committed	-	-	-	-	9,279
Assigned	-	-	-	-	974
Unassigned	(28)	(27)	(4,796)	(3,389)	(2,553)
Total All Other Governmental Funds	<u>\$ 100,745</u>	<u>\$ 131,259</u>	<u>\$ 130,959</u>	<u>\$ 149,420</u>	<u>\$ 114,833</u>

CITY OF PEARLAND, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Amounts in (000's)

(Modified Accrual Basis of Accounting)

	2014	2015	2016	2017	2018
Revenues					
Property taxes	\$ 57,378	\$ 62,922	\$ 67,569	\$ 76,562	\$ 83,484
Sales and use taxes	27,295	29,970	31,293	31,976	35,437
Franchise fees	6,484	6,971	7,228	7,263	7,358
Licenses and permits	4,149	4,544	5,677	5,435	4,146
Fines and forfeitures	3,121	3,108	2,931	2,654	2,468
Charges for services	13,078	14,661	15,313	16,015	16,769
Investment earnings	254	433	728	619	1,600
Intergovernmental	2,541	3,197	15,959	16,010	8,579
Other	4,157	7,076	5,065	5,736	7,200
Total Revenues	118,457	132,882	151,763	162,270	167,041
Expenditures					
General government	8,027	10,470	11,609	11,223	11,300
Public safety	29,171	32,229	36,818	40,858	41,273
Public works	8,121	10,298	13,292	17,365	16,968
Community services	3,960	3,408	4,294	4,837	4,313
Parks and recreation	7,816	5,823	6,458	6,419	5,959
Economic development	25,248	25,625	31,051	29,001	29,195
Debt service:					
Principal	15,815	23,790	19,736	24,341	23,547
Interest and other charges	16,373	16,595	15,841	15,221	15,814
Bond issuance costs	-	-	-	-	-
Capital outlay	15,536	24,471	31,982	43,860	43,474
Intergovernmental	4,307	4,792	4,847	6,937	7,168
Total Expenditures	134,374	157,501	175,928	200,062	199,011
Excess of Revenues Over (Under) Expenditures	(15,917)	(24,619)	(24,165)	(37,792)	(31,970)
Other Financing Sources (Uses)					
Transfers in	16,507	17,043	26,062	28,466	24,456
Transfers out	(16,967)	(15,233)	(20,844)	(26,860)	(22,266)
Bonds issued	49,560	81,258	142,701	115,718	24,223
Payment to Escrow Agent	(33,182)	(54,303)	(89,638)	(72,608)	-
Issuance of debt - leases	1,853	574	1,918	-	-
Other	4,784	3,157	-	-	-
Total Other Financing Sources (Uses)	22,555	32,496	60,199	44,716	26,413
Net Change in Fund Balances	\$ 6,638	\$ 7,877	\$ 36,034	\$ 6,924	\$ (5,557)
Debt Service as a Percentage of Noncapital Expenditures	27.0%	29.9%	24.8%	25.3%	24.9%

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Amounts in (000's)

(Modified Accrual Basis of Accounting)

	2019	2020	2021	2022	2023
Revenues					
Property taxes	\$ 90,252	\$ 97,106	\$ 100,528	\$ 101,524	\$ 105,169
Sales and use taxes	34,872	34,928	40,248	44,699	47,418
Franchise fees	7,480	7,270	6,940	6,870	7,383
Licenses and permits	4,198	4,424	4,258	4,613	3,622
Fines and forfeitures	2,712	1,723	1,868	2,112	1,870
Charges for services	17,726	18,714	19,858	23,301	20,521
Investment earnings	3,186	1,583	208	1,006	7,804
Intergovernmental	10,329	19,480	19,880	19,982	9,836
Other	3,947	2,553	3,207	5,201	15,691
Total Revenues	<u>174,702</u>	<u>187,781</u>	<u>196,995</u>	<u>209,308</u>	<u>219,314</u>
Expenditures					
General government	11,173	12,513	19,460	15,957	9,359
Public safety	42,716	47,218	52,191	59,493	64,526
Public works	12,596	11,693	12,483	13,957	12,962
Community services	4,219	4,452	4,249	4,764	4,938
Parks and recreation	6,065	5,483	6,102	6,704	8,749
Economic development	38,288	25,843	29,175	27,346	41,166
Debt service:					
Principal	38,007	27,796	29,577	30,180	28,404
Interest and other charges	15,646	15,939	17,357	17,283	17,660
Bond issuance costs	-	-	-	-	10,285
Capital outlay	39,541	38,359	77,114	57,619	57,848
Intergovernmental	7,325	7,769	7,116	7,289	8,171
Total Expenditures	<u>215,576</u>	<u>197,065</u>	<u>254,824</u>	<u>240,592</u>	<u>264,066</u>
Excess of Revenues Over (Under) Expenditures	(40,874)	(9,284)	(57,829)	(31,284)	(44,753)
Other Financing Sources (Uses)					
Transfers in	34,200	31,561	33,261	35,586	47,258
Transfers out	(22,866)	(26,101)	(27,713)	(29,507)	(46,017)
Bonds issued	44,292	44,798	46,562	44,674	18,155
Payment to Escrow Agent	(12,551)	-	-	-	(4,376)
Issuance of debt - leases	-	-	-	-	106
Other	-	-	7,174	1,155	2
Total Other Financing Sources (Uses)	<u>43,075</u>	<u>50,258</u>	<u>59,284</u>	<u>51,908</u>	<u>15,129</u>
Net Change in Fund Balances	<u>\$ 2,201</u>	<u>\$ 40,974</u>	<u>\$ 1,455</u>	<u>\$ 20,624</u>	<u>\$ (29,624)</u>
Debt Service as a Percentage of Noncapital Expenditures	30.3%	27.6%	26.4%	25.9%	22.3%

SPENDING AND GROWTH ANALYSIS – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Amounts in (000's)

(Modified Accrual Basis of Accounting)

Amounts in (000's)

Expenditures	2014	2015	2016	2017	2018	2019
General government	\$ 8,027	\$ 10,470	\$ 11,609	\$ 11,223	\$ 11,363	\$ 11,173
Public Safety	29,171	32,229	36,818	40,858	41,281	42,716
Public Works	8,121	10,298	13,292	17,365	16,998	12,596
Community Services	3,960	3,408	4,294	4,837	4,313	4,219
Parks & recreation	7,816	5,823	6,458	6,419	5,960	6,065
Economic Development	25,248	25,625	31,051	29,001	29,195	38,288
Debt service:						
Principal	15,815	23,790	19,736	24,341	23,547	38,007
Interest and other charges	16,373	16,595	15,841	15,221	15,814	15,646
Bond issuance costs	-	-	-	-	-	-
Capital outlay	15,536	24,471	31,982	43,860	44,321	39,541
Intergovernmental	4,307	4,792	4,847	6,937	7,168	7,325
Total	\$ 134,374	\$ 157,501	\$ 175,928	\$ 200,062	\$ 199,960	\$ 215,576

Distribution of Spending

General government	6.0%	6.6%	6.6%	5.6%	5.7%	5.2%
Public Safety	21.7%	20.5%	20.9%	20.4%	20.6%	19.8%
Public Works	6.0%	6.5%	7.6%	8.7%	8.5%	5.8%
Community Services	2.9%	2.2%	2.4%	2.4%	2.2%	2.0%
Parks & recreation	5.8%	3.7%	3.7%	3.2%	3.0%	2.8%
Economic Development	18.8%	16.3%	17.6%	14.5%	14.6%	17.8%
Debt service:						
Principal	11.8%	15.1%	11.2%	12.2%	11.8%	17.6%
Interest and other charges	12.2%	10.5%	9.0%	7.6%	7.9%	7.3%
Bond issuance costs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital outlay	11.6%	15.5%	18.2%	21.9%	22.2%	18.3%
Intergovernmental	3.2%	3.0%	2.8%	3.5%	3.6%	3.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Adjusted for CPI

POPULATION	106,900	112,300	117,100	121,500	125,198	127,500
PER CAPITA	\$ 1,257	\$ 1,403	\$ 1,502	\$ 1,647	\$ 1,590	\$ 1,691

SPENDING AND GROWTH ANALYSIS – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Amounts in (000's)

(Modified Accrual Basis of Accounting)

<u>Amounts in (000's)</u> <u>Expenditures</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Ten Year % CHG</u>	<u>Average Compounded Growth Rate</u>
General government	\$ 12,513	\$ 19,460	\$ 15,957	\$ 9,359	16.6%	1.55%
Public Safety	47,218	52,191	59,493	64,526	121.2%	8.26%
Public Works	11,693	12,483	13,957	12,962	59.6%	4.79%
Community Services	4,452	4,249	4,764	4,938	24.7%	2.23%
Parks & recreation	5,483	6,102	6,704	8,749	11.9%	1.13%
Economic Development	25,843	29,175	27,346	41,166	63.0%	5.01%
Debt service:						
Principal	27,796	29,577	30,180	28,404	79.6%	6.03%
Interest and other charges	15,939	17,357	17,283	17,660	7.9%	0.76%
Bond issuance costs	-	-	-	10,285	0.0%	0.00%
Capital outlay	38,359	77,114	57,619	57,848	272.3%	14.05%
Intergovernmental	7,769	7,116	7,289	8,171	89.7%	6.61%
Total	<u>\$ 197,065</u>	<u>\$ 254,824</u>	<u>\$ 240,592</u>	<u>\$ 264,066</u>	96.5%	6.99%

Distribution of Spending

General government	6.3%	7.6%	6.6%	3.5%
Public Safety	24.0%	20.5%	24.8%	24.4%
Public Works	5.9%	4.9%	5.8%	4.9%
Community Services	2.3%	1.7%	2.0%	1.9%
Parks & recreation	2.8%	2.4%	2.8%	3.3%
Economic Development	13.1%	11.4%	11.4%	15.6%
Debt service:				
Principal	14.1%	11.6%	12.5%	10.8%
Interest and other charges	8.1%	6.8%	7.2%	6.7%
Bond issuance costs	0.0%	0.0%	0.0%	3.9%
Capital outlay	19.5%	30.3%	23.9%	21.9%
Intergovernmental	3.9%	2.8%	3.0%	3.1%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Adjusted for CPI

					<u>Growth Rate</u>
POPULATION	131,448	125,828	129,600	124,478	1.53%
PER CAPITA	\$ 1,499	\$ 2,025	\$ 1,856	\$ 2,121	5.37%

CITY OF PEARLAND, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Tax Year		Residential	Commercial	Personal Property	Less Tax Exempt Property
2014	2013	\$	5,530,854,515	\$ 1,966,675,342	\$ 614,461,500	\$ (627,308,465)
2015	2014		6,000,588,340	2,035,398,664	670,832,220	(673,524,095)
2016	2015		6,687,172,478	2,200,841,575	677,182,023	(677,182,023)
2017	2016		7,800,700,555	2,552,439,217	776,125,452	(835,697,201)
2018	2017		8,160,296,748	3,201,012,344	801,094,174	(916,937,992)
2019	2018		8,388,984,355	3,467,102,770	880,377,068	(882,979,174)
2020	2019		8,795,872,742	3,632,391,578	1,018,446,748	(903,424,894)
2021	2020		10,759,083,987	1,941,047,529	865,343,567	(974,936,904)
2022	2021		11,111,640,283	1,901,930,199	797,254,587	(1,020,672,002)
2023	2022		12,134,105,105	5,006,577,583	847,748,246	(500,663,865)

Notes:

- (1) Assessed values presented here are for the City and Tax Increment Reinvestment Zone.
- (2) Assessed value based on adjusted tax roll at year end.

CITY OF PEARLAND, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Tax Year	Less Other Exemptions and Abatements	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percent of Actual Taxable Value
2014	2013	\$ (487,709,374)	\$ 6,996,973,518	0.705100	\$ 6,996,973,518	100%
2015	2014	(452,738,140)	7,580,556,989	0.712100	7,580,556,989	100%
2016	2015	(423,238,764)	8,464,775,289	0.705300	8,464,775,289	100%
2017	2016	(571,315,443)	9,722,252,580	0.681200	9,722,252,580	100%
2018	2017	(681,810,199)	10,563,655,075	0.685059	10,563,655,075	100%
2019	2018	(904,072,816)	10,949,412,203	0.709158	10,949,412,203	100%
2020	2019	(1,004,810,809)	11,538,475,365	0.741200	11,538,475,365	100%
2021	2020	(813,268,531)	11,777,269,648	0.720000	11,777,269,648	100%
2022	2021	(908,022,173)	11,882,130,894	0.701000	11,882,130,894	100%
2023	2022	(3,976,862,058)	13,510,905,011	0.623765	13,510,905,011	100%

Notes:

- (1) Assessed values presented here are for the City and Tax Increment Reinvestment Zone.
- (2) Assessed value based on adjusted tax roll at year end.

CITY OF PEARLAND, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(rate per \$100 of assessed value)

Fiscal Year	City of Pearland			Overlapping Rates (a)				
	M & O Rate	I & S Rate	Total Direct	Pearland Independent School District	Pasadena Independent School District	Alvin Independent School District	Alvin Comm College	Brazoria County
2014	\$ 0.215	\$ 0.490	\$ 0.705	\$ 1.416	\$ 1.350	\$ 1.329	\$ 0.194	\$ 0.492
2015	0.222	0.490	0.712	1.416	1.350	1.417	0.204	0.499
2016	0.223	0.483	0.705	1.416	1.350	1.417	0.204	0.486
2017	0.241	0.440	0.681	1.416	1.350	1.450	0.192	0.457
2018	0.255	0.430	0.685	1.416	1.480	1.450	0.181	0.440
2019	0.279	0.430	0.709	1.416	1.416	1.450	0.188	0.368
2020	0.307	0.434	0.741	1.396	1.378	1.398	0.186	0.365
2021	0.305	0.415	0.720	1.319	1.383	1.398	0.183	0.392
2022	0.309	0.392	0.701	1.315	1.316	1.398	0.183	0.387
2023	0.285	0.339	0.624	1.308	1.335	1.378	0.164	0.391

Source: Brazoria County, Harris County, and Fort Bend County Appraisal Districts.

^(a) Overlapping rates are those of local and county governments that apply to property owners within the City of Pearland. Not all overlapping rates apply to all Pearland property owners. For example, the county property tax rates apply to all.

CITY OF PEARLAND, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(rate per \$100 of assessed value)

Fiscal Year	Overlapping Rates (a)							
	Fort Bend County	Harris County	Port of Houston Authority	Harris County Flood Control	Harris County Hospital District	Harris County Dept of Education	Brazoria/Ft Bend MUD No. 1	MUD No. 17
2014	\$ 0.500	\$ 0.415	\$ 0.017	\$ 0.028	\$ 0.170	\$ 0.006	\$ 0.850	\$ 0.544
2015	0.495	0.417	0.015	0.027	0.170	0.006	0.850	0.520
2016	0.486	0.419	0.013	0.027	0.170	0.005	0.848	0.460
2017	0.474	0.417	0.013	0.028	0.172	0.005	0.848	0.410
2018	0.458	0.418	0.013	0.028	0.171	0.005	0.848	0.380
2019	0.445	0.419	0.012	0.029	0.171	0.005	0.848	0.380
2020	0.445	0.407	0.011	0.028	0.166	0.005	0.848	0.360
2021	0.436	0.391	0.010	0.031	0.167	0.005	0.848	0.340
2022	0.457	0.377	0.009	0.034	0.162	0.005	0.848	0.330
2023	0.457	0.344	0.008	0.031	0.148	0.005	0.848	0.300

Source: Brazoria County, Harris County, and Fort Bend County Appraisal Districts.

^(a) Overlapping rates are those of local and county governments that apply to property owners within the City of Pearland. Not all overlapping rates apply to all Pearland property owners. For example, the county property tax rates apply to all.

CITY OF PEARLAND, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(rate per \$100 of assessed value)

Overlapping Rates (a)

Fiscal Year	MUD No. 18	MUD No. 19	MUD No. 23	MUD No. 26	MUD No. 28	MUD No. 34	MUD No. 35
2014	\$ 0.510	\$ 0.550	\$ 0.600	\$ 0.690	\$ 0.820	\$ 0.850	\$ 1.020
2015	0.470	0.510	0.580	0.690	0.820	0.850	1.020
2016	0.390	0.450	0.540	0.690	0.820	0.820	1.020
2017	0.350	0.400	0.480	0.690	0.820	0.800	1.020
2018	0.310	0.380	0.470	0.690	0.820	0.800	1.000
2019	0.310	0.360	0.460	0.690	0.820	0.780	1.000
2020	0.290	0.350	0.460	0.690	0.820	0.750	1.000
2021	0.270	0.310	0.460	0.530	0.820	0.730	1.000
2022	0.250	0.290	0.440	0.100	0.820	0.690	1.000
2023	0.225	0.270	0.440	0.090	0.760	0.620	1.000

Source: Brazoria County, Harris County, and Fort Bend County Appraisal Districts.

^(a) Overlapping rates are those of local and county governments that apply to property owners within the City of Pearland. Not all overlapping rates apply to all Pearland property owners. For example, the county property tax rates apply to all.

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 49,096,473	\$ 48,802,720	99.40%	\$ 246,723	\$ 49,049,443	99.9%
2015	53,463,919	53,175,174	99.46%	186,651	53,361,825	99.8%
2016	58,829,331	58,545,664	99.52%	136,250	58,681,914	99.7%
2017	64,977,413	64,579,894	99.39%	220,965	64,800,859	99.7%
2018	70,633,922	70,216,601	99.41%	226,461	70,443,062	99.7%
2019	75,680,458	75,276,247	99.47%	222,017	75,498,264	99.8%
2020	83,055,340	82,617,167	99.47%	-	82,617,167	99.5%
2021	86,120,247	85,751,572	99.57%	-	85,751,572	99.6%
2022	87,070,808	86,638,471	99.50%	-	86,638,471	99.5%
2023	87,756,604	87,297,753	99.48%	-	87,297,753	99.5%

Source: Brazoria County Tax Office

Note: Taxes levied based on adjusted tax roll.



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

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
HCA Healthcare Corp	\$111,400,270	1	0.82%	\$18,981,110	10	0.27%
Pearland Town Center LP	108,926,840	2	0.81%	66,757,240	2	0.95%
Shadow Creek Parkway	91,242,827	3	0.68%	27,100,030	6	0.39%
Mar Shadow Creek LP	84,000,000	4	0.62%			
Lonza INC Houston	64,693,542	5	0.48%			
Zeller	60,286,566	6	0.45%			
WRPV XIV SC Pearland LLC	60,142,320	7	0.45%			
Azure Townes LP	53,000,000	8	0.39%			
Brazoria-SCR Associates LLC & Shadow Creek Associates	53,000,000	8	0.39%			
SPUS8 Shadow Creek	51,900,000	10	0.38%			
Weatherford U.S., Inc.				69,914,860	1	1.00%
Global Pipe Supply				51,522,280	3	0.74%
Amreit SPF Shadow Creek, LP				47,959,306	4	0.69%
Centerpoint Energy, Inc.				32,832,920	5	0.47%
Discovery Shadow Creek				25,330,000	7	0.36%
Shadow Kirby LTD Partnership				25,000,000	8	0.36%
Walmart Real Estate BUS TR				23,179,360	9	0.33%
Total	\$ 738,592,365		5.47%	\$ 388,577,106		5.55%

Source: Brazoria County Appraisal District

CITY OF PEARLAND, TEXAS

TAXABLE SALES BY CATEGORY

*Last Ten Fiscal Years
(in thousands of dollars)*

	Calendar Year				
	2014	2015	2016	2017	2018
Retail Trade	\$ 871,813	\$ 961,565	\$ 999,033	\$ 1,042,624	\$ 1,056,690
Accommodations & Food Services	240,961	272,540	298,860	316,070	341,462
Real Estate/Rental/Leasing	61,392	48,024	32,786	44,540	44,467
Manufacturing	51,274	41,175	40,192	39,860	39,133
Wholesale Trade	42,915	41,491	48,114	49,702	56,347
Other Services (Except Public Admin)	38,539	40,373	40,181	41,711	43,812
Information	29,602	33,614	33,449	35,824	39,187
Construction	26,350	32,168	24,655	21,363	27,310
Arts, Entertainment & Recreation	14,692	15,555	16,020	16,344	17,127
Mining, Quarrying, Oil and Gas	14,520	7,285	8,141	11,682	11,125
Admin/Support/Waste Mgmt/ Remediation	12,963	12,808	12,725	14,489	16,918
Professional/Scientific/Technical	10,531	11,307	12,177	6,689	8,371
Health Care/Social Assistance	3,205	5,007	2,307	3,751	3,355
Finance, Insurance	1,483	2,226	2,182	2,108	1,906
Agriculture, Forestry, Fishing	728	1,609	2,112	3,471	2,496
Transportation/Warehousing	406	285	372	560	678
Educational Services	350	393	406	439	512
Utilities	7	-	-	-	-
Total	\$ 1,421,731	\$ 1,527,425	\$ 1,573,712	\$ 1,651,227	\$ 1,710,896
City direct sales tax rate ^a	1.00%	1.00%	1.00%	1.00%	1.00%

Source: Source: State Comptroller's Office: <https://mycpa.cpa.state.tx.us/allocation/HistSales>

^a The City direct sales tax rate includes the City only and excludes the Pearland Economic Development Corp.

TAXABLE SALES BY CATEGORY

*Last Ten Fiscal Years
(in thousands of dollars)*

	Calendar Year				
	2019	2020	2021	2022	2023
Retail Trade	\$ 1,030,791	\$ 1,056,636	\$ 1,252,310	\$ 1,295,200	\$ 1,290,850
Accommodations & Food Services	375,329	343,407	435,702	473,006	503,718
Real Estate/Rental/Leasing	-	39,671	30,393	71,531	85,434
Manufacturing	32,215	20,889	21,765	28,015	25,555
Wholesale Trade	58,202	47,894	61,786	63,330	25,493
Other Services (Except Public Admin)	42,928	41,106	50,165	61,008	71,273
Information	34,340	22,832	26,644	29,577	28,941
Construction	33,948	31,595	36,189	41,704	40,043
Arts, Entertainment & Recreation	-	15,182	19,263	21,370	23,515
Mining, Quarrying, Oil and Gas	3,794	2,287	2,528	5,519	8,098
Admin/Support/Waste Mgmt/ Remediation	-	17,681	18,258	18,933	18,525
Professional/Scientific/Technical	30,721	8,852	11,512	10,593	12,896
Health Care/Social Assistance	-	4,386	3,175	4,072	4,472
Finance, Insurance	43,987	1,853	3,094	2,036	1,663
Agriculture, Forestry, Fishing	-	2,049	3,654	2,737	2,462
Transportation/Warehousing	763	538	234	326	344
Educational Services	5,103	390	1,017	1,085	1,295
Utilities	-	5	284	511	607
Total	\$ 1,692,121	\$ 1,657,253	\$ 1,977,973	\$ 2,130,553	\$ 2,145,185
City direct sales tax rate ^a	1.00%	1.00%	1.00%	1.00%	1.00%

Source: Source: State Comptroller's Office: <https://mycpa.cpa.state.tx.us/allocation/HistSales>

^a The City direct sales tax rate includes the City only and excludes the Pearland Economic Development Corp.

OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Governmental Activities									
Fiscal Year	General Obligation			Revenue Bonds	Revenue Bonds - Private	Unamortized Premiums/ (Discounts)	Financed Purchases	Leases Payable	SBITAs Payable
	General Obligation Bonds	Bonds - Private	Certificates of Obligation						
2014	\$ 246,791	\$ -	\$ 56,505	\$ 80,186	\$ -	\$ 10,122	\$ 4,344	\$ -	\$ -
2015	261,998	-	50,030	77,012	-	16,185	3,629	-	-
2016	262,865	-	50,070	91,370	-	18,793	4,229	-	-
2017	283,140	-	37,505	97,215	-	25,832	1,838	-	-
2018	278,175	-	41,750	98,025	-	23,844	1,282	-	-
2019	269,520	-	51,620	85,065	-	26,639	761	-	-
2020	268,680	-	66,405	81,445	-	29,963	541	-	-
2021	260,840	-	86,220	73,235	-	38,710	381	-	-
2022	265,615	-	101,660	64,810	-	36,213	131	42	-
2023	246,090	4,420	89,950	56,160	12,185	29,644	-	109	6,370

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

CITY OF PEARLAND, TEXAS

OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Business-Type Activities

Fiscal Year	Revenue Bonds	Certificates of Obligation	Permanent Improvement Bonds	Unamortized Premiums/ (Discounts)	Financed Purchases	Leases Payable	SBITAs Payable
2014	\$ 102,517	\$ -	\$ 12,865	\$ 592	\$ 169	\$ -	\$ -
2015	108,099	-	11,305	659	82	-	-
2016	173,570	-	9,775	850	375	-	-
2017	196,200	-	7,360	9,395	257	-	-
2018	214,705	-	4,845	10,897	173	-	-
2019	232,415	-	4,480	16,808	86	-	-
2020	335,435	-	4,110	16,168	-	-	-
2021	400,840	-	3,020	16,917	-	-	-
2022	382,785	45,710	2,710	18,575	-	-	-
2023	363,085	45,710	2,380	16,073	-	-	-

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

CITY OF PEARLAND, TEXAS

OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Total Primary Government	Percentage of Personal Income	Total Per Capita
2014	\$ 516,105	13.2%	\$ 4,709
2015	531,014	12.6%	4,561
2016	613,913	13.2%	5,243
2017	660,759	15.3%	5,438
2018	675,714	13.2%	5,397
2019	689,413	13.4%	5,490
2020	804,767	15.1%	6,296
2021	882,184	14.6%	6,696
2022	920,273	15.3%	7,085
2023	874,198	14.9%	7,023

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

CITY OF PEARLAND, TEXAS
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Tax Year	General Bonded Debt ^a	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Percentage of Personal Income ^b	Per Capita ^b
2014	2013	\$ 303,296	\$ (4,643)	\$ 298,653	4.3%	7.8%	\$ 2,794
2015	2014	312,028	(4,536)	307,492	4.1%	7.6%	2,738
2016	2015	312,935	(5,034)	307,901	3.6%	6.6%	2,629
2017	2016	320,645	(8,276)	312,369	3.2%	7.3%	2,571
2018	2017	319,925	(5,911)	314,014	3.0%	6.1%	2,508
2019	2018	321,140	(6,797)	314,343	2.9%	5.9%	2,465
2020	2019	335,085	(5,427)	329,658	2.9%	5.5%	2,508
2021	2020	347,060	(5,427)	341,633	2.9%	5.7%	2,636
2022	2021	367,275	(3,436)	363,839	3.1%	6.3%	2,807
2023	2022	340,460	(3,370)	337,090	2.5%	5.8%	2,708

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

^a Includes general obligation bonds, certificates of obligation.

^b Population and personal income data can be found in demographic and economic statistics table.

CITY OF PEARLAND, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2023 and 2022

Taxing Jurisdiction	Debt as of		Overlapping	
	September 30, 2023	Percent	Amount	
Alvin Community College District	\$ 21,940,000	23.60%	\$ 5,177,840	
Alvin Independent School District	936,195,000	27.76%	259,887,732	
Brazoria County	207,948,313	19.70%	40,965,818	
Brazoria County MUD No. 6	6,435,000	0.29%	18,662	
Brazoria County MUD No. 17	14,655,000	100.00%	14,655,000	
Brazoria County MUD No. 18	14,870,000	100.00%	14,870,000	
Brazoria County MUD No. 19	17,320,000	100.00%	17,320,000	
Brazoria County MUD No. 21	22,750,000	1.69%	384,475	
Brazoria County MUD No. 22	60,660,000	1.90%	1,152,540	
Brazoria County MUD No. 23	11,940,000	100.00%	11,940,000	
Brazoria County MUD No. 28	53,905,000	100.00%	53,905,000	
Brazoria County MUD No. 34	29,470,000	100.00%	29,470,000	
Brazoria County MUD No. 35	6,960,000	100.00%	6,960,000	
Brazoria-Fort Bend Counties MUD No. 1	37,125,000	100.00%	37,125,000	
Clear Creek Independent School District	993,980,000	0.95%	9,442,810	
Fort Bend County	954,413,703	0.64%	6,108,248	
Fort Bend County Drainage District	23,615,000	0.64%	151,136	
Friendswood Independent School District	189,905,000	0.04%	75,962	
Harris County (a)	1,977,981,319	0.27%	5,340,550	
Harris County Dept. of Education	13,865,000	0.27%	37,436	
Harris County Flood Control District	1,009,015,000	0.27%	2,724,341	
Harris County Hospital District	70,970,000	0.27%	191,619	
Harris-Brazoria Counties MUD No. 509	56,005,000	100.00%	56,005,000	
Houston Community College District	446,665,000	0.24%	1,071,996	
Houston Independent School District	2,077,325,000	0.27%	5,608,778	
Lower Kirby Pearland Management District	33,860,000	100.00%	33,860,000	
Pasadena Independent School District	760,255,000	2.62%	19,918,681	
Pearland Independent School District	358,840,000	78.37%	281,222,908	
Port of Houston Authority	445,749,397	0.27%	1,203,523	
San Jacinto Community College District	537,657,427	1.14%	6,129,295	
Total estimated Overlapping			<u>922,924,350</u>	
The City	\$ 340,460,000	100.00%	<u>340,460,000</u>	
Total Direct and Estimated Overlapping Debt			<u><u>\$ 1,263,384,350</u></u>	
Population			124,478	
Per Capita Debt - Direct and Overlapping Debt			\$ 10,149	

Source: Individual jurisdictions and/or Texas Municipal Reports.

(a) Harris County Toll Road Certificates are considered self-supporting and are not included in the amount shown for Harris County.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2023 and 2022

Taxing Jurisdiction	Debt as of		Overlapping	
	September 30, 2022	Percent	Amount	
Alvin Community College District	\$ 26,515,000	22.94%	\$ 6,082,541	
Alvin Independent School District	879,220,000	26.26%	230,883,172	
Brazoria County	56,490,000	19.70%	11,128,530	
Brazoria County MUD No. 6	10,290,000	0.31%	31,899	
Brazoria County MUD No. 17	17,670,000	100.00%	17,670,000	
Brazoria County MUD No. 18	19,435,000	100.00%	19,435,000	
Brazoria County MUD No. 19	21,215,000	100.00%	21,215,000	
Brazoria County MUD No. 21	24,545,000	1.70%	417,265	
Brazoria County MUD No. 22	45,085,000	1.90%	856,615	
Brazoria County MUD No. 23	11,900,000	100.00%	11,900,000	
Brazoria County MUD No. 28	4,530,000	100.00%	4,530,000	
Brazoria County MUD No. 34	54,840,000	100.00%	54,840,000	
Brazoria County MUD No. 35	34,665,000	100.00%	34,665,000	
Brazoria-Fort Bend Counties MUD No. 1	55,505,000	100.00%	55,505,000	
Clear Creek Independent School District	1,011,865,000	0.92%	9,309,158	
Fort Bend County	547,784,567	0.64%	3,505,821	
Fort Bend County Drainage District	24,530,000	0.64%	156,992	
Friendswood Independent School District	196,190,000	0.03%	58,857	
Harris County (a)	1,093,033,215	0.27%	2,951,190	
Harris County Dept. of Education	6,320,000	0.27%	17,064	
Harris County Flood Control District	713,005,000	0.27%	1,925,114	
Harris County Hospital District	81,540,000	0.27%	220,158	
Harris-Brazoria Counties MUD No. 509	41,165,000	100.00%	41,165,000	
Houston Community College District	469,970,000	0.24%	1,127,928	
Houston Independent School District	2,336,360,000	0.16%	3,738,176	
Lower Kirby Pearland Management District	28,510,000	100.00%	28,510,000	
Pasadena Independent School District	714,955,000	2.62%	18,731,821	
Pearland Independent School District	401,235,000	79.26%	318,018,861	
Port of Houston Authority	469,434,000	0.27%	1,267,472	
San Jacinto Community College District	551,322,427	1.14%	6,285,076	
Total estimated Overlapping			906,148,710	
The City	\$ 415,695,000	100.00%	415,695,000	
Total Direct and Estimated Overlapping Debt			<u>\$ 1,321,843,710</u>	
Population			129,600	
Per Capita Debt - Direct and Overlapping Debt			<u>\$ 10,199</u>	

Source: Individual jurisdictions and/or Texas Municipal Reports.

(a) Harris County Toll Road Certificates are considered self-supporting and are not included in the amount shown for Harris County.

CITY OF PEARLAND, TEXAS

PLEDGE REVENUE COVERAGE

Last Ten Fiscal Years

Amounts in (000's)

Water & Sewer Revenue Bonds

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2013	\$ 29,607	\$ 17,423	\$ 12,184	\$ 3,615	\$ 4,724	\$ 8,339	1.46
2014	29,341	17,707	11,634	3,765	4,584	8,349	1.39
2015	30,744	18,767	11,977	3,920	4,622	8,542	1.40
2016	44,163	21,167	22,996	7,630	4,918	12,548	1.83
2017	52,005	24,178	27,827	9,195	4,297	13,492	2.06
2018	56,960	24,247	32,713	10,630	5,129	15,759	2.08
2019	61,001	22,340	38,661	11,770	6,586	18,356	2.11
2020	56,221	26,128	30,093	15,935	6,867	22,802	1.32
2021	52,681	25,550	27,131	18,055	9,743	27,798	0.98
2022	56,590	26,245	30,345	19,700	7,372	27,072	1.12
2023	75,836	31,664	44,172	18,895	6,975	25,870	1.71

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses. Debt service excludes Permanent Improvement Bonds paid with system revenues, as those bonds do not require bond coverage.

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

Fiscal Year	Population (A)	Personal Income (in \$000's)	Per Capita Personal Income	Median Age (B)	Education Level in Years of Schooling	School Enrollment (B)	Unemployment Rate (C)
2014	106,900	\$ 3,822,958	\$ 35,762	34.6	14.2	23,075	4.3%
2015	112,300	4,063,014	36,180	34.6	14.2	23,241	3.3%
2016	117,100	4,637,394	39,602	33.9	14.2	24,096	3.8%
2017	121,500	4,305,839	35,439	36.1	14.2	24,400	4.0%
2018	125,198	5,134,370	41,010	34.7	14.2	30,739	3.5%
2019	127,500	5,313,435	41,674	35.3	14.2	37,400	2.7%
2020	131,448	6,015,060	45,760	36.1	14.2	28,568	6.7%
2021	129,600	6,015,060	46,413	36.1	14.2	28,568	4.1%
2022	129,600	5,758,128	44,430	35.3	14.2	28,568	3.2%
2023	124,478	5,860,050	47,077	36.2	14.2	28,867	3.9%

(A) Pearland Economic Development Corporation, 2022 American Community Survey five-year estimate (S0101).

(B) Pearland Economic Development Corporation, 2022 American Community Survey five-year estimate (DP03).

(C) Bureau of Labor Statistics, Local Area Unemployment Statistics (Laus) Report, 2023

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

<u>Employer</u>	<u>2023</u>			<u>2014</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>
Pearland ISD	2,700	1	4.07%	2,472	1	5.42%
Kelsey Seybold	1,221	2	1.84%	850	2	1.86%
Lonza	950	3	1.43%			
City of Pearland	850	4	1.28%	614	3	1.35%
Alvin ISD	753	5	1.13%	352	5	0.77%
Memorial Hermann	550	6	0.83%			
HCA (Pearland Medical Center)	450	7	0.68%			
Dover Energy	240	8	0.36%			
Kemlon	240	9	0.36%	390	4	0.86%
Third Coast	225	10	0.34%			
Davis Lynch (Forum Energy)	-			300	6	0.66%
Packaging Service Co.	-			230	7	0.50%
Texas Honing	-			190	8	0.42%
TurboCare	-			175	9	0.38%
Weatherford	-			160	10	0.35%
Total	<u>8,179</u>		<u>12.32%</u>	<u>5,733</u>		<u>12.57%</u>

Sources:

Pearland Economic Development Corp.

*For 2023, the above list does not include retail employers, such as Wal-Mart, Super Target, Lowe's, Home Depot, HEB.

CITY OF PEARLAND, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNEMENT
EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
General Government	45	52	62	52	54	55	66	64	98	94
Public Safety	313	339	370	370	379	390	408	424	433	442
Public Works	60	67	54	65	73	85	80	76	60	64
Community Services	53	40	42	50	46	46	48	47	49	49
Parks and Recreation	99	88	89	84	89	90	94	97	98	114
Business Type Activities:										
Water & Sewer	101	105	106	109	114	108	117	134	148	147
Component Unit:										
Economic Development	9	5	5	5	6	6	6	6	7	7
Total	680	696	728	735	761	780	819	848	893	917

Source: City Budget

CITY OF PEARLAND, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018
GENERAL GOVERNMENT					
Finance					
Number of purchase orders	2,640	2,377	2,159	589	1,811
Number of budget transfers	548	489	362	750	552
Number of invoices paid	21,486	22,212	26,675	24,548	21,547
Average number of employees paid per month	1,548	1,523	1,536	1,704	1,641
Human Resources					
Number of hires	98	131	194	170	163
Number of applications received	8,507	9,132	10,420	13,010	15,452
Legal					
Number of resolutions and ordinances prepared	243	271	279	276	290
Information Technology					
Average monthly service requests	838	854	871	894	325
Number of PC's supported	575	649	680	706	715
PUBLIC SAFETY					
Police					
Part 1 Crimes	2,098	2,411	2,202	2,193	1,962
Traffic Crashes	1,590	1,761	1,728	1,813	2,150
Arrests	6,705	5,781	5,044	4,865	4,844
Citizen Calls for Service	29,744	31,474	31,744	31,945	31,579
Traffic Stops	43,783	33,472	35,764	37,025	33,101
Priority 1 Average Response Time	3:50	4:16	4:11	3:40	4:03
Fire					
Total number of arson incidents	7	1	7	4	2
Fires investigated	25	20	27	19	15
Total annual inspections	1,644	1,640	1,244	2,607	3,123
Total code violation cases	2,140	4,596	2,560	2,302	2,034
Total calls for service	15,048	17,407	9,904	9,965	10,666
Patients treated	6,936	7,180	6,117	4,610	6,273

Sources: Various city departments.

CITY OF PEARLAND, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2019	2020	2021	2022	2023
GENERAL GOVERNMENT					
Finance					
Number of purchase orders	1,673	1,724	2,090	2,126	1,837
Number of budget transfers	509	472	475	609	409
Number of invoices paid	17,641	16,482	17,387	16,424	17,635
Average number of employees paid per month	1,665	1,713	1,800	845	866
Human Resources					
Number of hires	183	161	212	242	259
Number of applications received	17,382	16,610	12,226	12,450	11,542
Legal					
Number of resolutions and ordinances prepared	340	307	310	308	342
Information Technology					
Average monthly service requests	400	347	380	335	297
Number of PC's supported	732	782	810	794	765
PUBLIC SAFETY					
Police					
Part 1 Crimes	2,175	1,934	1,876	2,325	2,282
Traffic Crashes	2,150	1,719	1,857	1,850	1,942
Arrests	4,604	2,613	3,018	3,903	3,752
Citizen Calls for Service	32,548	30,341	31,092	33,842	33,523
Traffic Stops	33,559	21,764	26,806	30,710	28,766
Priority 1 Average Response Time	3:53	3:59	4:00	4:29	4:13
Fire					
Total number of arson incidents	2	4	9	8	2
Fires investigated	23	60	47	54	83
Total annual inspections	1,263	1,155	569	589	623
Total code violation cases	2,387	1,577	1,866	1,321	798
Total calls for service	10,720	10,587	12,677	13,114	13,548
Patients treated	7,181	7,618	8,891	7,788	10,398

Sources: Various city departments.

CITY OF PEARLAND, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program (continued)	2014	2015	2016	2017	2018
PUBLIC WORKS					
Fleet Maintenance					
Fleet maintenance jobs completed	3,860	3,887	1,452	1,797	1,382
Preventative maintenance performed	610	437	750	742	663
Other Public Works					
Fuel issued (gallons)	353,890	332,745	265,669	331,005	315,941
Street sweeping (miles)	871	648	1,160	1,112	1,815
Street signs maintained/replaced	993	1,477	1,370	1,179	1,471
Total work orders completed	21,212	25,873	31,163	25,688	24,529
PARKS AND RECREATION					
All Parks and recreation					
ROW maintained - acres	251	550	459	327	345
Trees maintained	6,313	6,430	7,922	8,355	8,523
Acres of city property mowed	1,035	1,116	632	664	443
Total number of park work orders received	180	147	190	114	147
Parkland - acres	138	138	337	388	392
Total number of special events held	20	19	16	19	17
Total number of tournaments held	3	-	26	-	5
Number of recreation classes offered ⁽¹⁾	272	306	384	265	868
Average monthly attendance (all locations) ⁽²⁾	21,366	14,371	19,636	16,814	24,035

Sources: Various city departments.

Information not presented was not available at time of publication.

⁽¹⁾ In FY2020 and FY2021, recreation classes were cancelled due to COVID-19.

⁽²⁾ In FY2020 and FY2021, attendance was down due to COVID-19.

CITY OF PEARLAND, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program (continued)	2019	2020	2021	2022	2023
PUBLIC WORKS					
Fleet Maintenance					
Fleet maintenance jobs completed	1,998	1,632	1,704	1,699	1,219
Preventative maintenance performed	856	645	721	784	340
Other Public Works					
Fuel issued (gallons)	323,734	351,123	277,230	375,002	397,177
Street sweeping (miles)	497	564	453	671	663
Street signs maintained/replaced	1,511	4,638	662	856	459
Total work orders completed	20,791	17,696	17,431	16,153	5,171
PARKS AND RECREATION					
All Parks and recreation					
ROW maintained - acres	404	381	299	353	334
Trees maintained	8,873	9,223	10,873	13,688	14,030
Acres of city property mowed	523	523	561	561	817
Total number of park work orders received	55	19	22	51	65
Parkland - acres	547	547	547	547	547
Total number of special events held	23	13	11	35	44
Total number of tournaments held	12	18	19	9	11
Number of recreation classes offered ⁽¹⁾	908	289	237	1,735	2,705
Average monthly attendance (all locations) ⁽²⁾	19,518	9,661	9,872	33,371	21,416

Sources: Various city departments.

Information not presented was not available at time of publication.

⁽¹⁾ In FY2020 and FY2021, recreation classes were cancelled due to COVID-19.

⁽²⁾ In FY2020 and FY2021, attendance was down due to COVID-19.

Function/Program (continued)	2014	2015	2016	2017	2018
COMMUNITY SERVICES					
Animal Control					
Animal Services Calls for Service	5,822	5,230	5,484	5,153	4,699
Animal Shelter Live Release %	48%	53%	54%	56%	56%
Inspection Services					
Total building inspections	28,434	36,497	37,206	34,880	36,774
Total permits issued	13,972	18,186	14,612	13,075	8,894
Number of plans reviewed	1,185	1,584	1,349	1,278	1,971
Municipal Court					
Number of trials ⁽³⁾	839	856	443	656	567
Number of charges ⁽³⁾	23,182	19,223	17,611	16,334	15,463
Warrants cleared ⁽³⁾	9,050	7,476	7,525	8,463	5,801
WATER & SEWER					
Distribution and Collection					
Fire hydrant maintenance and inspections ⁽⁴⁾	837	612	854	186	114
Backed up sewer repairs	334	305	497	545	308
Water mains repaired	111	189	120	102	126
Water Production					
Water produced - wells (in millions of gallons)	2,470	1,933	2,190	2,417	3,024
Surface Water Purchased (in millions of gallons)	2,133	2,276	2,517	2,584	2,545
Billing & Collections					
Annual meter reads	414,499	428,265	445,154	461,502	467,910
Number of bills	388,338	400,662	417,312	471,549	445,446
Wastewater Treatment					
Wastewater treated (in millions of gallons)	2,493	3,067	3,367	3,455	3,308

Sources: Various city departments.

Information not presented was not available at time of publication.

⁽³⁾ In FY2020 and FY2021, COVID-19 impacted Municipal Court operations.

⁽⁴⁾ Prior to FY2020, fire hydrant maintenance and inspections was contracted out.

Function/Program (continued)	2019	2020	2021	2022	2023
COMMUNITY SERVICES					
Animal Control					
Animal Services Calls for Service	4,582	4,596	5,237	4,420	2,612
Animal Shelter Live Release %	55%	80%	94%	93%	94%
Inspection Services					
Total building inspections	36,481	30,781	29,525	27,919	22,848
Total permits issued	7,270	5,545	11,066	10,794	8,365
Number of plans reviewed	2,419	2,196	1,926	2,052	1,619
Municipal Court					
Number of trials ⁽³⁾	664	390	233	506	175
Number of charges ⁽³⁾	19,020	9,577	11,351	13,159	11,222
Warrants cleared ⁽³⁾	6,095	3,757	3,873	4,866	3,879
WATER & SEWER					
Distribution and Collection					
Fire hydrant maintenance and inspections ⁽⁴⁾	87	2,358	903	1,412	75
Backed up sewer repairs	196	233	178	60	277
Water mains repaired	125	114	121	252	180
Water Production					
Water produced - wells (in millions of gallons)	2,333	3,816	2,211	2,939	2,809
Surface Water Purchased (in millions of gallons)	2,754	2,975	2,506	2,533	3,002
Billing & Collections					
Annual meter reads	469,499	469,908	486,717	464,691	491,661
Number of bills	449,933	452,465	460,147	482,741	473,196
Wastewater Treatment					
Wastewater treated (in millions of gallons)	3,775	3,577	3,737	3,380	3,785

Sources: Various city departments.

Information not presented was not available at time of publication.

⁽³⁾ In FY2020 and FY2021, COVID-19 impacted Municipal Court operations.

⁽⁴⁾ Prior to FY2020, fire hydrant maintenance and inspections was contracted out.



CITY OF PEARLAND, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PUBLIC SAFETY										
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	161	143	186	194	209	211	210	201	202	203
Police K9s	-	2	4	5	5	5	5	4	4	5
FARO Laser Scanning System(1)	-	-	1	1	1	1	1	1	1	1
Pole Camera System(1)	-	-	-	-	-	-	1	1	3	3
RKT GPS System for crash recon	-	-	-	-	-	-	-	-	1	-
DJI Zenmuse P1 Camera (Drone)	-	-	-	-	-	-	-	-	1	-
Mavic 2 Enterprise Drones	-	-	-	-	-	-	-	-	5	-
SWAT Negotiations Control System	-	-	-	-	-	-	-	-	1	-
Ballistic Shield	-	-	-	-	-	-	-	-	1	-
Animal Services										
Animal Services building (shelter)	1	1	1	1	1	1	1	1	1	1
Animal Services vehicles (2)	0	10	10	10	11	11	11	11	11	11
Fire										
Fire stations	6	6	6	7	6	5	6	6	6	6
Fire vehicles	26	26	42	56	60	61	56	55	41	45
Ambulances ⁽¹⁾	9	7	9	9	10	10	9	9	10	11
PUBLIC WORKS										
Streets (miles) ⁽²⁾	844	842	936	928	940	978	978	971	971	980
Vehicle inventory ⁽³⁾	375	372	451	385	338	434	502	443	626	653
Traffic signals	81	73	87	91	96	97	100	104	109	115
PARKS AND RECREATION										
Developed acreage ⁽⁴⁾	138	168	334	388	392	443	458	458	458	547
Pools	3	3	3	3	3	2	2	2	2	2
Outdoor basketball courts	6	6	6	6	6	8	8	8	8	8
Soccer fields	12	12	18	12	14	12	12	11	13	13
Activity buildings	3	3	3	3	3	4	4	4	4	4
Baseball/softball fields	4	4	6	14	16	16	16	16	17	17
WATER AND SEWER										
Water Production										
Water wells	10	10	10	10	10	10	10	10	10	10
Pumping stations	3	3	3	3	3	3	3	3	2	2
Ground storage tanks	15	15	15	15	15	15	15	16	16	16
Elevated towers	6	6	6	6	6	6	6	6	6	6
Wastewater										
Treatment plants	5	5	5	5	5	6	5	5	5	5
Lift stations	76	73	74	72	78	69	69	68	68	68
Distribution and Collection										
Water mains (miles)	488	509	537	546	551	553	553	538	545	571
Sanitary sewers (miles)	415	433	440	448	456	459	459	453	455	470

Sources: Various city departments.

Note: No capital asset indicators are available for the general government and community services functions.

Information not presented was not available at time of publication.

(1) Purchased in FY16. System used to scan accident/crime scenes for full 3D image of scene.

(2) Purchased in FY20. Includes a pole camera and an under the door camera.

(3) Beginning in FY15, Animal Services moved to Police Department.

(4) Beginning in FY14, EMS was rolled into the Fire Department.



CITY OF PEARLAND

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