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Fiscal Year Ending September 30, 2019

CITY OF PEARLAND, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



# **CITY OF PEARLAND, TEXAS**



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**Fiscal Year Ended  
September 30, 2019**

**Prepared by:**

**Finance  
Department**



**CITY OF PEARLAND, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**

	<u>Page</u>
<b>Introductory Section</b>	
Letter of Transmittal	i
Principal Officials	xiv
Organizational Chart	xv
GFOA Certificate of Achievement	xvi
<b>Financial Section</b>	
Report of Independent Auditors	3
Management’s Discussion and Analysis	9
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements:	
Balance Sheet - Governmental Funds	24
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Statement of Net Position - Proprietary Funds	32
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	33
Statement of Cash Flows - Proprietary Funds	34
Notes to the Financial Statements	37
<b>Required Supplementary Information:</b>	
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	82
Notes To Required Supplementary Budget Information	83
Schedule of Changes in Net Pension Liability and Related Ratios	84
Schedule of Contributions - Texas Municipal Retirement System	85
Schedule of Changes in the Total OPEB Liability - Texas Municipal Retirement System Supplemental Death Benefits Fund	86
Schedule of Changes in the Total OPEB Liability - City of Pearland Retiree Health Care Plan	87

**CITY OF PEARLAND, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS (Continued)**

<b>Financial Section (Continued)</b>	<b>Page</b>
<b>Other Supplementary Information:</b>	
Combining and Individual Fund Statements and Schedules	93
Combining Balance Sheet - Non-Major Governmental Funds	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	95
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Debt Service Fund	102
Hotel/Motel Tax Fund	103
Court Security Fund	104
City-Wide Donations Fund	105
Court Technology Fund	106
Street Assessments	107
Park Donations Fund	108
Police Seizure Fund	109
Parks and Recreation Development Fund	110
Sidewalk Fund	111
Grant Fund	112
Traffic Impact Improvements	113
Juvenile Management Fund	114
Regional Detention Fund	115
Educational TV Fund	116
U of H Fund	117
Capital Projects Fund	118
Pearland Economic Development Corporation	119
Combining Statement of Net Position - Internal Service Funds	121
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds	122
Combining Statement of Cash Flows - Internal Service Funds	123
Long-Term Debt Amortization Schedules:	
Combining Schedule of Governmental Activity Long-Term Debt	127
Combining Schedule of Enterprise Fund Long-Term Debt	135

**CITY OF PEARLAND, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS (Continued)**

<b>Statistical Section (Unaudited)</b>	<b>Page</b>
Net Position by Component	142
Changes in Net Position	144
Fund Balances of Governmental Funds	148
Changes in Fund Balances of Governmental Funds	150
Spending and Growth Analysis	152
Assessed Value and Estimated Actual Value of Taxable Property	154
Direct and Overlapping Property Tax Rates	156
Property Tax Levies and Collections	159
Principal Property Taxpayers	160
Principal Property Taxpayers - Total Taxes	161
Taxable Sales by Category	164
Outstanding Debt by Type	166
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	169
Direct and Overlapping Governmental Activities Debt	170
Pledged Revenue Coverage	172
Demographic and Economic Statistics	173
Principal Employers	175
Full-time Equivalent City Government Employees by Function/Program	176
Operating Indicators by Function/Program	178
Capital Asset Statistics by Function/Program	184





## **Introductory Section**





## City of Pearland

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Pearland, Texas 77581  
Tel: 281.652.1600  
pearlandtx.gov

March 23, 2020

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

The Comprehensive Annual Financial Report (CAFR) of the City of Pearland, Texas (the “City”) for the fiscal year ending September 30, 2019, is hereby submitted as mandated by both local and state statutes. These 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. 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 ending September 30, 2019.* 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. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **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 other members.

The Mayor and Council members are elected at-large, and each of them hold office for a period of 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 Council and is responsible for implementation of Council priorities and day-to-day management of all City operations. The City is located across the northern end of Brazoria County and shares a common border with Houston, Texas to the north. The City extends into Fort Bend and Harris counties.

The City of Pearland, encompassing 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 City delivery of services. The community moreover is fast-growing additional population with its multi-faceted attractiveness, increasing from 18,000 residents in 1990 to 125,198 residents estimated as of January 2018 with an estimated growth of an additional 58,000 residents by 2032.

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 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, for the purpose of financing 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 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 at 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 three component units as follows: 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 Tax Increment Reinvestment Zone (TIRZ #2) was created in 1998 for the purposes of 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. The Development Authority of Pearland was created in 2004 to provide financing for the development of TRIZ #2. All these component units are considered blended component units and have been included as major funds in the Governmental Funds.

## ***ECONOMIC CONDITIONS***

### **Local Economy**

Located 20 minutes away from downtown Houston, Texas, 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, Pearland is a premier location for residential and commercial growth. The Pearland economy and context is 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 worked on several major projects in 2018, including Endress+Hauser and Energy Rental Solutions.

The total of all new, non-residential construction permitted during the 2019 calendar year was approximately \$220 million, an 18% decrease in value from 2018's \$268 million. New single-family housing permits totaled 644, and there were no multi-family housing permits issued in 2019. During FY 2019, the building permit revenues increased by \$256,000 or 6.3% as compared to FY 2018 revenue collections. In addition, revenues from electrical, plumbing & gas, and mechanical permits combined decreased by \$5,365, from \$723,215 in FY 2018 to \$717,850 in FY 2019, a less than 1% decrease. The building plan check fee revenues increased by \$18,441, from \$998,724 to \$1,017,165, a 2% increase for the fiscal year. The total reported valuation of all commercial projects for 2019 is \$144,535,169. In fiscal year 2019, 658 single-family home permits were issued, and in the previous fiscal year 817 were issued. This is a 19.5% decrease, which is equivalent to the decrease from FY 2017 to FY 2018. In May 2019, Texas state law mandated that we do not request construction valuation on residential building permits, so we cannot report any change in valuation from FY 2018 to FY2019.

Pearland is a regional shopping destination and the economy has grown since the Great Recession. For prior FY 19, sales tax growth moderated. As such, the City projected a 1.0% growth in sales tax for fiscal year 2020. The City's sales tax for fiscal year 2019 totaled \$33.4 million, a decrease of \$362,481 or 1% under fiscal year 2018. Of the \$33.5 million, \$22.4 million went to the City's General Fund for operations and \$11 million went to the City's Economic Development Corporation for specific economic development programs and activities. The City's General Fund is 26% funded by sales tax, an elastic revenue stream that will fluctuate with the economy. As such, the City closely monitors sales tax and the economy.

Pearland's unemployment rate was 2.4% in May 2019, down from 3.4 % in 2018. That rate compared to rate for the same time periods in Brazoria County of 3.4% and 4.5%, respectively.

### **Regional and State of Texas Economy**

Houston is the world's energy capital, capital of an oil and gas industry that is in constant flux. At this writing, in the midst of the COVID-19 public health emergency and pandemic, that instability is in high gear. Even prior to COVID-19. The Greater Houston Partnership (GHP) was reporting that "The closing spot price for a barrel of West Texas Intermediate (WTI), the U.S. benchmark for light, sweet crude, averaged \$50.83 per barrel during the second week of February '20, down 5.0 percent from \$53.53 for the same period in '19, according to the U.S. Energy Information Administration. A mild winter season and the spreading of coronavirus to several other countries continue exerting downward pressures on global demand for oil and natural gas. And while oil prices rose following OPEC's agreement to production cuts last December, the lack of consensus on a second round of cuts led to a price collapse."

From GHP, it is reported that "Metro Houston created 88,000 jobs, a 2.8 percent increase, in the 12 months ending December '19, according to data released today by the Texas Workforce Commission (TWC). The level of reported job growth is not supported by other economic

indicators.” In their annual employment forecast issued December 2019, GHP said that, “The situation Houston faces today is eerily similar to what it faced after the 1980s bust—an oversaturated real estate market, a bleak outlook for oil and gas, and the need for innovation to drive the economy forward. It took the better part of a decade for real estate to recover, and longer than that for oil and gas, but Houston recouped all the 221,000 jobs lost over five years (1982 – 1987) in just 39 months. Since then, the region has added 3.4 million residents, 1.5 million jobs, and more than \$350 billion to regional GDP. And that’s after enduring another five economic downturns. Granted, the outlook for oil and gas remains bleak today. And developers need to stop erecting new warehouses and apartments. But Houston continues to create jobs. As of October ’19, Houston’s employment stood at 3.2 million, a record high for the region.”

The Houston Area Association of Realtors, in numbers reported by GHP, reflect across the entire metro area, 102,709 total home sales in 2019 (inclusive of single-family, townhomes, duplexes, condos and residential lots). There were 87,632 single-family home sales across that same geography. For the prior 2018, there were 98,395 and 82,229 sold respectively.

### ***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 implements strategies, both financial and operational, to meet existing challenges and to plan for the future.

The City’s adopted (August 12, 2019) Five-Year CIP for fiscal year 2020 through 2024 totals \$652.9 million. The large and varying CIP for public investments of drainage, parks, facilities, streets, water, and wastewater positions City infrastructure for serving the high-growth that’s here and what will come in the future.

The CIP finalizes the \$162 million bond program approved by the voters in May 2007 and the new voter-approved May 2019 bond issue of \$80 million.

Funding from projects is supported by non-debt sources (\$16.7 million), leveraged outside funds (\$89.1 million), tax-supported debt (\$156.6 million), and water/sewer supported enterprise fund debt repaid by user fees (\$390.5 million). Property tax-supported Debt to taxable assessed valuation has been decreasing and remains below 5% at about 3%.

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 where needed. Issuance of debt is factored into funding sources, based on the Five-Year CIP. All new debt issued is assumed to be issued with a 20-year maturity level principal payment. The City’s property tax rate for the FY 20 budget is \$0.4344, of which \$0.3675 cents is for actual debt service and \$0.0675 cents is for rebates to in-city MUD districts but considered as debt service component. The Debt Service component, inclusive of in-City MUD district rebates, for the prior FY 19 was \$0.4300.

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. Due to funds on hand for pay-as-you go capital improvements, the rates for FY 2017 and FY 2018 increased moderately each fiscal year. FY 2018 experienced a 10% revenue increase in order to fund the additional costs for labor, chemicals, system upgrades, expansion, and maintenance. For FY 2020, the water and sewer rates have been adjusted up slightly (about 1.6%) to bring revenue necessary for the system. The City’s utility system continues to be self-supporting and financially sound.

### ***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 two months of operations
- Water and Wastewater Operating Reserves shall strive to be maintained at 25% of operations and a 1.4 bond coverage for Water and Sewer debt service
- 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

## ***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 it becomes one of the largest suburbs in the Houston area. Some of the major initiatives are as follows:

### **Public Safety**

Personal safety is a key means of both attracting new residents 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.

In order to operate more efficiently, the Department employs a data-driven approach to policing. Examples of this are the implementation of the Special Investigation Unit 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.

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. The alumni association for that program provided a generous donation which, along with funds from narcotic seizures and the City of Pearland, facilitated the purchase of a mobile command post. This mobile unit will enable on-site command capacity for the City of Pearland during emergency situations and large-scale public events.

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. In addition to UAS training, the course catalog offered by the Police Department has solidified Pearland as a regional hub for law enforcement training.



Fire Station 1, relocated on the northeast corner of McHard and Old Alvin Road, opened in September 2019 to provide quicker response times. The new station totals approximately 9,500 sq. ft., while housing one fire engine and one ambulance.

Fire Station 8, to be located in the master-planned community of Shadow Creek Ranch, at the northwest corner of Shadow Creek Parkway and Reflection Bay Drive, is anticipated to be completed early summer 2020. This station will be approximately 18,000 sq. ft. and initially house one fire engine, one ladder truck, and one ambulance. A second engine will be added in the future based on service demand and available funding. During FY21 an additional 26 full-time fire fighters will be onboarded for staffing. The City of Pearland was successfully awarded a FEMA SAFER grant, which will allow enough funding for 12 new firefighters to be hired.

Fire Station 4 (located on Freedom Drive east of Cullen) will be relocated immediately adjacent to the existing fire station, which was built in 2001 as a volunteer station. Modifications were originally made in 2008 to accommodate some full-time staff. This new fire station, which is currently going through design schematics, will have modern health and safety features, as well as improved technology to assist with fire fighter safety, productivity, efficiency and effective workflow. No additional staffing will be required to fully operate this station. New Fire Station 4 will be built in conjunction with a new Animal Shelter, and is expected to complete construction in October 2021.

In May of 2019, Pearland voters approved a general obligation bond of \$1.3 million for Phase I of the Fire Training Field Improvement Plan to construct a two-story live fire training building. This building will be located on the existing Fire Training Field behind the David L. Smith Fire Administration Building on Veterans Drive, and is expected to be completed by May 2021.

Due primarily to the addition of fire stations and operations staffing totaling 131 full-time fire fighters, the 90<sup>th</sup> percentile city-wide response times for emergencies have been reduced by over two minutes in the last four years. Our Emergency Management Program continues to grow, finalizing the city's Hazard Mitigation Plan and implementing many lessons and strategies learned from Hurricane Harvey. Significant Community Risk Reduction efforts have resulted in the removal of numerous dilapidated/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.

90<sup>th</sup> percentile city-wide response times for Fire emergencies have been reduced by over two minutes in the last four years. The achievement is due primarily to the addition of Fire Stations and staffing of operations that will see a total of 131 full-time fire fighters by fall 2020. A strong emergency management program continues to grow finalizing the city's Hazard Mitigation Plan and implementing lessons learned from Hurricane Harvey. Community Risk Reduction efforts have resulted in the removal of dilapidated dangerous structures, public-private cooperation for subdivisions with residential sprinklers, twice annual inspections of all establishments providing food service, and community public safety education of more than 20,000, to name a few.

## **Economic Development**

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 works with the City to generally promote the City and to utilize various 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.

The following highlights a few of PEDC's Fiscal Year 18-19 attraction and retention projects.

Endress+Hauser, a leader in the field of measurement technology for industrial process engineering, broke ground on its new Gulf Coast Regional Campus in March 2019. The Swiss-based company manufactures instrumentation and devices that provide solutions to more than 100,000 customers worldwide. PEDC assisted with the project and began working with the company on its relocation in early 2018. The 100,000-square-foot facility will be located on a 17-acre site at the southeast corner of Beltway 8 and Kirby Drive. It will include an area for calibration and repair, as well as feature office and training space. The new facility will be home to approximately 110 employees when it opens.

Dover Precision Components, an integrated provider of performance-critical solutions for rotating and reciprocating machinery, broke ground on a new innovation lab in September 2019. The nearly 12,000-square-foot building is being constructed directly north of the company's Pearland operations facility in the Lower Kirby District. PEDC recruited Dover to Pearland in 2013 and the company constructed a 150,000-square-foot manufacturing and operations center on a 14-acre site on the corner of Spectrum Boulevard and Hooper Road. The new innovation lab, scheduled for completion in the second quarter of 2020, will house test rigs, allowing R&D engineers to develop new application solutions and conduct product performance testing under demanding operating conditions.

Lonza opened the world's largest dedicated gene and cell therapy manufacturing facility in Pearland's Lower Kirby District in April 2018, and the 300,000-square-foot facility continues to grow. The company had multiple expansions in 2019, including the construction of additional parking and laboratory space. The new laboratory encompasses 10,000 square feet and will be used to process new products and will also allow Lonza to employ more technicians. Construction also began on additional clean rooms and is in the planning stages for another six to be completed in 2020. In addition, Lonza also acquired a 19-acre parcel of land south of the current facility for

possible future growth. Lonza currently employs 350 at its Pearland facility.

Energy Rental Solutions (ERS), a Caterpillar dealer dedicated to the specialty rental business, celebrated the groundbreaking of its new headquarters in Pearland in March 2019. The 40,000-square-foot building includes office and warehouse space and is located on a 12-acre site on Rice Drier Road and State Highway 35. The facility was completed in late 2019 and is home to approximately 55 employees, including executive management, sales, operations, administrative, service technicians, and warehouse personnel. PEDC and city officials began working with ERS in 2017 on the project. The site ERS selected is part of the 18-acre Rice Drier Commerce Park, a development located in the area identified as Business Park North in the State Highway 35 Redevelopment Strategy. PEDC and the city partnered with the developer to improve drainage in the area, and PEDC is currently funding the reconstruction of Rice Drier Road.

As we entered the final year of the Pearland 20/20 strategic plan, PEDC, along with local partners in government, education, healthcare and business, continued to make progress on many of the plan's key initiatives. The long-term strategic community and economic development plan that was created in 2012 incorporates nine strategies to ensure a shared vision for the community's future growth and an action plan to achieve it. The plan's steering committee completed a mid-course update to the plan in 2015 to get a big-picture sense of key successes and challenges. The nine strategies are 1) Economic Development Marketing, 2) Mobility, 3) Corridors and Character Districts, 4) Recreation and Culture, 5) Beautification and Gateways, 6) Lower Kirby District, 7) Multi-Use Event Center, 8) Education and Workforce, and 9) Internal Marketing.

One of the City's prime areas for development, the Lower Kirby District, a 1,200 acre mixed-use development located at Hwy 288 and Beltway 8, has infrastructure needs that make it more difficult to develop. The PEDC continually works with area Municipal Management Districts, developers, and the City on the development of regional detention, infrastructure projects, corridor enhancements, and the installation of underground electricity that will serve developable sites within the District. Construction began on the extension of South Spectrum Boulevard in April 2019. The roadway was extended to Kirby Drive from its existing terminus just west of 288 and is scheduled for completion in early 2020. The project is being implemented and funded by LKPMD and PMMD1 with partial funds from America Modern Green and PEDC. America Modern Green is developing the Ivy District at the southwest corner of South Spectrum Boulevard and the SH 288 frontage road in the Lower Kirby District. The planned development is proposed to include offices, a continuing care retirement center, retail, condominiums, townhomes, and apartments. Infrastructure work was completed in 2019, including water and sewer lines, as well as road and storm sewer construction. The 2020 construction phase includes the public park and amenities surrounding the lake, including a trail, which will serve active and passive recreation needs of those who live, work, or visit within the District, and a pedestrian bridge across Clear Creek. PEDC and the developer are partnering to finance the public park improvements. Development of buildings should begin in 2020.

All of these improvements continue to transform the 1,200-acre Lower Kirby District into Pearland's most diverse, mixed-use employment, residential and entertainment part of the city.

Another key initiative outlined in the Pearland 20/20 Community Strategic Plan is to optimize the development potential of Pearland's principal commercial corridors. The State Highway 35 Redevelopment Strategy was developed in 2016 to build upon the Strategic Plan suggestions and provide the "big picture" strategic actions that are needed to encourage more investment in the corridor. In October 2019, construction was completed on the SH 35 Entryway and Corridor Enhancements project. Part of the SH 35 Redevelopment Strategy that was derived from the 20/20 Community Strategic Plan, it focused on enhancing the entryway at Beltway 8 by placing two Pearland entryway monument signs near Clear Creek, planting canopy trees along the

medians, enhancing pedestrian areas at major intersections, and framing the roadway with smaller street trees along the right-of-way. The project, which provided the “big picture” actions needed to encourage more investment in the corridor, was funded and will be maintained by PEDC.

In mid-2019, PEDC began the creation of a *Broadway Corridor Development Plan*. A key strategy in the Pearland 20/20 Strategic Plan was to optimize the development potential of Pearland’s principal commercial corridors. Creation of a FM 518/Broadway master development plan was the highest ranked priority by the steering committee. The plan will focus on the 6.2-mile segment of the corridor from SH 288 to SH 35, which will be reconstructed and widened by the Texas Department of Transportation (TXDOT). The design phase for the reconstruction will commence in early 2020 once an environmental study is completed. The PEDC’s plan will be on facilitating and planning for the impact of the proposed reconstruction, including mobility and effect on existing businesses. The Broadway Corridor Development Plan is scheduled for completion in early 2020.



With construction of the managed toll lanes along the 288-corridor nearing completion in both Harris and Brazoria Counties, PEDC, the City, and Pearland Municipal Management District No. 2 (PMMD2) continue to implement the 288 Corridor Master Improvements Plan. In 2019, the PEDC board approved agreements for median enhancements and plant procurement along the corridor. Additional aesthetic improvements will be added after the

entire toll lane construction is complete. These include enhanced landscaping, lighting, artistic sculptures, detention ponds with large fountains, irrigation, and gateway signage. All improvements are scheduled for completion in 2021.

In 2019, the Pearland Economic Development Corporation (PEDC), along with local partners in government, education, healthcare and business embarked on a collaborative community and economic development strategic planning process that will make the community a more prosperous, successful, and vibrant place to live, work, and do business. This plan builds upon the Pearland 20/20 strategy, mentioned above.

The resulting Pearland Prosperity Strategic Plan two Community Goals that broadly identify the desired outcomes of Pearland’s holistic economic development effort. These Goals are:

Economic growth and diversification: Provide opportunities for residents to prosper and enhance Pearland’s fiscal sustainability through a holistic approach to economic development

A community of choice in Greater Houston: Ensure Pearland’s quality of life and quality of place continue to attract and retain diverse individuals and families

These goals can be pursued through a number of Strategic Initiatives grouped into seven high-level Focus Areas. Each Initiative corresponds to an action, program, effort, or investment that can help move Pearland toward its desired future. The Focus Areas provide organizational clarity and readily communicate to a wide variety of audiences the issues that Pearland will seek to address through collective action.

*These Focus Areas are:* (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.

PEDC continues to promote Pearland and is working with a myriad of companies on future relocations and site visits as well as working with existing businesses on future expansions.

### **Convention and Visitor's Bureau**

The City's Convention and Visitors Bureau (CVB), funded by hotel occupancy taxes, also focuses on economic development through tourism and attracting leisure and business visitors into the City of Pearland. In late 2012, the City Council authorized the creation of a city department for the Convention and Visitors Bureau, service that had been previously contracted out. In fiscal year 2013, an Executive Director and staff were hired. The proximity of Pearland in the Gulf Coast Region of Texas, makes Pearland a positive destination for visitors.

### **Land Use Plan/Annexation**

Land use planning allows a community to accommodate its projected growth in a manner that preserves its history and culture, as well enhance 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 uses its 2015 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 the identifying forthcoming needs and setting concrete plans in place to continue to manage this growth.

In 2019, the Texas State Legislature curtailed municipalities' abilities to proactively annex; long used as a tool to assist in managing growth. However, with Pearland's water and wastewater capacity, combined with its public safety and other services, Pearland has seen increased interest in voluntary annexation petitions as property owners and developers seek to partner for both party's success.

### **Capital Improvement Projects and Planning**

With continued residential and commercial development, and to plan the need to build new infrastructure and maintain existing infrastructure is a priority and will be implemented through an aggressive capital improvement program. The City's adopted (August 12, 2019) Five-Year CIP 2020–2024 totals \$652.9 million. Projects include drainage (\$30.0 million), streets (\$129.1 million), facilities (\$82.9 million), parks (\$23.5 million), water (188.2 million) and wastewater (\$199.2 million).

Major drainage projects include work in West Lea, Willowcrest, Mimosa Acres, and Piper Road.

Major street projects include McHard Road Extension (Mykawa Road to Cullen Pkwy), Mykawa Road Widening (BW 8 to FM 518), Broadway and Dixie Farm intersection, Bailey Road Expansion (Veterans Drive to Main Street), and neighborhood street reconstructions.

Facility projects include Sheri D. Coleman Animal Services Center, Shadow Creek Public Library, and Orange Street Service Center Phase 2.

Parks projects include Clear Creek Trail and Shadow Creek Ranch Park Phase II.

Major projects for water improvements include the Surface Water Plant Phase 1 (10 MGD), Transite Pipe Waterline Replacement Program, and Ground Storage Tank Rehabilitation.

Wastewater projects include Barry Rose Water Reclamation Facility Expansion, JHEC Water Reclamation Facility Expansion, Longwood Water Reclamation Facility decommissioning, Sanitary sewer rehabilitation, and Southdown Regional Lift Station & Force main.

### Transportation Improvements and Strategic Planning

Charged with planning, establishing, and maintaining an effective transportation system, the City of Pearland is involved in numerous activities to face this challenge. The City is involved in regional efforts for long-range transportation planning and funding. The Mayor is the Secretary for H-GAC's Transportation Policy Council (TPC), with the Deputy City Manager serving as an alternate. The Assistant City Manager is the Chair of the Transportation Advisory Committee (TAC), a sub-committee of the TPC, a member of the Transportation Improvement Program (TIP) Subcommittee, and a member the Regional Transportation Plan (RTP) Subcommittee.

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

**HGAC Transportation Improvement 2021-2024 Projects inventory for public comment**

Project	Project Sponsor	Project Limits	City/County Funds	Federal/State Funds	Total Project Estimate	Projected Letting Date
SH288/FM518 Overpass	Brazoria County	Overpass Only	\$ 1,904,800	\$ 7,619,200	\$ 9,524,000	2016
FM518/SH288 Intersection	Brazoria County	Intersection Only	\$ 2,800,200	\$ 11,200,800	\$ 14,001,000	2016
CR101	Brazoria County	FM1128 to CR90	\$ 3,412,400	\$ 13,649,600	\$ 17,062,000	2017
Hughes Ranch Road	City of Pearland	Smith Ranch to Cullen	\$ 8,455,058	\$ 15,229,942	\$ 23,685,000	2018
Green Tee Terrace Trail	City of Pearland	Hughes Rd to FM518	\$ 1,688,568	\$ 3,275,150	\$ 4,963,718	2018
Shadow Creek Ranch Trail	City of Pearland	Nature Park to Kirby Dr	\$ 823,760	\$ 1,492,366	\$ 2,316,126	2018
McHard Road	City of Pearland	Mykawa to Cullen	\$ 19,403,969	\$ 32,580,531	\$ 51,984,500	2020
Mykawa Road	City of Pearland	FM518 to BW8	\$ 13,330,623	\$ 31,641,226	\$ 44,971,849	2021
Safe Routes to School	City of Pearland	Various	\$ 1,208,400	\$ 2,553,600	\$ 3,762,000	2021
Smith Ranch Road	City of Pearland	Hughes Ranch Rd to FM518	\$ 4,391,000	\$ 3,899,591	\$ 8,290,591	2022
Clear Creek Trail	City of Pearland	Hughes Rd to U of H	\$ 4,115,872	\$ 6,684,128	\$ 10,800,000	2022
CR59	Brazoria County	Kirby to Kingsley	\$ 1,954,000	\$ 7,816,000	\$ 9,770,000	2023
CR58	Brazoria County	Savannah Pkwy to CR48	\$ 1,223,200	\$ 4,892,800	\$ 6,116,000	2023
FM521	Fort Bend County	FM2234 to SH6	\$ 15,045,400	\$ 60,181,600	\$ 75,227,000	2024
<b>Total</b>			<b>\$ 79,757,249</b>	<b>\$ 202,716,535</b>	<b>\$ 282,473,784</b>	

18-Mar-20

With the growth in population along the Highway 288 corridor and the number of Pearland residents that rely on Hwy 288 to commute to Houston and the Texas Medical Center, the City along with Brazoria County have been meeting and working with the Texas Department of Transportation to provide traffic relief on the corridor through managed toll lanes. Harris County began construction in 2017 on the four new toll lanes on Texas 288 north of the Brazoria-Harris County line to the Texas Medical Center. Brazoria County partnered with Texas Department of Transportation (TxDOT) to continue the managed toll lanes from the county line south to County Road 58. The construction of the Brazoria County project for the new four managed toll lanes began construction in 2018.

Brazoria County secured TIP funds to reconstruct the SH288 overpass at FM518, widen FM518 under SH288 and reconstruct associated frontage road approaches to the intersection, which will assist in relieving congestion issues at the City's busiest intersection. The TIP funds will provide 80% of the funds and the Texas Department of Transportation (TxDOT) is providing the 20% matching funds. This project is in currently under construction with the toll lane project.

The Gulf Coast Center operates a transportation program known as Connect Transit. Connect

Transit provides “curb cab” service to Pearland. Services are shared ride services with pick-up and delivery from curb to curb by reservation. The City funds approximately \$20,000 for this service annually to its citizens meeting the eligibility requirements; seniors, person with disabilities, or low-income. This is a way to provide those needing transportation to grocery stores, doctor visits, etc.

### **Fiscal Responsibility and Sustainability**

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 includes 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.

Again, as of this writing, the COVID-19 pandemic emergency leaves much uncertainty. The relatively slow, but healthy, local economy prior to this date will aid in moderating the most severe parts of the downturn. Local Pearland sales taxes before March 2020 were running about 1% growth over the prior year.

Property Tax revenue is projected to maintain the strong levels that have developed. Property taxes provide a timing buffer from the standpoint that the FY 20 budget relies upon values determined by the three county appraisal districts as of 1/1/2019. Likewise values as of 1/1/2020 will provide the General Fund and Debt Service Fund revenues for FY 21. All of those property values were well before the prevalence of COVID-19 and the likely economic downturn associated. Looking ahead, property values as of 1/1/21 will not come into play until the City’s FY 22.

While about half-way into FY 20, the City is already beginning to prepare for the 2021 budget process and up-coming forecast with the same goal of being fiscally responsible to our citizens.

### **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 Comprehensive Annual Financial Report for the year ended September 30, 2018. This was the 42<sup>nd</sup> 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 comprehensive annual 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 comprehensive annual 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 2018, the Government Treasurers’ Organization of Texas (GTOT) first awarded the Certificate of Distinction to the City of Pearland for its Investment Policy. The certification is good for a two-year period ending in 2020. 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. 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 preparation of this report was 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 in a responsible manner.

Respectfully submitted,



Clay J. Pearson, City Manager



Jon Branson, Deputy City Manager



Cynthia Pearson, Director of Finance



Rhonda Daugherty, Assistant Director of Finance

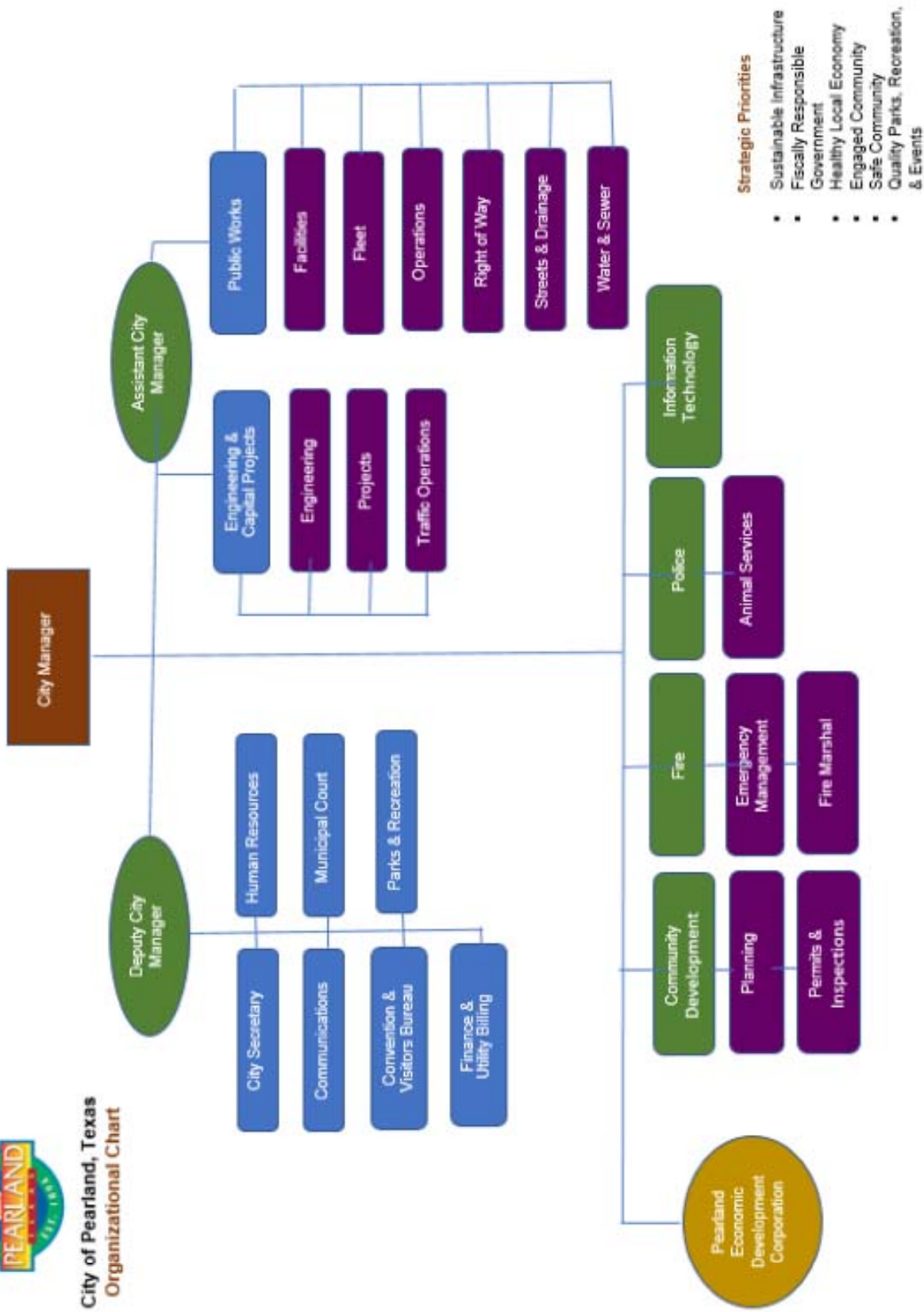
**CITY OF PEARLAND, TEXAS**  
**PRINCIPAL OFFICIALS**  
*As of September 30, 2019*

<b>Elected Officials</b>	<b>Position</b>	<b>Term Expires May</b>
Tom Reid	Mayor	2020
J. David Little	Mayor Pro Tem	2022
Luke Orlando	Councilmember - Position 1	2022
Tony Carbone	Councilmember - Position 2	2021
Gary Moore	Councilmember - Position 3	2020
Adrian Hernandez	Councilmember - Position 4	2021
Trent Perez	Councilmember - Position 5	2022
Woody Owens	Councilmember - Position 7	2020
<b>Appointed Officials</b>	<b>Position</b>	
Clay Pearson	City Manager	
Darrin Coker	City Attorney	
Letitia Farnie	Municipal Court Judge	
<b>City Management</b>	<b>Position</b>	
Jon Branson	Deputy City Manager	
Trent Epperson	Assistant City Manager	
Matt Buchanan	PEDC President	
Cynthia Pearson	Director of Finance	
Crystal Roan	City Secretary	
Clarence Wittwer	Director of Public Works	
Michelle Graham	Director of Human Resources	
Daniel McGhinnis	Chief Information Officer	
Johnny Spires	Police Chief	
Chris Orlea	Director of Parks and Recreation	
Vance Riley	Fire Chief	
John McDonald	Director of Community Development	
Vacant	Executive Director, CVB	
Joshua Lee	Director of Communications	
Jennifer Huhn	Municipal Court Administrator	
Robert Upton	Director of Engineering and Capital Projects	





**City of Pearland, Texas  
Organizational Chart**



*Organizational chart of departments and selected operation groups for illustrative purposes*



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Pearland  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

## **Financial Section**



## REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Pearland, Texas (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Honorable Mayor and  
Members of the City Council

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 18, budgetary comparison information on pages 82 through 83, and pension system supplementary information and other post-employment benefit supplementary information on page 84 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, other supplementary information, budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

To the Honorable Mayor and  
Members of the City Council

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City's internal control over financial reporting and compliance.

Handwritten signature of Whitley Penn LLP in cursive script.

Houston, Texas  
March 23, 2020





## **Management's Discussion and Analysis**



## **CITY OF PEARLAND, TEXAS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Pearland (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, 2019.

#### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the primary government of the City exceeded its liabilities and deferred inflows as of September 30, 2019, by \$803.6 million (net position). Of this amount, \$702.7 million is invested in capital assets, net of related capital debt and \$71.8 million restricted for capital improvements, debt service, community development programs, public safety, and economic development.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$117.9 million, an increase of \$2.2 million in comparison with the prior year. Approximately \$100.8 million of the \$117.9 million is considered restricted fund balance and primarily consists of \$34.7 million for economic development and \$53.0 million for capital projects.
- As of September 30, 2019, the unassigned fund balance for the General Fund was \$15.7 million or 21% of total General Fund expenditures. The total fund balance for the General Fund is \$17.2 million or 23% of General Fund expenditures.
- The City's long-term liabilities increased by \$26.7 million primarily due to the issuance of new debt and an increase in the net pension liability.

#### **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. This report also contains other supplementary information 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).

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 and parks and recreation. The business-type activities of the City include water, sewer, and solid waste. The government-wide financial statements can be found on pages 21 through 23 of this report. The government-wide financial statements include not only the City,

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

itself (known as the primary government), but also a legally separate Economic Development Corporation, Tax Increment Reinvestment Zone (TIRZ #2) and the Development Authority of Pearland for which the City is financially accountable. 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 24 of this report, information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund 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 32 of this report, provide separate information for the Water and Sewer and Solid Waste Enterprise Funds since it is considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 32 through 35 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 37 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 82 of this report.

**Government-wide 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 \$803.6 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position (87%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), 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 SCHEDULE OF NET POSITION**  
**September 30, 2019 and 2018**  
*Amount in (000's)*

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>						
Current and other assets	\$ 153,973	\$ 149,705	\$ 153,186	\$ 129,011	\$ 307,159	\$ 278,716
Capital assets	860,947	843,762	374,349	358,618	1,235,296	1,202,380
<b>Total Assets</b>	<b>1,014,920</b>	<b>993,467</b>	<b>527,536</b>	<b>487,629</b>	<b>1,542,456</b>	<b>1,481,096</b>
<b>Total Deferred Outflows of Resources</b>						
	20,856	16,477	2,837	1,888	23,693	18,365
<b>Liabilities</b>						
Other liabilities	19,155	17,668	11,598	9,788	30,753	27,456
Long-term liabilities outstanding	472,634	470,704	259,005	234,217	731,640	704,921
<b>Total Liabilities</b>	<b>491,789</b>	<b>488,372</b>	<b>270,603</b>	<b>244,005</b>	<b>762,392</b>	<b>732,377</b>
<b>Total Deferred Inflows of Resources</b>						
	153	3,090	21	415	174	3,505
<b>Net position</b>						
Net investment in capital assets	488,077	454,670	214,672	210,674	702,749	665,344
Restricted	56,491	67,263	15,270	14,525	71,761	81,788
Unrestricted	(734)	(3,451)	29,806	19,898	29,072	16,447
<b>Total Net Position</b>	<b>\$ 543,834</b>	<b>\$ 518,482</b>	<b>\$ 259,748</b>	<b>\$ 245,097</b>	<b>\$ 803,582</b>	<b>\$ 763,579</b>

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

**COMPARATIVE SCHEDULE OF CHANGES IN NET POSITION**  
**For the Years Ended September 30, 2019 and 2018**  
**Amounts in (000's)**

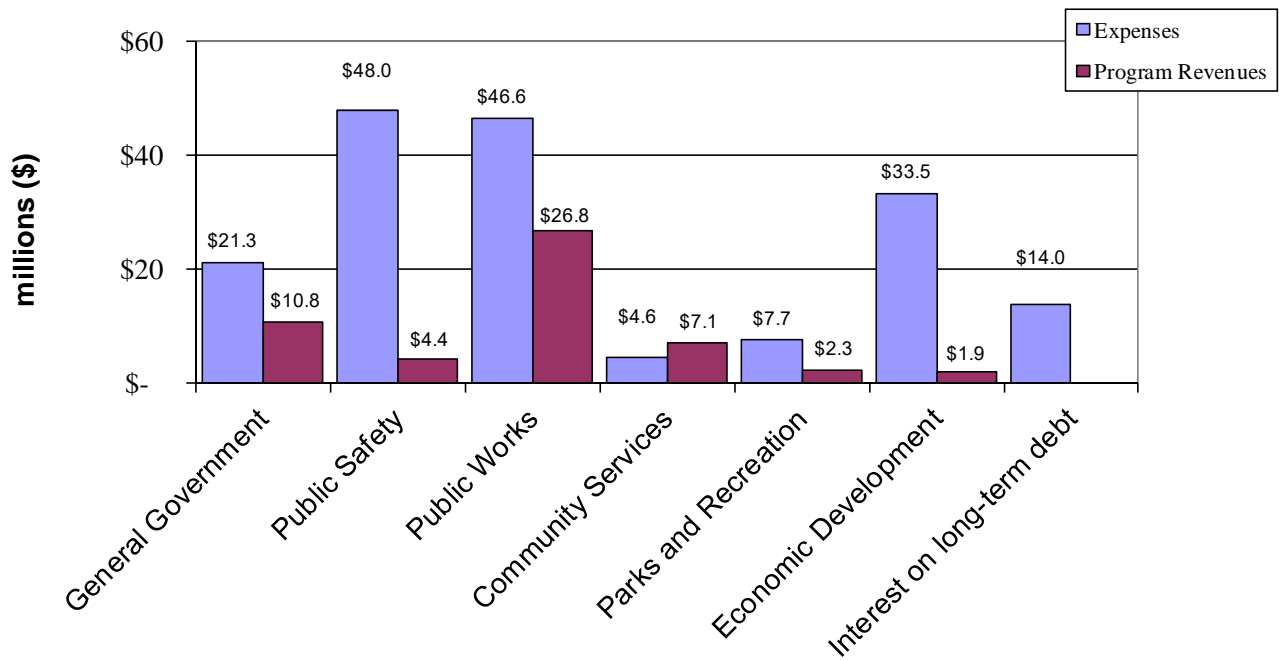
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 27,784	\$ 27,278	\$ 64,317	\$ 63,435	\$ 92,101	\$ 90,713
Operating grants and contributions	9,005	6,127	1,497	-	10,502	6,127
Capital grants and contributions	16,678	19,241	4,113	4,614	20,791	23,855
Property taxes	89,930	83,803	-	-	89,930	83,803
Sales and use taxes	34,872	35,437	-	-	34,872	35,437
Franchise taxes	7,480	7,358	-	-	7,480	7,358
Investment earnings	3,293	1,651	2,947	1,360	6,240	3,011
Other	562	4,691	2,361	7	2,923	4,698
<b>Total Revenues</b>	<b>189,604</b>	<b>185,586</b>	<b>75,235</b>	<b>69,416</b>	<b>264,839</b>	<b>255,002</b>
<b>Expenses</b>						
General Government	21,249	20,360	-	-	21,249	20,360
Public Safety	47,948	43,275	-	-	47,948	43,275
Public Works	46,631	53,272	-	-	46,631	53,272
Community Services	4,616	4,509	-	-	4,616	4,509
Parks and Recreation	7,683	7,194	-	-	7,683	7,194
Economic Development	33,470	29,521	-	-	33,470	29,521
Interest on long-term debt	14,017	14,441	-	-	14,017	14,441
Water and Sewer	-	-	39,413	41,683	39,413	41,683
Solid Waste	-	-	7,752	7,441	7,752	7,441
<b>Total Expenses</b>	<b>175,614</b>	<b>172,572</b>	<b>47,165</b>	<b>49,124</b>	<b>222,779</b>	<b>221,696</b>
Increase (decrease) in net position before special item and transfers	13,989	13,014	28,070	20,292	42,059	33,306
Transfers	11,364	3,103	(11,364)	(3,103)	-	-
Increase in net position	25,353	16,117	16,706	17,189	42,059	33,306
<b>Net position - beginning</b>	<b>518,482</b>	<b>504,406</b>	<b>245,097</b>	<b>226,771</b>	<b>763,579</b>	<b>731,177</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>(2,041)</b>	<b>(2,055)</b>	<b>1,137</b>	<b>(2,055)</b>	<b>(904)</b>
<b>Net position - ending</b>	<b>\$ 543,835</b>	<b>\$ 518,482</b>	<b>\$ 259,748</b>	<b>\$ 245,097</b>	<b>\$ 803,583</b>	<b>\$ 763,579</b>

The increase in total net position from the prior year is \$42.1 million, not including the prior period adjustment of negative \$2.1 million, is primarily attributable to the increase in capital assets funded by debt issued in the current and prior fiscal year.

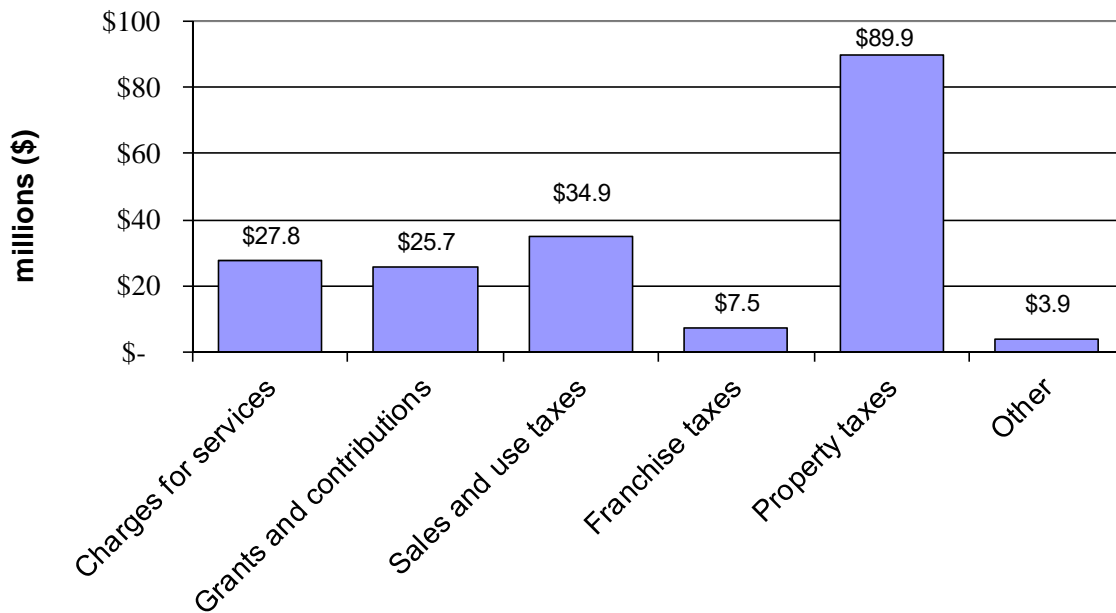
**Governmental activities** - Governmental activities increased the City's net position by \$25.4 million, thereby accounting for 60% percent of the total increase in the net position of the City. Key elements of this increase are as follows:

- Property taxes, sales and use taxes, and franchise taxes totaled \$89.9 million, \$34.9 million, and \$7.5 million, respectively. These revenues increased by \$5.7 million from prior year primarily as a result of an increase in taxable assessed values.
- Capital grants and contributions totaled \$16.7 million as a result of infrastructure contributed by developers.
- The revenues were offset by expenses for general government, public safety, public works, and economic development of \$21.2 million, \$47.9 million, \$46.6 million, and \$33.5 million, respectively.

**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**



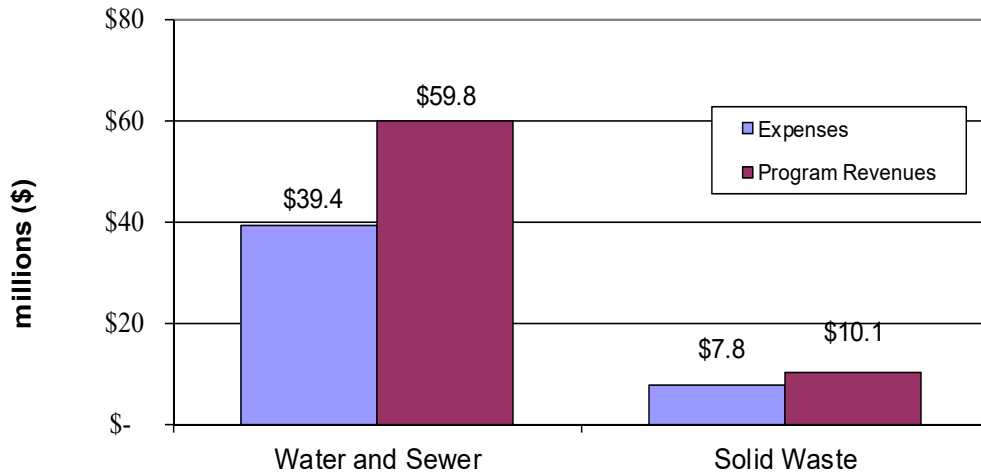
**Business-type activities** - Business-type activities increased the City's net position by \$16.7 million, thereby accounting for 40% percent of the total increase in the net position of the City. Key elements of this increase are as follows:

- Program revenues of \$69.9 million increased approximately \$1.9 million over the prior year primarily due to an increase in operating grants and contributions of \$1.5 million due to reimbursements received from federal and state agencies.

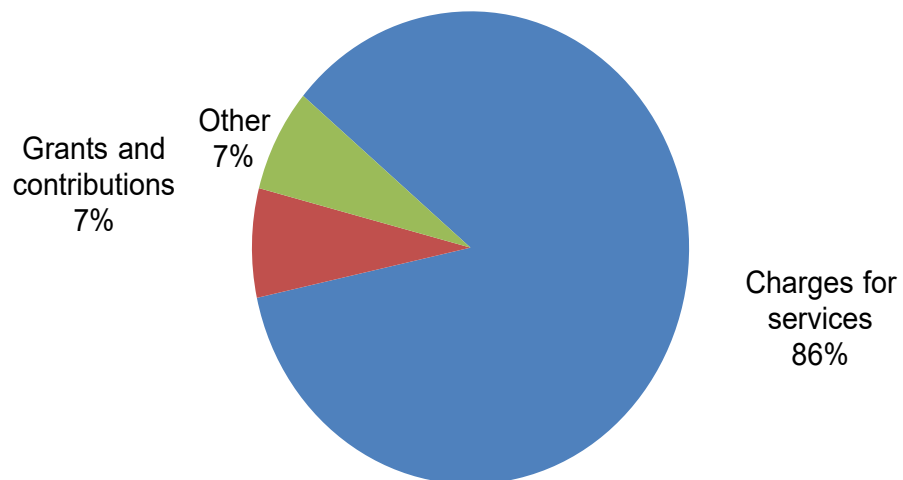
**CITY OF PEARLAND, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

- Capital grants and contributions of \$4.1 million decreased \$0.5 million from the prior year primarily due to a decrease in contributions from developers for impact fees.
- The revenues listed above were offset by expenses of \$39.4 million and \$7.8 million, respectively, for Water and Sewer and Solid Waste, respectively. Expenses increased from prior year by \$2.0 million.

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**





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

**FINANCIAL ANALYSIS OF THE CITY'S 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 \$117.9 million. A portion of the combined fund balance, or \$15.7 million, is unassigned and available for day-to-day operations of the City; \$53.0 million is restricted for capital projects; \$34.7 million for economic development and the remaining balance is restricted for debt service and other programs.

There was an increase in the combined governmental fund balance of \$2.2 million from the prior year. The increase in fund balance includes increases in the General Fund of \$3.2 million, Capital Projects Fund of \$9.1 million, and the Tax Increment Reinvestment Zone #2 of \$0.6 million. These increases in fund balance were partially offset by decreases in fund balance in the Debt Service Fund of \$1.4 million, Pearland Economic Development Corporation of \$10.4 million. The General Fund's fund balance totaled \$17.2 million at year end.

The Pearland Economic Development Corporation, Tax Increment Reinvestment Zone #2, and Development Authority of Pearland, the City's component units blended with the primary government, had expenditures totaling \$60.4 million, leaving an ending fund balance of \$16.7 million, \$9.6 million, and \$8.3 million, respectively, all considered restricted.

Proprietary Funds - The City's business-type activities contain two activities (water and sewer, and solid waste). The City's proprietary funds provide the same type of information found in the government-wide financial statements business-type activities. Total net position in the Internal Service Fund was \$6.9 million at year end, a \$3.4 million increase from the prior year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, there was a \$1.8 million increase in appropriations between the adopted and amended budget. The increase in appropriations is attributable to carryover funding from prior-year encumbrances and projects and to reflect projections during the 2019-2020 budget process.

Actual revenues of \$78.6 million were \$1.0 million over the amended budget mainly in licenses and permits. Actual expenditures of \$76.0 million were under the amended budget by \$2.9 million, resulting in a year-end fund balance of \$17.2 million, in excess of budget by \$3.7 million.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - At the end of fiscal year 2019, the City's governmental activities and business-type activities had invested \$860.9 million and \$374.3 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net increase of \$17.2 million, or 2.0 percent over the end of last fiscal year for the governmental activities and a net increase of \$15.7 million or 4.4 percent over the end of last fiscal year for business-type activities.

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

<i>Amounts in (000's)</i>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land	\$ 31,166	\$ 31,161	\$ 3,796	\$ 3,796	\$ 34,962	\$ 34,957
Construction in progress	145,667	110,736	98,530	84,111	244,197	194,847
Infrastructure	604,170	619,102	228,151	224,300	832,321	843,402
Buildings and improvements	68,500	71,506	23,783	24,518	92,283	96,024
Machinery and equipment	9,338	8,304	1,118	1,542	10,457	9,846
Furniture and fixtures	2,105	2,953	10	15	2,116	2,968
Contractual water rights	-	-	18,960	20,336	18,960	20,336
Total Capital Assets	<u>\$ 860,947</u>	<u>\$ 843,762</u>	<u>\$ 374,349</u>	<u>\$ 358,618</u>	<u>\$ 1,235,296</u>	<u>\$ 1,202,380</u>

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

**Long-Term Debt** - At the end of the current fiscal year, the City had total bonds, certificates of obligation, and capital leases outstanding of \$687.4 million. Of this amount, \$274.0 million is composed of general obligation bonds, \$51.6 million is composed of certificates of obligation and \$317.5 million represents revenue bonds secured solely by specified revenue sources.

<i>Amounts in (000's)</i>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
General obligation bonds	\$ 269,520	\$ 278,175	\$ 4,480	\$ 4,845	\$ 274,000	\$ 283,020
Certificates of obligation	51,620	41,750	-	-	51,620	41,750
Revenue bonds	85,065	98,025	232,415	214,705	317,480	312,730
Unamortized issuance premium/(discount)	26,639	23,844	16,808	10,897	43,446	34,741
Capital leases payable	761	1,282	86	173	847	1,455
	<u>\$ 433,605</u>	<u>\$ 443,076</u>	<u>\$ 253,789</u>	<u>\$ 230,620</u>	<u>\$ 687,393</u>	<u>\$ 673,696</u>

The City's general obligation bonds and certificates of obligation debt for governmental activities increased to \$321.1 million. The increase is due to new debt issued offset by scheduled principal payments. The City's debt for business-type activities increased to \$236.9 million, a net increase of \$17.3 million from the previous year, which was a result of new debt issued offset by scheduled principal payments.

Current credit ratings on debt issues are as follows:

	<b>Standard and Poor's</b>	<b>Fitch</b>	<b>Moodys Investor Services</b>
General obligation bonds	AA	AA	Aa2
Revenue bonds	AA-	AA-	Aa3

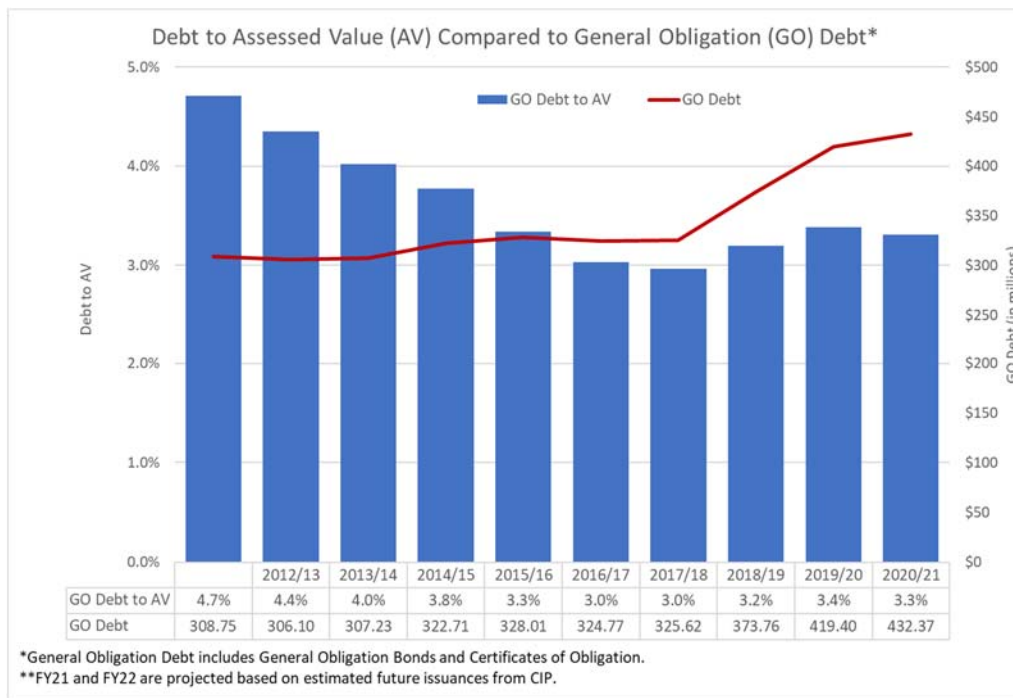
Both the Pearland Economic Development Corporation (PEDC) and the Development Authority of Pearland (DAP), component units of the City, have issued debt. The PEDC bonds are rated A1 from Moody's. The DAP bonds are rated A- by Standard and Poor's. Additional information on the City's long-term debt can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

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City of Pearland continues with its forward momentum in FY 2020, less in terms of population and more in terms of growing value. The City's sales tax revenue is expected to continue strongly, providing \$22.6 million in FY 2020 with 1% growth. Sales tax revenue actually provides substantially to General Fund operations in addition to being the funding source for our Pearland Economic Development Corporation for another \$11.3 million in FY 2020. The City also saw \$495 million or 4.6% increase in added taxable value in FY 2020. The combination of rooftops and retailers in Pearland helps the local economy with jobs and investment and obviously provides tremendous value to our local government operations.

The City received positive ratings from Moody's Investor Services and Fitch Ratings, Inc. for its 2019 bond issuances. The City's Permanent Improvement Bonds Series 2019 for \$15.755 million, the City's Certificates of Obligation Series 2019A and 2019B for \$4.465 million and 11.98 respectively were assigned a rating of 'AA' by Fitch and 'Aa2' by Moody's. Separately, our enterprise fund Water and Sewer System Revenue Bonds-Series 2019B for \$34.59 million were assigned 'AA-' by Fitch and 'Aa3' by Moody's. These ratings demonstrate strong creditworthiness relative to other U.S. municipal or tax-exempt issuers or issues. The City, however, is significantly leveraged, which was necessary to allow the City to grow successfully.



The City's growth allows debt service payments to be spread over a larger tax base, steadying the debt service rate while continuing moderate new debt issuances for capital investment projects. The debt service rate increased slightly from \$0.4300 in 2019 to \$0.4344 in 2020. Anticipated future increases to the Debt to AV ratio are precipitated by the voter-approved 2019 bond package, which included \$79 million in general obligation projects. As of September 30, 2019 the City had \$321.1 million in General Obligation and Certificates of Obligation outstanding being paid back primarily by property taxes. Our financial obligations will continue to be met, and the City will continue to grow, but knowing that the heavy investments both past and future may limit our resources for ongoing operations and innovations.

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

With a growing Houston area economy and the continued growth in value and population, the City General Fund revenues and other sources are projected to increase from \$82,262,212 in FY 2019 to \$86,934,676 in FY 2020, an increase of \$4,672,464, or 5.7%, mainly due to an increase in Property Tax, Sales Tax, and Charges for Services. Property Tax revenues increased in 2020 by 12% over FY 2019 year-end amended revenue, resulting in steady property tax revenue as a percent of total revenues, from 27.9% in FY 2019 to 29.5% in FY 2020, and a slight increase in the overall property tax rate from \$0.7092 to \$0.7412 per \$100 valuation.

FY 2020 total expenditures are \$86,211,511, 4.1% more than the FY 2019 Amended Budget. Salaries and benefits remain the major expenditure for FY 2020, at 71.7% of the total. Police and Fire remained the main focus of the supplemental funding. The Police Department will be adding two new Sworn Officers and two Telecommunications Operators. The Fire Department will be continuing the process of "continuous onboarding" by bringing on 26 new firefighters, supplemented in part by grant funding. A 2% increase in salary is included for all personnel, to support recruitment and retention efforts.

The General Fund meets reserve requirements and the fund is structurally in balance for FY 2020 whereby operating revenues are greater than expenditures. The adopted FY 2020 fund balance over policy is \$125,545, with the adopted ending fund balance of \$14,488,383 for FY 2020.

**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 Cynthia Pearson, Director of Finance, at 3523 Liberty Drive, Pearland, Texas 77581, or call (281) 652-1600. The report and general information can be found on the City's website at [www.pearlandtx.gov](http://www.pearlandtx.gov)

## **Basic Financial Statements**



**CITY OF PEARLAND, TEXAS**  
**STATEMENT OF NET POSITION**  
**September 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and equivalents	\$ 38,072,172	\$ 11,439,793	\$ 49,511,965
Investments	92,723,623	11,547,129	104,270,752
Receivables, net of allowance for uncollectibles	25,790,641	14,904,373	40,695,014
Internal balances	(2,750,000)	2,750,000	-
Inventories	121,442	-	121,442
Prepaid items	15,244	-	15,244
Restricted cash and cash equivalents	-	66,466,265	66,466,265
Restricted investments	-	46,078,631	46,078,631
Capital assets:			
Capital assets not subject to depreciation	176,833,212	102,326,143	279,159,355
Capital assets, net of accumulated depreciation	<u>684,113,688</u>	<u>272,023,230</u>	<u>956,136,918</u>
Total Capital Assets	<u>860,946,900</u>	<u>374,349,373</u>	<u>1,235,296,273</u>
<b>Total Assets</b>	<u>1,014,920,022</u>	<u>527,535,564</u>	<u>1,542,455,586</u>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	9,383,525	1,301,418	10,684,943
Deferred outflows related to OPEB activities	503,172	80,424	583,596
Deferred outflows related to pension activities	10,969,551	1,454,789	12,424,340
<b>Total Deferred Outflows of Resources</b>	<u>20,856,248</u>	<u>2,836,631</u>	<u>23,692,879</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	12,456,888	6,884,749	19,341,637
Accrued interest	1,305,328	574,894	1,880,222
Unearned revenues	2,974,647	-	2,974,647
Customer deposits	2,417,846	4,138,305	6,556,151
Long-term liabilities:			
Due within one year	28,805,934	12,414,911	41,220,845
Due in more than one year	412,077,367	242,214,345	654,291,712
Total OPEB liability	4,973,600	818,394	5,791,994
Net pension liability	<u>26,777,303</u>	<u>3,557,836</u>	<u>30,335,139</u>
<b>Total Liabilities</b>	<u>491,788,913</u>	<u>270,603,434</u>	<u>762,392,347</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to OPEB activities	75,649	10,249	85,898
Deferred inflows related to pension activities	77,385	10,483	87,868
<b>Total Deferred Inflows of Resources</b>	<u>153,034</u>	<u>20,732</u>	<u>173,766</u>
<b>Net Position</b>			
Net investment in capital assets	488,077,356	214,671,762	702,749,118
Restricted for:			
Capital improvements	3,087,030	9,481,643	12,568,673
Debt service	11,010,197	5,788,868	16,799,065
Community development programs	7,230,884	-	7,230,884
Public safety	503,919	-	503,919
Economic development	34,659,047	-	34,659,047
Unrestricted	<u>(734,110)</u>	<u>29,805,756</u>	<u>29,071,646</u>
<b>Total Net Position</b>	<u>\$ 543,834,323</u>	<u>\$ 259,748,029</u>	<u>\$ 803,582,352</u>

**CITY OF PEARLAND, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2019**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General Government	\$ 21,249,001	\$ 10,826,098	\$ -	\$ -
Public Safety	47,948,271	4,412,897	-	-
Public Works	46,631,396	1,379,478	8,765,191	16,678,409
Community Services	4,616,269	6,887,859	239,408	-
Parks and Recreation	7,683,358	2,327,989	-	-
Economic Development	33,469,691	1,949,704	-	-
Interest on long-term debt	14,016,509	-	-	-
<b>Total Governmental Activities</b>	<b>175,614,495</b>	<b>27,784,025</b>	<b>9,004,599</b>	<b>16,678,409</b>
<b>Business-type activities:</b>				
Water and Sewer	39,413,149	55,696,046	-	4,113,156
Solid Waste	7,751,791	8,621,198	1,497,430	-
<b>Total Business-Type Activities</b>	<b>47,164,940</b>	<b>64,317,244</b>	<b>1,497,430</b>	<b>4,113,156</b>
<b>Total Primary Government</b>	<b>\$ 222,779,435</b>	<b>\$ 92,101,269</b>	<b>\$ 10,502,029</b>	<b>\$ 20,791,565</b>



**CITY OF PEARLAND, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2019**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>			
<b>Governmental Activities:</b>			
General Government	\$ (10,422,903)	\$ -	\$ (10,422,903)
Public Safety	(43,535,374)	-	(43,535,374)
Public Works	(19,808,318)	-	(19,808,318)
Community Services	2,510,998	-	2,510,998
Parks and Recreation	(5,355,369)	-	(5,355,369)
Economic Development	(31,519,987)	-	(31,519,987)
Interest on long-term debt	(14,016,509)	-	(14,016,509)
<b>Total Governmental Activities</b>	<b>(122,147,462)</b>	<b>-</b>	<b>(122,147,462)</b>
<b>Business-type activities:</b>			
Water and Sewer	-	20,396,053	20,396,053
Solid Waste	-	2,366,837	2,366,837
<b>Total Business-Type Activities</b>	<b>-</b>	<b>22,762,890</b>	<b>22,762,890</b>
<b>Total Primary Government</b>	<b>(122,147,462)</b>	<b>22,762,890</b>	<b>(99,384,572)</b>
<b>General Revenues:</b>			
Taxes:			
Property taxes	89,929,735	-	89,929,735
Sales and use taxes	34,872,026	-	34,872,026
Franchise taxes	7,479,797	-	7,479,797
Unrestricted investment earnings	3,292,893	2,946,810	6,239,703
Miscellaneous	562,050	2,360,862	2,922,912
Transfers	11,364,397	(11,364,397)	-
<b>Total General Revenues and Transfers</b>	<b>147,500,898</b>	<b>(6,056,725)</b>	<b>141,444,173</b>
Change in net position	25,353,436	16,706,165	42,059,601
<b>Net position - beginning</b>	<b>518,480,887</b>	<b>245,096,762</b>	<b>763,577,649</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>(2,054,898)</b>	<b>(2,054,898)</b>
<b>Net position - ending</b>	<b>\$ 543,834,323</b>	<b>\$ 259,748,029</b>	<b>\$ 803,582,352</b>

**CITY OF PEARLAND, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2019**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Pearland Economic Development Corporation</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,352,391	\$ 963,308	\$ 6,877,395	\$ 953,675
Investments	19,871,620	4,588,364	49,205,453	14,180,939
Receivables, net of allowance for uncollectibles	7,050,158	7,666,936	3,521,219	5,344,209
Prepaid items	15,244	-	-	-
<b>Total Assets</b>	<u>\$ 28,289,413</u>	<u>\$ 13,218,608</u>	<u>\$ 59,604,067</u>	<u>\$ 20,478,823</u>
<b>Liabilities</b>				
Accounts payable	\$ 2,863,550	\$ -	\$ 3,811,046	\$ 210,932
Accrued expenditures	1,964,678	132,080	2,818,803	72,479
Deposits	2,379,513	-	-	38,333
Due to other funds	2,750,000	-	-	-
Unearned revenue	581,131	771,003	1,622,513	-
<b>Total Liabilities</b>	<u>10,538,872</u>	<u>903,083</u>	<u>8,252,362</u>	<u>321,744</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	548,691	6,888,916	-	3,421,643
<b>Total Deferred Inflows of Resources</b>	<u>548,691</u>	<u>6,888,916</u>	<u>-</u>	<u>3,421,643</u>
<b>Fund Balances</b>				
Non-spendable				
Prepaid items	15,244	-	-	-
Restricted				
Debt service	-	5,426,609	-	-
Capital improvements	-	-	51,351,705	-
Community development programs	-	-	-	-
Public safety	-	-	-	-
Economic development	-	-	-	16,735,436
Assigned				
Encumbrances	1,520,940	-	-	-
Unassigned	15,665,666	-	-	-
<b>Total Fund Balances</b>	<u>17,201,850</u>	<u>5,426,609</u>	<u>51,351,705</u>	<u>16,735,436</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 28,289,413</u>	<u>\$ 13,218,608</u>	<u>\$ 59,604,067</u>	<u>\$ 20,478,823</u>

**CITY OF PEARLAND, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2019**

	<u>Tax Increment Reinvestment Zone #2</u>	<u>Development Authority of Pearland</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 9,518,115	\$ 8,324,596	\$ 4,307,406	\$ 32,296,886
Investments	63,215	-	4,814,032	92,723,623
Receivables, net of allowance for uncollectibles	70,737	-	2,035,162	25,688,421
Prepaid items	-	-	-	15,244
<b>Total Assets</b>	<u>\$ 9,652,067</u>	<u>\$ 8,324,596</u>	<u>\$ 11,156,600</u>	<u>\$ 150,724,174</u>
<b>Liabilities</b>				
Accounts payable	\$ 53,052	\$ -	\$ 332,008	\$ 7,270,588
Accrued expenditures	-	-	30,057	5,018,097
Deposits	-	-	-	2,417,846
Due to other funds	-	-	-	2,750,000
Unearned revenue	-	-	-	2,974,647
<b>Total Liabilities</b>	<u>53,052</u>	<u>-</u>	<u>362,065</u>	<u>20,431,178</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	1,486,878	12,346,128
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>1,486,878</u>	<u>12,346,128</u>
<b>Fund Balances</b>				
Non-spendable				
Prepaid items	-	-	-	15,244
Restricted				
Debt service	-	-	-	5,426,609
Capital improvements	-	-	1,600,152	52,951,857
Community development programs	-	-	7,230,884	7,230,884
Public safety	-	-	503,920	503,920
Economic development	9,599,015	8,324,596	-	34,659,047
Assigned				
Encumbrances	-	-	-	1,520,940
Unassigned	-	-	(27,299)	15,638,367
<b>Total Fund Balances</b>	<u>9,599,015</u>	<u>8,324,596</u>	<u>9,307,657</u>	<u>117,946,868</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 9,652,067</u>	<u>\$ 8,324,596</u>	<u>\$ 11,156,600</u>	<u>\$ 150,724,174</u>



**CITY OF PEARLAND, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2019**

**Total fund balance, governmental funds** \$ 117,946,868

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. 860,946,900

Deferred outflows represent a consumption of net position that applies to future periods and therefore will not be recognized as an outflow of resources until then.

Deferred charge on refunding	9,383,525
Deferred outflows relating to OPEB activities	503,172
Deferred outflows relating to pension activities	10,969,551

Other long-term assets (property taxes receivable and adjudicated court fines receivable) are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds. 12,346,128

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

Bonds and capital leases payable	(433,604,774)
Compensated absences	(7,278,516)
Accrued interest governmental activity debt	(1,305,328)
Total OPEB liability	(4,973,600)
Net pension liability	(26,777,303)

Deferred inflows represent a consumption of net position that applies to future periods and therefore will not be recognized as an inflow of resources until then. (153,034)

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. 5,830,734

**Net Position of Governmental Activities in the Statement of Net Position** \$ 543,834,323

**CITY OF PEARLAND, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**September 30, 2019**

	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Pearland Economic Development Corporation</b>
<b>Revenues</b>				
Property taxes	\$ 23,098,212	\$ 35,397,759	\$ -	\$ -
Sales and use taxes	22,427,733	-	-	11,048,959
Franchise fees	7,244,497	-	-	-
Licenses and permits	4,198,551	-	-	-
Fines and forfeitures	2,528,927	-	-	-
Charges for services	17,149,571	-	-	488,271
Investment earnings	750,827	370,115	994,119	629,714
Intergovernmental	-	-	9,627,261	12,000
Other	1,167,832	792,945	600,000	441,664
<b>Total Revenues</b>	<b>78,566,150</b>	<b>36,560,819</b>	<b>11,221,380</b>	<b>12,620,608</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	10,288,113	-	-	-
Public safety	42,509,295	-	-	-
Public works	12,154,279	-	441,518	-
Community services	3,890,941	-	-	-
Parks and recreation	5,892,670	-	-	-
Economic development	-	-	-	11,257,984
<b>Debt Service:</b>				
Principal	528,212	18,660,000	-	11,118,461
Interest and other charges	14,638	12,407,558	400,398	188,671
Capital outlay	753,529	-	31,656,489	472,321
Intergovernmental	-	7,325,484	-	-
<b>Total Expenditures</b>	<b>76,031,677</b>	<b>38,393,042</b>	<b>32,498,405</b>	<b>23,037,437</b>
Excess (deficiency) of revenues over expenditures	2,534,473	(1,832,223)	(21,277,025)	(10,416,829)
<b>Other Financing Sources (Uses)</b>				
Revenue bonds issued	-	-	-	-
Certificates of obligation issued	-	-	16,445,000	-
Refunding bonds issued	-	10,240,000	5,515,000	-
Payments to refunded bond escrow agent	-	(12,551,318)	-	-
Premium on debt issued	-	2,200,938	4,055,805	-
Transfers in	4,674,460	572,098	5,676,460	184,186
Transfers out	(3,994,725)	-	(1,362,087)	(164,742)
<b>Total Other Financing Sources (Uses)</b>	<b>679,735</b>	<b>461,718</b>	<b>30,330,178</b>	<b>19,444</b>
Net change in fund balances	3,214,208	(1,370,505)	9,053,153	(10,397,385)
<b>Fund balances - beginning</b>	<b>13,987,642</b>	<b>6,797,114</b>	<b>42,298,552</b>	<b>27,132,821</b>
<b>Fund balances - ending</b>	<b>\$ 17,201,850</b>	<b>\$ 5,426,609</b>	<b>\$ 51,351,705</b>	<b>\$ 16,735,436</b>

**CITY OF PEARLAND, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**September 30, 2019**

	<b>Tax Increment Reinvestment Zone #2</b>	<b>Development Authority of Pearland</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Property taxes	\$ 31,755,832	\$ -	\$ -	\$ 90,251,803
Sales and use taxes	-	-	1,395,334	34,872,026
Franchise fees	-	-	235,300	7,479,797
Licenses and permits	-	-	-	4,198,551
Fines and forfeitures	-	-	182,894	2,711,821
Charges for services	-	-	88,664	17,726,506
Investment earnings	188,520	17,674	234,755	3,185,724
Intergovernmental	-	-	690,267	10,329,528
Other	-	-	944,243	3,946,684
<b>Total Revenues</b>	<b>31,944,352</b>	<b>17,674</b>	<b>3,771,457</b>	<b>174,702,440</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	10,725	874,571	11,173,409
Public safety	-	-	206,291	42,715,586
Public works	-	-	-	12,595,797
Community services	-	-	328,287	4,219,228
Parks and recreation	-	-	172,457	6,065,127
Economic development	14,209,992	12,820,008	-	38,287,984
<b>Debt Service:</b>				
Principal	-	7,700,000	-	38,006,673
Interest and other charges	-	2,634,236	-	15,645,501
Capital outlay	-	-	712,641	33,594,980
Intergovernmental	-	-	-	7,325,484
<b>Total Expenditures</b>	<b>14,209,992</b>	<b>23,164,969</b>	<b>2,294,247</b>	<b>209,629,769</b>
Excess (deficiency) of revenues over expenditures	<b>17,734,360</b>	<b>(23,147,295)</b>	<b>1,477,210</b>	<b>(34,927,329)</b>
<b>Other Financing Sources (Uses)</b>				
Revenue bonds issued	-	5,835,000	-	5,835,000
Certificates of obligation issued	-	-	-	16,445,000
Refunding bonds issued	-	-	-	15,755,000
Payments to refunded bond escrow agent	-	-	-	(12,551,318)
Premium on debt issued	-	-	-	6,256,743
Transfers in	-	17,146,455	370	28,254,029
Transfers out	(17,146,455)	-	(197,871)	(22,865,880)
<b>Total Other Financing Sources (Uses)</b>	<b>(17,146,455)</b>	<b>22,981,455</b>	<b>(197,501)</b>	<b>37,128,574</b>
Net change in fund balances	587,905	(165,840)	1,279,709	2,201,245
<b>Fund balances - beginning</b>	<b>9,011,110</b>	<b>8,490,436</b>	<b>8,027,948</b>	<b>115,745,623</b>
<b>Fund balances - ending</b>	<b>\$ 9,599,015</b>	<b>\$ 8,324,596</b>	<b>\$ 9,307,657</b>	<b>\$ 117,946,868</b>





**CITY OF PEARLAND, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2019**

<b>Net change in fund balances - total governmental funds:</b>	<b>\$ 2,201,245</b>
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.	
This is the amount by which capital outlays of \$38,330,220 is exceeded by depreciation of \$38,485,535 in the current period.	(155,315)
Governmental funds report only the proceeds from the disposal of capital assets and not the difference between the carrying value and the accumulated depreciation of the asset.	
This is the amount by which the carrying value exceeded the accumulated depreciation.	(417,952)
Capital assets acquired as a result of in-City development.	16,678,409
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	(1,583,413)
Pension and OPEB contributions made after the pension plan measurement date are reported as expenditures in the governmental funds and are reported as deferred outflows on the face of the statement of net position	5,757,414
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.	8,835,920
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	(147,219)
Deferred charge on refunding	1,454,540
Bond premiums/discounts	(2,794,533)
Compensated absences	(29,033)
Capital lease activity	520,496
Other post-employment benefit expense	(573,032)
Pension expense	(7,785,167)
The internal service funds are used by management to charge the costs of property insurance and employee benefits to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.	<u>3,391,076</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 25,353,436</u></b>

**CITY OF PEARLAND, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2019**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Water and Sewer</b>	<b>Solid Waste</b>	<b>Total</b>	<b>Activities -</b>
	<b>Fund</b>	<b>Fund</b>		<b>Internal</b>
				<b>Service Funds</b>
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 11,121,116	\$ 318,677	\$ 11,439,793	\$ 5,775,281
Investments	11,547,129	-	11,547,129	-
Accounts receivable, net of allowance for doubtful accounts	12,927,646	1,976,727	14,904,373	102,221
Due from other funds	2,750,000	-	2,750,000	-
Inventories	-	-	-	121,442
Restricted cash and cash equivalents	66,466,265	-	66,466,265	-
Restricted investments	46,078,631	-	46,078,631	-
<b>Total current assets</b>	<b>150,890,787</b>	<b>2,295,404</b>	<b>153,186,191</b>	<b>5,998,944</b>
<b>Non-current assets:</b>				
Capital assets:				
Land and improvements	3,796,382	-	3,796,382	-
Construction in progress	98,529,761	-	98,529,761	-
Contractual rights to water supply	34,511,428	-	34,511,428	-
Infrastructure	364,431,770	-	364,431,770	-
Buildings	32,268,698	-	32,268,698	-
Machinery and equipment	5,476,411	-	5,476,411	1,080,100
Less Accumulated depreciation	(164,665,077)	-	(164,665,077)	-
<b>Total non-current assets</b>	<b>374,349,373</b>	<b>-</b>	<b>374,349,373</b>	<b>1,080,100</b>
<b>Total Assets</b>	<b>525,240,160</b>	<b>2,295,404</b>	<b>527,535,564</b>	<b>7,079,044</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	1,301,418	-	1,301,418	-
Deferred outflows relating to OPEB activities	80,424	-	80,424	-
Deferred outflows relating to pension activities	1,454,789	-	1,454,789	-
<b>Total Deferred Outflows of Resources</b>	<b>2,836,631</b>	<b>-</b>	<b>2,836,631</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued expenses	6,211,562	673,187	6,884,749	168,208
Accrued interest payable	574,894	-	574,894	-
Customer deposits	4,138,305	-	4,138,305	-
Compensated absences - current portion	188,779	-	188,779	-
Bonds and permanent improvement payable - current portion	12,140,000	-	12,140,000	-
Capital lease - current portion	86,132	-	86,132	-
<b>Total current liabilities</b>	<b>23,339,672</b>	<b>673,187</b>	<b>24,012,859</b>	<b>168,208</b>
<b>Non-current liabilities:</b>				
Compensated absences	651,772	-	651,772	-
Capital lease obligation	34	-	34	-
Total OPEB Liability	818,394	-	818,394	-
Net pension liability	3,557,836	-	3,557,836	-
Bonds and permanent improvement payable	241,562,539	-	241,562,539	-
<b>Total non-current liabilities</b>	<b>246,590,575</b>	<b>-</b>	<b>246,590,575</b>	<b>-</b>
<b>Total Liabilities</b>	<b>269,930,247</b>	<b>673,187</b>	<b>270,603,434</b>	<b>168,208</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows relating to OPEB activities	10,249	-	10,249	-
Deferred inflows relating to pension activities	10,483	-	10,483	-
<b>Total Deferred Inflows of Resources</b>	<b>20,732</b>	<b>-</b>	<b>20,732</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	214,671,762	-	214,671,762	1,080,100
Restricted for debt service	5,788,868	-	5,788,868	-
Restricted for capital projects	9,481,643	-	9,481,643	-
Unrestricted	28,183,538	1,622,217	29,805,755	4,750,636
<b>Total Net Position</b>	<b>\$ 258,125,811</b>	<b>\$ 1,622,217</b>	<b>\$ 259,748,028</b>	<b>\$ 5,830,736</b>

**CITY OF PEARLAND, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2019**

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
<b>Revenues</b>				
Charges for services	\$ 55,696,046	\$ 8,621,198	\$ 64,317,244	\$ 8,275,646
<b>Total operating revenues</b>	<u>55,696,046</u>	<u>8,621,198</u>	<u>64,317,244</u>	<u>8,275,646</u>
<b>Operating Expenses</b>				
Personnel services	8,452,073	-	8,452,073	469,504
Supplies and materials	6,738,676	-	6,738,676	18,832
Contractual services	4,735,584	7,751,791	12,487,375	9,093,622
Repairs and maintenance	2,372,830	-	2,372,830	1,498,799
Other expenses	41,327	-	41,327	23,366
Depreciation and amortization	11,322,452	-	11,322,452	-
<b>Total Operating Expenses</b>	<u>33,662,942</u>	<u>7,751,791</u>	<u>41,414,733</u>	<u>11,104,123</u>
Operating income (loss)	<u>22,033,104</u>	<u>869,407</u>	<u>22,902,511</u>	<u>(2,828,477)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Intergovernmental	-	1,497,430	1,497,430	-
Earnings on investments	2,944,181	2,629	2,946,810	107,169
Miscellaneous revenue (expense)	2,360,862	-	2,360,862	136,136
Debt issuance costs	(800,333)	-	(800,333)	-
Interest expense	(4,949,874)	-	(4,949,874)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(445,164)</u>	<u>1,500,059</u>	<u>1,054,895</u>	<u>243,305</u>
Income (loss) before contributions and transfers	<u>21,587,940</u>	<u>2,369,466</u>	<u>23,957,406</u>	<u>(2,585,172)</u>
Capital contributions	4,113,156	-	4,113,156	-
Transfers in	834,754	-	834,754	5,976,248
Transfers out	(12,199,151)	-	(12,199,151)	-
Change in net position	<u>14,336,699</u>	<u>2,369,466</u>	<u>16,706,165</u>	<u>3,391,076</u>
<b>Total net position - beginning</b>	<u>245,844,010</u>	<u>(747,249)</u>	<u>245,096,761</u>	<u>3,519,760</u>
Prior period adjustment	(2,054,898)	-	(2,054,898)	-
<b>Total net position - ending</b>	<u>\$ 258,125,811</u>	<u>\$ 1,622,217</u>	<u>\$ 259,748,028</u>	<u>\$ 6,910,836</u>

**CITY OF PEARLAND, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2019**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>	<b>Activities - Internal Service Funds</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 51,863,611	\$ 7,813,763	\$ 59,677,374	\$ -
Receipts from interfund charges for insurance activities				8,102,167
Disbursed for personnel services	(8,860,970)	-	(8,860,970)	(469,504)
Disbursed for goods and services	(14,450,903)	(8,995,144)	(23,446,047)	(10,588,003)
<b>Net cash provided (used) by operating activities</b>	<b>28,551,738</b>	<b>(1,181,381)</b>	<b>27,370,357</b>	<b>(2,955,340)</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers in	834,754	-	834,754	5,976,248
Transfers out	(12,199,151)	-	(12,199,151)	-
Cash received from non-operating revenues	2,360,862	1,497,430	3,858,292	-
<b>Net cash provided by (used by) noncapital financing activities</b>	<b>(9,003,535)</b>	<b>1,497,430</b>	<b>(7,506,105)</b>	<b>5,976,248</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from the issuance of debt	29,763,159	-	29,763,159	-
Principal payments on debt	(11,710,000)	-	(11,710,000)	-
Principal payments on leases	(84,216)	-	(84,216)	-
Bond issuance costs	(800,333)	-	(800,333)	-
Interest paid	(4,889,946)	-	(4,889,946)	-
Acquisition and construction of capital assets	(21,806,105)	-	(21,806,105)	(1,080,100)
<b>Net cash provided by capital and related financing activities</b>	<b>(9,527,441)</b>	<b>-</b>	<b>(9,527,441)</b>	<b>(943,964)</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of investments	9,160,970	-	9,160,970	-
Interest received	2,944,181	2,628	2,946,809	107,168
<b>Net cash provided by (used by) investing activities</b>	<b>12,105,151</b>	<b>2,628</b>	<b>12,107,779</b>	<b>107,168</b>
Net increase (decrease) in cash and equivalents	22,125,913	318,677	22,444,590	2,184,112
<b>Cash and equivalents, beginning</b>	<b>55,461,467</b>	<b>-</b>	<b>55,461,467</b>	<b>3,591,168</b>
<b>Cash and equivalents, end</b>	<b>\$ 77,587,381</b>	<b>\$ 318,677</b>	<b>\$ 77,906,058</b>	<b>\$ 5,775,281</b>
	1		1	
Unrestricted cash and equivalents	\$ 11,121,116	\$ 318,677	\$ 11,439,793	\$ 5,775,281
Restricted cash and equivalents	66,466,265	-	66,466,265	-
	<b>\$ 77,587,381</b>	<b>\$ 318,677</b>	<b>\$ 77,906,058</b>	<b>\$ 5,775,281</b>

**CITY OF PEARLAND, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2019**

	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer Fund	Solid Waste Fund	Total	Activities - Internal Service Funds
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income (loss)	\$ 22,033,104	\$ 869,407	\$ 22,902,511	\$ (2,828,477)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	11,322,452	-	11,322,452	-
(Increase) decrease in accounts receivable	(6,120,995)	(807,435)	(6,928,430)	(173,479)
(Increase) decrease in deferred outflows relating to OPEB activities	(442,974)	-	(442,974)	-
(Increase) decrease in deferred outflows relating to pension activities	(777,419)	-	(777,419)	-
Increase (decrease) in accounts payable	(562,486)	24,099	(538,387)	46,616
Increase (decrease) in salaries payable	878,789	-	878,789	-
Increase (decrease) in due to other funds	-	(1,267,452)	(1,267,452)	-
Increase (decrease) in customer deposits	2,288,560	-	2,288,560	-
Increase (decrease) in total OPEB liability	(1,127,609)	-	(1,127,609)	-
Increase (decrease) in net pension liability	1,465,206	-	1,465,206	-
Increase (decrease) in deferred inflows relating to pension activities	(404,890)	-	(404,890)	-
<b>Net cash provided by (used by) operating activities</b>	<b>\$ 28,551,738</b>	<b>\$ (1,181,381)</b>	<b>\$ 27,370,357</b>	<b>\$ (2,955,340)</b>
<b>Summary of non-cash transactions</b>				
Contributed capital assets	\$ 4,113,156	\$ -	\$ 4,113,156	\$ -



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

**Note 1 - Summary of Significant Accounting Policies**

The City of Pearland, Texas (the "City") was incorporated in December 1959 and adopted a "Home Rule Charter" 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.

**A. Financial Reporting Entity**

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by accounting principles generally accepted in the United States of America, these financial statements have been prepared based on considerations regarding the potential for inclusion of component units, which are other entities or organizations that are financially accountable to the City. Blended component units are component units that are considered so closely related to the legal entity that the blended component unit funds appear as funds that are integral parts of the primary government. The City's financial statements include the following blended component units: the Pearland Economic Development Corporation (PEDC); the Tax Increment Reinvestment Zone (TIRZ #2); and the Development Authority of Pearland (DAP). No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected Governing body; it is legally separate; and it is fiscally independent of other state and local governments.

The financial reporting entity consists of the City and its component units. Component units are legally separate organizations for which the City is financially accountable or other organizations whose nature and significant relationship with the City are such that exclusion would cause the City's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the City's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the City.

The basic financial statements include blended component units. The blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government.

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**A. Financial Reporting Entity (continued)**

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by City Council. The component units do not issue separate financial statements.

**Blended Component Units:** All of these units are presented as governmental fund types.

**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%). 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.

**Tax Increment Reinvestment Zone (TIRZ #2)**

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. Although it is legally separated from the City, the TIRZ #2 is fiscally dependent upon the primary government because the City Council must also approve any debt issuances done on behalf of the TIRZ. A major land owner within the City sits on the Board of Directors for the TIRZ #2. TIRZ #2 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.

**Development Authority of Pearland**

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.



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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this general rule are charges between the City's business-type and governmental funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements and all proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the statements of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Furniture and equipment capitalized in the Proprietary Fund Types are valued at cost.

The governmental fund financial statements are presented on a *current financial resources measurement focus* and *modified accrual basis of accounting*. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Measurable means that the amount of the transaction can be determined and available means 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. Revenues susceptible to accrual include property taxes, sales and use taxes, franchise fees, charges for services and interest on temporary investments. Other receipts become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile fund-based financial statements with the governmental column of the government-wide presentation.

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

In the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Following is a description of the various funds:

Governmental funds are those funds through which most governmental functions are typically financed. 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 Debt Service Fund is considered a major fund for reporting purposes.

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 Capital Projects Fund is considered a major fund for reporting purposes.

The *Pearland Economic Development Corporation* is 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 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. The Tax Increment Reinvestment Zone #2 is considered a major fund for reporting purposes.

The *Development Authority of Pearland* fund is used to account for the financing of the development of the TIRZ #2. The Development Authority of Pearland is considered a major fund for reporting purposes.

The City's Business type activities consist of the following funds:

The *Enterprise Funds* are used to account for the operations that provide water and sewer utility services as well as solid waste collection 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 maintains *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.

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

All assets, deferred outflows of resources, liabilities, equities, revenues, expenses and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position and cash flows.

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 water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as *program revenues* include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenue includes all taxes.

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 City's Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expense.

**D. Net Position Flow Assumption**

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.

**E. Fund Balance Flow Assumption**

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 FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**F. Fund Balance Working Capital Policies**

Governmental Funds are presented in the financial statements as follows:

**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 Director of Finance.

**Unassigned** – Amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

City Council has authorized the Director of Finance 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 2 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% of the current year’s budget appropriation for recurring operating expenses.

The cash 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.

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**F. Fund Balance Working Capital Policies (continued)**

Debt Service Fund Total Fund Balance

The City shall maintain the debt service fund balance at 10% 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.

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.

Economic Development Corporation

As sales tax revenue fluctuates due to changes in economic conditions, the PEDC shall maintain a fund balance of no less than 10% of budgeted sales tax revenues.

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 seven percent of the total budget (General Fund) to be used in case of unforeseen items of expenditure.

**G. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be 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.

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**H. 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 amortized cost, which approximates fair value.

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 significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

**I. 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.

**J. Due to and Due from Other Funds**

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.

**K. Inventories 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.

**L. 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.

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**M. Capital Assets**

Capital assets which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of three years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment are depreciated using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	10-45
Machinery and equipment	3-15
Infrastructure	10-50
Intangible Assets - Water Rights	25

**N. 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 to 15 years of service, 20 days per year for service of 16 to 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 1 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. Employees are required to use their vacation in the year it is earned. Employees may carry over a maximum of 40 (48 for certified shift Fire employees) hours of vacation a year.

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.

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**O. 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.

**P. Comparative Data and Reclassifications**

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**Q. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only three items that qualify for reporting in this category.

- Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources for pension - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the City's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for other post-employment benefits (OPEB) - Reported in the government wide financial statement of net position, these deferred outflows result from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of changes in assumptions and other inputs. The deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the next fiscal year. The other OPEB related outflow will be amortized over the expected remaining service lives of all employees (active and inactive employees) who are provided with OPEB benefits.



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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Q. Deferred Outflows/Inflows of Resources (continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance 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 three items that qualify for reporting in this category.

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension - Reported in the government wide financial statement of net position, these deferred inflows result primarily from changes in actuarial assumptions. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred inflows of resources for OPEB - Reported in the government wide financial statement of net position, these deferred inflows result primarily from changes in actuarial assumptions. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plans.

**R. 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 Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as superseded by GASB Statement No. 71.

**S. Other-Post Employment Benefits (OPEB)**

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*.

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**T. Other-Post Employment Benefits (OPEB)**

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.

**U. New Accounting Standards**

The following standards have been issued, but have not been implemented as not yet effective.

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities.

GASB Statement No. 87, *Leases*. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

**Note 2 - Deposits (Cash) and Investments**

**Authorization for Deposits and Investments**

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the City.

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 market 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% of market value of principal and accrued interest.

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

**Note 2 - Deposits (Cash) and Investments (continued)**

**Authorization for Deposits and Investments (continued)**

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.

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, deposits with financial institutions, and short-term investments, which have maturities at purchase of less than three months, consisting mainly of certificates of deposit. 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.

**Deposit and Investment Amounts**

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.

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

	<u><b>Total Fair Value</b></u>
Cash	\$ 115,978,227
Temporary Investments	
Texas CLASS	79,294,173
TexSTAR	28,587,745
FAMC discount note	5,012,179
FFCB discount note	1,000,004
FHLB discount note	1,999,513
FHLMC discount note	4,686,301
FNMA discount note	1,001,146
Certificates of deposit	28,768,323
	<u>\$ 266,327,611</u>

At September 30, 2019, the City reported cash deposits in the amount of \$115,978,227. Except for the money market fund which does not require collateral, the City’s cash deposits were covered by federal depository insurance and by pledged collateral held by the City's agent in the City's name.

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

**Note 2 - Deposits (Cash) and Investments (continued)**

**Deposit and Investment Amounts (continued)**

Quoted market prices are the basis of the fair value for U.S. Treasury and Agency securities. 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:

	<b>Total Fair Value</b>
Interest income	\$ 5,552,889
Unrealized gain (loss) on temporary investments	686,814
Investment earnings	<u>\$ 6,239,703</u>

The City's investments' fair value measurements are as follows at September 30, 2019:

<u>Investments</u>	<u>Fair Value</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
U.S Agency Securities	\$ 13,699,143	\$ -	\$ 13,699,143	\$ -
Certificates of deposit	28,768,323	28,768,323	-	-

**Interest Rate Risk**

At year-end, the City had the following investments subject to interest rate risk disclosure, under U.S. generally accepted accounting principles:

	<u>Total Fair Value</u>	<u>Weighted Average Maturity (days)</u>
Temporary Investments		
Texas CLASS	\$ 79,294,173	50
TexSTAR	28,587,745	22
FAMC discount note	5,012,179	492
FFCB discount note	1,000,004	396
FHLB discount note	1,999,513	444
FHLMC discount note	4,686,301	562
FNMA discount note	1,001,146	455
Certificates of deposit	28,768,323	281
	<u>\$ 150,349,384</u>	
<b>Portfolio weighted average maturity</b>		<u>130</u>

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 is 130 days.

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.

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

**Note 2 - Deposits (Cash) and Investments (continued)**

**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.

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Percentage of Total Investment Portfolio</u>
Texas CLASS	\$ 79,294,173	53%
TexSTAR	28,587,745	19%
FAMC discount note	5,012,179	3%
FFCB discount note	1,000,004	1%
FHLB discount note	1,999,513	1%
FHLMC discount note	4,686,301	3%
FNMA discount note	1,001,146	1%
Certificates of deposit	28,768,323	19%
<b>Total</b>	<b>\$ 150,349,384</b>	<b>100%</b>

**Credit Risk**

Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank and the Federal National Mortgage Association Discount Notes were rated AA+ by Standard & Poor’s, AAA by Fitch Ratings, 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.

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.

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

**Note 2 - Deposits (Cash) and Investments (continued)**

**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	\$	6,363,762
Customer deposits		3,889,815
Capital improvements		102,291,319
<b>Total</b>	<b>\$</b>	<b>112,544,896</b>

**Note 3 - Receivables**

Receivables at September 30, 2019, consisted of the following:

**Primary Government:**

**Governmental Funds:**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Pearland Economic Development Corporation</u>	<u>Tax Increment Reinvestment Zone #2</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Receivables							
Property taxes, including penalties and interest	\$ 569,152	\$ 949,143	\$ -	\$ -	\$ -	\$ -	\$ 1,518,295
Lease receivable	-	6,744,981	-	-	-	-	6,744,981
Sales and other taxes	5,230,611	-	-	1,889,220	-	414,514	7,534,345
Interest	36,160	2,728	10,233	27,414	-	1,290	77,825
Other	1,231,987	-	3,510,986	3,427,575	70,737	1,619,358	9,860,643
Allowance for uncollectibles	(17,752)	(29,916)	-	-	-	-	(47,668)
	<u>\$ 7,050,158</u>	<u>\$ 7,666,936</u>	<u>\$ 3,521,219</u>	<u>\$ 5,344,209</u>	<u>\$ 70,737</u>	<u>\$ 2,035,162</u>	<u>\$ 25,688,421</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 and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable - general fund	\$ 548,691	\$ -
Delinquent property taxes receivable - debt service fund	914,938	-
Lease revenues-principal	5,973,978	-
Street assessments	1,486,878	-
Other	3,421,643	1,622,513
Lease interest revenues	-	771,003
Grants and revenues prior to meeting all eligibility requirements	-	581,131
<b>Total</b>	<b>\$ 12,346,128</b>	<b>\$ 2,974,647</b>

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

**Note 3 - Receivables (continued)**

**Proprietary Funds:**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>	<b>Internal Service Fund</b>
Receivables				
Customer accounts	\$ 11,800,331	\$ 1,994,781	\$ 13,795,112	\$ -
Interest	36,480	-	36,480	-
Other	1,189,359	-	1,189,359	102,221
Allowance for uncollectibles	(98,524)	(18,054)	(116,578)	-
	<u>\$ 12,927,646</u>	<u>\$ 1,976,727</u>	<u>\$ 14,904,373</u>	<u>\$ 102,221</u>

**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.

**Note 4 - Capital Assets**

A summary of changes in the primary government's capital assets for the year ended September 30, 2019, follows:

	<b>Balance September 30, 2018</b>	<b>Increases</b>	<b>(Decreases) and Reclassifications</b>	<b>Balance September 30, 2019</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 31,161,169	\$ 4,566	\$ -	\$ 31,165,735
Construction in progress	110,735,700	37,602,377	(2,670,600)	145,667,477
<b>Total capital assets not being depreciated</b>	<u>141,896,869</u>	<u>37,606,943</u>	<u>(2,670,600)</u>	<u>176,833,212</u>
Other capital assets:				
Infrastructure	1,018,136,839	16,273,925	1,189,615	1,035,600,379
Buildings and improvements	109,810,957	701,538	(46,490)	110,466,005
Machinery and equipment	23,425,809	1,497,744	776,629	25,700,182
Furniture and fixtures	8,119,312	158,660	(23,300)	8,254,672
<b>Total other capital assets</b>	<u>1,159,492,917</u>	<u>18,631,867</u>	<u>1,896,454</u>	<u>1,180,021,238</u>
Less accumulated depreciation for:				
Infrastructure	(399,034,922)	(32,020,376)	(375,253)	(431,430,551)
Buildings and improvements	(38,304,947)	(3,678,040)	17,166	(41,965,821)
Machinery and equipment	(15,122,038)	(1,804,043)	564,200	(16,361,881)
Furniture and fixtures	(5,166,221)	(983,076)	-	(6,149,297)
<b>Total accumulated depreciation</b>	<u>(457,628,128)</u>	<u>(38,485,535)</u>	<u>206,113</u>	<u>(495,907,550)</u>
Other capital assets, net	701,864,789	(19,853,668)	2,102,567	684,113,688
<b>Totals</b>	<u>\$ 843,761,658</u>	<u>\$ 17,753,275</u>	<u>\$ (568,033)</u>	<u>\$ 860,946,900</u>

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

**Note 4 - Capital Assets (continued)**

	<u>Balance September 30, 2018</u>	<u>Increases</u>	<u>(Decreases) and Reclassifications</u>	<u>Balance September 30, 2019</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 3,796,382	\$ -	\$ -	\$ 3,796,382
Construction in progress	84,111,268	22,948,637	(8,530,144)	98,529,761
<b>Total capital assets not being depreciated</b>	<u>87,907,650</u>	<u>22,948,637</u>	<u>(8,530,144)</u>	<u>102,326,143</u>
Other capital assets:				
Water and sewer system	351,804,043	4,548,087	8,079,640	364,431,770
Buildings and improvements	32,268,698	-	-	32,268,698
Machinery and equipment	5,521,981	15,572	(188,663)	5,348,890
Furniture and fixtures	127,521	-	-	127,521
Contractual water rights	34,511,428	-	-	34,511,428
<b>Total other capital assets</b>	<u>424,233,671</u>	<u>4,563,659</u>	<u>7,890,977</u>	<u>436,688,307</u>
Less accumulated depreciation for:				
Water and sewer system	(127,503,877)	(8,768,967)	(7,498)	(136,280,342)
Buildings and improvements	(7,750,899)	(735,269)	-	(8,486,168)
Machinery and equipment	(3,980,332)	(438,776)	188,663	(4,230,445)
Furniture and fixtures	(112,757)	(4,372)	-	(117,129)
Contractual water rights	(14,175,925)	(1,375,068)	-	(15,550,993)
<b>Total accumulated depreciation</b>	<u>(153,523,790)</u>	<u>(11,322,452)</u>	<u>181,165</u>	<u>(164,665,077)</u>
Other capital assets, net	<u>270,709,881</u>	<u>(6,758,793)</u>	<u>8,072,142</u>	<u>272,023,230</u>
<b>Totals</b>	<u>\$ 358,617,531</u>	<u>\$ 16,189,844</u>	<u>\$ (458,002)</u>	<u>\$ 374,349,373</u>

Depreciation was charged to programs as follows:

General government	\$ 2,425,174
Public safety	2,015,597
Public works	32,502,072
Community services	184,206
Parks and recreation	1,358,486
<b>Total Governmental Activity</b>	<u>\$ 38,485,535</u>
Water and sewer	\$ 11,322,452
<b>Total Business-Type Activity</b>	<u>\$ 11,322,452</u>



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

**Note 4 - Capital Assets (continued)**

The City had active construction projects as of September 30, 2019. The projects included various improvements to streets, drainage and facilities as well as water and sewer improvements. At year-end, the City's contractual commitments on projects were as follows:

<b>Project Description</b>	<b>Contract</b>	<b>Total In Progress</b>	<b>Remaining Commitment</b>
Drainage Improvement	\$ 20,628,454	\$ 15,089,622	\$ 5,538,832
Building Improvements	49,723,789	23,350,386	26,373,403
Street Improvement	135,296,577	83,735,553	51,561,024
Park Improvements	35,187,889	23,491,916	11,695,973
Total Governmental Activities	240,836,709	145,667,477	95,169,232
Water and Sewer Improvements	209,183,295	98,529,761	110,653,534
<b>Total Primary Government</b>	<b>\$ 450,020,004</b>	<b>\$ 244,197,238</b>	<b>\$ 205,822,766</b>

**Note 5 - Long-Term Debt**

**A. Governmental Activity 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.

The Tax Increment Contract Revenue Bonds, Series 2018 were issued in November 2018 in the amount of \$5,835,000 for developer reimbursements of TIRZ infrastructure improvements. The bonds bear an all cost true interest rate of 3.41 percent and are due in installments ranging from \$395,000 to \$630,000 through September 1, 2029.

The Certificates of Obligation, Series 2019A were issued in August 2019 in the amount of \$4,465,000 for construction and improvements to certain streets, roads, and intersections, certain improvements to the recreation center and natatorium, and improvements to facilities for the Orange Street Service Center. The certificates bear interest from 3.00 percent to 4.00 percent and are due in annual installments ranging from \$220,000 to \$255,000 through March 1, 2039.

The Certificates of Obligation, Series 2019B were issued in August 2019 in the amount of \$11,980,000 for certain improvements to parks, including Shadow Creek Ranch Park, improvements to Fire Station #8, and improvements to the Shadow Creek Library. The certificates bear interest of 5.00 percent and mature on March 1, 2030.

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

**Note 5 - Long-Term Debt (continued)**

**A. Governmental Activity Debt (continued)**

The Permanent Improvement & Refunding Bonds, Series 2019 were issued in August 2019 in the amount of \$15,755,000 for construction and improvements to the City drainage system and City facilities, and refunding certain outstanding obligations. The bonds bear interest from 4.00 percent to 5.00 percent and are due in annual installments ranging from \$275,000 to \$2,470,000 through March 1, 2039. The refunding proceeds were used to purchase U.S. Government securities and these securities were placed in an irrevocable escrow agent to provide for future debt service on \$12,325,000 of refunded bonds Certificate of Obligations, Series 2007 of \$3,285,000 and Certificate of Obligation, Series 2010A of \$9,040,000. As a result, the refunded bonds are considered to be defeased and the related liability for the bonds has been removed from the City's liabilities. The reacquisition price exceeded the net carrying amount of the old debt by \$235,060, which is also known as refunding charge. This amount is being netted against the new debt and amortized over the life of the new debt, which was equal or shorter than the refunded debt. This resulted in an economic gain (difference between present values of the old and new debt service payment) of \$1,042,043.

During the fiscal year the City had a \$10,845,000 early redemption (defeasance) of Sales Tax Revenue Refunding Bonds, Series 2016. The City recorded the cash defeasance as debt service principal expenditures in the fund financial statements. The amount of interest saving as a result of the early redemption was \$1,682,510.

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended September 30, 2019. 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.

	<u>Balance September 30, 2018</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance September 30, 2019</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
<b>Bonds payable:</b>					
General obligation bonds	\$ 278,175,000	\$ 15,755,000	\$ (24,410,000)	\$ 269,520,000	\$ 16,150,000
Certificates of obligation	41,750,000	16,445,000	(6,575,000)	51,620,000	3,330,000
Sales tax revenue bonds	12,845,000	-	(11,095,000)	1,750,000	250,000
Tax increment revenue bonds	85,180,000	5,835,000	(7,700,000)	83,315,000	7,350,000
Unamortized premium/ (discount)	23,844,210	6,256,743	(3,462,210)	26,638,743	-
<b>Total bonds payable</b>	<u>441,794,210</u>	<u>44,291,743</u>	<u>(53,242,210)</u>	<u>432,843,743</u>	<u>27,080,000</u>
<b>Other liabilities:</b>					
Obligations under capital leases	1,281,527	36,181	(556,677)	761,031	367,691
Compensated absences	7,249,494	4,741,274	(4,712,241)	7,278,527	1,358,243
<b>Total Governmental Activities</b>	<u>\$ 450,325,231</u>	<u>\$ 49,069,198</u>	<u>\$ (58,511,128)</u>	<u>\$ 440,883,301</u>	<u>\$ 28,805,934</u>

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.

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

**Note 5 - Long-Term Debt (continued)**

**A. Governmental Activity Debt (continued)**

A summary of the terms of general obligation bonds and certificates of obligation, as of September 30, 2019, follows:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
<b>General Obligation Bonds</b>				
Permanent Improvement & Refunding Bonds, Series 2009	16,735,000	2020	2.00-5.00	\$ 615,000
Permanent Improvement Bonds, Series 2011	5,400,000	2036	2.125-4.125	4,240,000
Permanent Improvement Refunding Bonds, Series 2012	43,575,000	2029	3.00-5.00	32,410,000
Permanent Improvement Bonds, Series 2013	9,315,000	2038	3.00-5.00	7,520,000
Permanent Improvement & Refunding Bonds, Series 2014	40,410,000	2034	2.00-5.00	34,795,000
Permanent Improvement Refunding Bonds, Series 2015	47,165,000	2032	2.00-5.00	43,940,000
Permanent Improvement Bonds, Series 2015	8,495,000	2035	2.00-4.00	6,795,000
Permanent Improvement Refunding Bonds, Series 2015A	10,210,000	2029	2.00-3.00	6,565,000
Permanent Improvement & Refunding Bonds, Series 2016A	33,275,000	2036	2.00-5.00	30,810,000
Permanent Improvement Refunding Bonds, Series 2016B	29,840,000	2031	2.00-5.00	25,135,000
Permanent Improvement & Refunding Bonds, Series 2017	56,900,000	2037	2.00-5.00	53,745,000
Permanent Improvement Bonds, Series 2018	7,440,000	2038	2.50-5.00	7,065,000
Permanent Improvement & Refunding Bonds, Series 2019	15,755,000	2039	4.00-5.00	15,755,000
Annexed Municipal Utility District Bonds				
BC MUD 4 Series 2011	2,640,000	2020	2.50-5.00	130,000
Total General Obligation Bonds				<u>\$ 269,520,000</u>
<b>Certificates of Obligation</b>				
Certificates of Obligation, Series 2009	8,520,000	2020	2.25-5.00	\$ 325,000
Certificates of Obligation, Series 2009A	12,145,000	2020	2.00-4.50	635,000
Certificates of Obligation, Series 2011	2,095,000	2021	2.09	420,000
Certificates of Obligation, Series 2013	2,745,000	2038	3.00-4.625	2,240,000
Certificates of Obligation, Series 2014	4,625,000	2034	2.00-4.00	3,470,000
Certificates of Obligation, Series 2015	4,860,000	2035	2.00-4.00	3,880,000
Certificates of Obligation, Series 2016	13,995,000	2036	2.00-4.00	11,895,000
Certificates of Obligation, Series 2017	6,205,000	2037	2.00-4.00	5,580,000
Certificates of Obligation, Series 2018	7,085,000	2038	2.00-5.00	6,730,000
Certificates of Obligation, Series 2019A	4,465,000	2039	3.00-4.00	4,465,000
Certificates of Obligation, Series 2019B	11,980,000	2030	5.00	11,980,000
Total Certificates of Obligation				<u>\$ 51,620,000</u>

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

**Note 5 - Long-Term Debt (continued)**

**A. Governmental Activity Debt (continued)**

A summary of the terms of the revenue bonds recorded as long-term liabilities in the Pearland Economic Development Corporation and Development Authority of Pearland as of September 30, 2019, is as follows:

<u>Series</u>	<u>Original Issue</u>	<u>Matures</u>	<u>Interest Rate (%)</u>	<u>Debt Outstanding</u>
<b>Pearland Economic Development Corporation</b>				
Sales Tax Revenue Refunding Bonds, Series 2016	\$ 14,640,000	2030	2.36	\$ 1,750,000
<b>Development Authority of Pearland</b>				
Tax Increment Revenue Bonds, Series 2013	9,150,000	2029	3.77	6,765,000
Tax Increment Revenue Bonds, Series 2014	8,060,000	2029	3.00	5,400,000
Tax Increment Revenue Bonds, Series 2015	66,030,000	2029	3.00	48,340,000
Tax Increment Revenue Bonds, Series 2016	12,320,000	2029	2.22	9,945,000
Tax Increment Revenue Bonds, Series 2017	8,555,000	2029	3.13	7,425,000
Tax Increment Revenue Bonds, Series 2018	5,835,000	2029	3.41	5,440,000
Total Component Unit Long-Term Debt				<u>\$ 85,065,000</u>

**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, 2019, the City did not have any previously refunded bonds outstanding or outstanding refunding escrows.

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

**Note 5 - Long-Term Debt (continued)**

**A. Governmental Activity Debt (continued)**

**Capital Lease Obligations**

The City has entered into certain capital lease agreements in order to purchase public safety and management information systems, equipment and other construction-related equipment. The capital lease obligations are paid out of the General, Debt Service and Water and Sewer Funds. The historical purchase price of the capital assets under lease is approximately \$7.4 million and entirely classified as machinery and equipment.

Following is a summary of future lease payments due on this equipment:

<u>Fiscal Year</u>	<u>Obligations</u>
2020	\$ 379,616
2021	212,807
2022	125,336
2023	<u>64,434</u>
Total	782,193
Less: Interest	<u>(21,162)</u>
<b>Obligations under capital leases</b>	<b><u>\$ 761,031</u></b>

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

**Note 5 - Long-Term Debt (continued)**

**A. Governmental Activity Debt (continued)**

The annual requirements to amortize governmental activity general obligation bonds and certificates of obligation outstanding at September 30, 2019, were as follows:

Fiscal Year	Governmental Activities			
	General Obligation		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2020	\$ 16,150,000	\$ 11,070,228	\$ 3,330,000	\$ 1,823,899
2021	17,465,000	10,397,667	2,370,000	1,791,676
2022	18,235,000	9,646,768	2,160,000	1,730,232
2023	18,885,000	8,829,193	2,155,000	1,669,319
2024	19,500,000	7,941,180	2,160,000	1,603,957
2025	20,290,000	7,032,692	2,175,000	1,531,881
2026	20,905,000	6,116,162	2,170,000	1,457,107
2027	21,690,000	5,150,068	2,180,000	1,376,956
2028	22,475,000	4,191,428	2,175,000	1,298,032
2029	23,255,000	3,247,130	2,180,000	1,222,387
2030	15,455,000	2,450,971	14,160,000	844,975
2031	15,925,000	1,850,960	2,180,000	468,918
2032	15,185,000	1,257,007	2,185,000	393,541
2033	6,310,000	828,688	2,185,000	319,243
2034	6,400,000	589,722	2,190,000	244,252
2035	4,400,000	381,788	1,960,000	172,715
2036	3,355,000	220,121	1,730,000	108,631
2037	2,220,000	105,763	1,025,000	58,694
2038	1,140,000	35,531	725,000	23,969
2039	280,000	5,600	225,000	4,500
	<u>\$ 269,520,000</u>	<u>\$ 81,348,667</u>	<u>\$ 51,620,000</u>	<u>\$ 18,144,884</u>

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

**Note 5 - Long-Term Debt (continued)**

**A. Governmental Activity Debt (continued)**

**Capital Lease Obligations (continued)**

The annual requirements to amortize blended component unit revenue bonds outstanding at September 30, 2019, were as follows:

Fiscal Year	Governmental Activities			
	Sales Tax Revenue Bonds		Tax Increment Revenue Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 250,000	\$ 41,300	\$ 7,350,000	\$ 2,303,495
2021	250,000	35,400	7,550,000	2,102,129
2022	250,000	29,500	7,760,000	1,895,150
2023	250,000	23,600	7,975,000	1,679,674
2024	250,000	17,700	8,195,000	1,460,178
2025	250,000	11,800	8,420,000	1,234,157
2026	250,000	5,900	8,650,000	1,001,497
2027	-	-	8,890,000	762,008
2028	-	-	9,135,000	515,391
2029	-	-	9,390,000	261,508
	<u>\$ 1,750,000</u>	<u>\$ 165,200</u>	<u>\$ 83,315,000</u>	<u>\$ 13,215,187</u>

**B. Business-type Activity Debt**

The Water and Sewer System Revenue Bonds, Series 2019A were issued in August 2019 in the amount of \$21,000,000. The bonds bear interest from 0.00 percent to 1.14 percent, due to the Texas Water Development Board subsidy and are due in annual installments of \$700,000 through September 1, 2049.

The Water and Sewer System Revenue & Refunding Bonds, Series 2019B were issued in August 2019 in the amount of \$34,590,000. The bonds bear interest from 4.00 percent to 5.00 percent and are due in annual installments ranging from \$580,000 to \$5,065,000 through September 1, 2039. Proceeds of the bonds will be used for waterworks and sanitary sewer system improvements and to refund certain obligations of the City. The refunding proceeds were used to purchase U.S. Government securities and these securities were placed in an irrevocable escrow agent to provide for future debt service on \$27,250,000 of refunded bonds Water and Sewer System Revenue Bonds, Series 2007 of \$11,390,000 and Water and Sewer System Revenue Bonds, Series 2010A of \$15,860,000. As a result, the refunded bonds are considered to be defeased and the related liability for the bonds has been removed from the City's liabilities. The reacquisition price exceeded the net carrying amount of the old debt by \$613,010, which is also known as refunding charge. This amount is being netted against the new debt and amortized over the life of the new debt, which was equal or shorter than the refunded debt. This resulted in an economic gain (difference between present values of the old and new debt service payment) of \$2,174,196.

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

**Note 5 - Long-Term Debt (continued)**

**B. Business-type Activity Debt (continued)**

The following is a summary of changes in the City's total business-type long-term liabilities for the year ended September 30, 2019.

	Balance September 30, 2018	Additions	(Reductions)	Balance September 30, 2019	Amounts Due Within One Year
<b>Business-type Activities</b>					
<b>Bonds payable:</b>					
Permanent Improvement Bonds	\$ 4,845,000	\$ -	\$ (365,000)	4,480,000	370,000
Water and sewer revenue bonds	214,705,000	55,590,000	(37,880,000)	232,415,000	11,770,000
Unamortized premium/ (discount)	10,896,823	7,069,135	(1,158,419)	16,807,539	-
<b>Total bonds payable</b>	<u>230,446,823</u>	<u>62,659,135</u>	<u>(39,403,419)</u>	<u>253,702,539</u>	<u>12,140,000</u>
<b>Other liabilities:</b>					
Obligations under capital leases	172,828	-	(86,662)	86,166	86,132
Compensated absences	780,156	527,628	(467,233)	840,551	188,779
<b>Total Business-type Activities</b>	<u>\$ 231,399,807</u>	<u>\$ 63,186,763</u>	<u>\$ (39,957,314)</u>	<u>\$ 254,629,256</u>	<u>\$ 12,414,911</u>

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.

A summary of the terms of revenue bonds and permanent improvement bonds recorded in the Enterprise Funds as of September 30, 2019, is as follows:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
<b>Water and Wastewater Fund</b>				
Water & Sewer System Adjustable Rate Revenue Bonds, Series 1999	\$ 8,000,000	2020	4.41-4.60	\$ 610,000
Water & Sewer System Refunding Bonds, Series 2010B	8,970,000	2023	1.75-4.00	445,000
Permanent Improvement and Refunding Bonds, Series 2012	6,230,000	2025	3.00-5.00	4,480,000
Water & Sewer System Revenue Bonds, Series 2012	8,670,000	2037	2.00-3.625	5,060,000
Water & Sewer System Revenue Bonds, Series 2014	9,210,000	2039	2.00-4.00	8,205,000
Water & Sewer System Revenue Bonds, Series 2016A	8,880,000	2036	2.00-4.00	7,545,000
Water & Sewer System Revenue Bonds, Series 2016B	11,100,000	2025	2.00-4.00	7,405,000
Water & Sewer System Revenue Bonds, Series 2016C	50,100,000	2045	2.00-4.00	44,520,000
Water & Sewer System Revenue Bonds, Series 2017A	10,225,000	2027	0.00-1.29	8,210,000
Water & Sewer System Revenue Bonds, Series 2017B	12,025,000	2047	0.00-2.10	11,345,000
Water & Sewer System Revenue & Refunding Bonds, Series 2017C	60,970,000	2037	2.00-5.00	57,025,000
Water & Sewer System Revenue Bonds, Series 2018A	8,650,000	2048	0.47-2.07	8,360,000
Water & Sewer System Revenue Bonds, Series 2018B	19,050,000	2038	2.00-5.00	18,095,000
Water & Sewer System Revenue Bonds, Series 2019A	21,000,000	2049	0.00-1.14	21,000,000
Water & Sewer System Revenue & Refunding Bonds, Series 2019B	34,590,000	2039	4.00-5.00	34,590,000
Total Utility System Fund				<u>\$ 236,895,000</u>



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

**Note 5 - Long-Term Debt (continued)**

**B. Business-type Activity Debt (continued)**

The annual requirements to amortize Enterprise Fund revenue bonds and permanent improvement bonds outstanding at September 30, 2019, were as follows:

Fiscal Year	Business-Type Activities			
	Revenue Bonds		Permanent Improvement Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 11,770,000	\$ 6,586,457	\$ 370,000	\$ 157,000
2021	11,985,000	6,313,918	370,000	142,200
2022	12,075,000	6,011,190	385,000	127,100
2023	12,915,000	5,693,434	395,000	111,500
2024	12,110,000	5,328,627	1,480,000	74,000
2025	12,385,000	4,997,784	1,480,000	22,200
2026	12,880,000	4,637,707	-	-
2027	13,200,000	4,180,706	-	-
2028	12,470,000	3,708,034	-	-
2029	12,810,000	3,238,968	-	-
2030	13,140,000	2,780,073	-	-
2031	11,975,000	2,335,816	-	-
2032	9,520,000	1,918,967	-	-
2033	9,685,000	1,619,617	-	-
2034	9,855,000	1,323,683	-	-
2035	7,320,000	1,048,333	-	-
2036	6,730,000	853,134	-	-
2037	6,345,000	680,667	-	-
2038	5,260,000	518,819	-	-
2039	4,350,000	397,894	-	-
2040	3,130,000	312,878	-	-
2041	3,145,000	273,794	-	-
2042	3,150,000	233,896	-	-
2043	3,165,000	193,426	-	-
2044	3,175,000	152,277	-	-
2045	3,190,000	110,604	-	-
2046	1,490,000	68,350	-	-
2047	1,500,000	44,924	-	-
2048	990,000	21,139	-	-
2049	700,000	7,980	-	-
	<u>\$ 232,415,000</u>	<u>\$ 65,593,096</u>	<u>\$ 4,480,000</u>	<u>\$ 634,000</u>

**C. Legal Compliance**

Long-term debt assumed by the City upon dissolution of annexed municipal utility district in fiscal years 2006, 2007, and 2013 has been recorded as part of the City's long-term debt. A portion of the assumed debt is related to assets recorded in the Water and Sewer Fund. Even though the debt is related to assets recorded in the Water and Sewer Fund, the debt is considered general obligation debt based on Texas law.

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

**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, 2019, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 4,674,460	\$ 3,994,725
Debt Service Fund	572,098	-
Capital Projects Fund	5,676,460	1,362,087
Pearland Economic Development Corporation	184,186	164,742
Tax Increment Reinvestment Zone #2	-	17,146,455
Development Authority of Pearland	17,146,455	-
Non-major Governmental Funds	370	197,871
Water and Sewer Fund	834,754	12,199,151
Internal Service Fund	5,976,248	-
	<u>\$ 35,065,031</u>	<u>\$ 35,065,031</u>

A summary of interfund receivables and payables at September 30, 2019, follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Water and Sewer Fund	General Fund	\$ 2,750,000	Short term loan

**Note 7 - Fund Balance / Net Position**

**Encumbrances**

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. Certain amounts which were classified as restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds.

Significant encumbrances, primarily for capital improvements and street maintenance, included in governmental fund balances are as follows:

	<b>Encumbrance</b>
General Fund - assigned	\$ 1,520,940

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

**Note 8 - 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 ICMA Retirement Corporation is the plan administrator. 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 third-party administrator handles all funds in the plan and makes investment decisions and disburses funds to employees in accordance with plan provisions.

**Note 9 - Employee Retirement System**

***Texas Municipal Retirement System***

**Plan Description and Provisions**

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent 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 comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://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% 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% of the employee's accumulated contributions.

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

**Note 9 - Employee Retirement System (continued)**

**Benefits Provided (continued)**

A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (city to employee):	2 to 1
Years required for vesting:	5
Service retirement eligibility:	20 years at any age, 5 years at age 60 and above
Updated service credit:	100% repeating
Annuity increase to retirees:	70% of CPI repeating
Supplemental death benefit – employees and retirees:	Yes

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits:	225
Inactive employees entitled to but not yet receiving benefits:	317
Active employees:	<u>681</u>
Total:	<u>1,223</u>

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the 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% of their annual gross earnings during the fiscal year. For fiscal year 2019, the City's contribution rate was 13.55% for the months in 2018 and 13.30% for the months in 2019.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	2.5% per year
Overall payroll growth:	3.0% per year
Investment Rate of Return:	6.75%, net of pension plan investment expense, including inflation

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

**Note 9 - Employee Retirement System (continued)**

**Actuarial Assumptions (continued)**

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Assumptions are reviewed annually. No additional changes were made for the 2018 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
U.S. equities	17.5%	4.30%
International equities	17.5%	6.10%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	3.39%
Real estate	10.0%	3.78%
Real return	10.0%	4.44%
Absolute return	10.0%	3.56%
Private equity	5.0%	7.75%
Total	100.0%	

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

**Note 9 - Employee Retirement System (continued)**

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**Changes in the Net Pension Liability**

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	(a)	(b)	(a) - (b)
Balance at 12/31/2017	\$ 145,424,516	\$ 127,368,923	\$ 18,055,593
Changes for the year:			
Service cost	7,869,363	-	7,869,363
Interest	9,914,570	-	9,914,570
Difference between expected and actual experience	41,404	-	41,404
Changes in assumptions	-	-	-
Contributions - employer	-	6,225,163	(6,225,163)
Contributions - employee	-	3,216,353	(3,216,353)
Net investment income	-	(3,818,135)	3,818,135
Benefit payments, including refunds, of employee contributions	(4,953,354)	(4,953,354)	-
Administrative expense	-	(73,737)	73,737
Other charges	-	(3,853)	3,853
Net changes	<u>12,871,983</u>	<u>592,437</u>	<u>12,279,546</u>
Balance at 12/31/2018	<u>\$ 158,296,499</u>	<u>\$ 127,961,360</u>	<u>\$ 30,335,139</u>

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

	<b>1% Decrease to 5.75%</b>	<b>Current Single Rate Assumption 6.75%</b>	<b>1% Increase to 7.75%</b>
City's net pension liability	\$ 57,412,147	\$ 30,335,139	\$ 8,624,573

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

**Note 9 - Employee Retirement System (continued)**

**Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 2019, the City recognized pension expense of \$8,840,233.

At September 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actuarial assumptions and actual experience	\$ 866,010	\$ -
Changes in actuarial assumptions used	-	87,868
Differences between projected and actual investment earnings	6,620,544	-
Contributions subsequent to the measurement date	4,937,786	-
<b>Total</b>	<b>\$ 12,424,340</b>	<b>\$ 87,868</b>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$4,937,786 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2019 (i.e. recognized in the city's financial statements September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2020	\$ 2,573,766
2021	1,241,050
2022	1,085,036
2023	2,494,265
2024	4,569
<b>Total</b>	<b>\$ 7,398,686</b>

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

**Note 10 - Other Post-Employment Benefits**

***TMRS Supplemental Death Benefits Fund***

**Benefit Plan Description**

The City also participates in the cost sharing multiple-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.

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 another post-employment benefit (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, 2018 was as follows:

Inactive employees currently receiving benefits	160
Inactive employees entitled to but not yet receiving benefits	102
Active employees	<u>681</u>
Total	<u>943</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 0.12% 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.

**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 3.71% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2018.



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

**Note 10 - Other Post-Employment Benefits (continued)**

**TMRS Supplemental Death Benefits Fund (continued)**

**Plan Assets**

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

**Actuarial Assumptions**

The City's total OPEB liability was measured at December 31, 2018 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

<i>Valuation Date:</i>	December 31, 2018
<i>Methods and Assumptions:</i>	
Inflation:	2.50%
Salary Increases:	3.50% to 10.50%, including inflation
Discount rate:	3.71%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.
Retirees' share of benefit related costs:	\$0
Administrative expenses:	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees:	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees:	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

*Other Information*

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

**Changes in the Total OPEB Liability**

Service cost	\$ 82,690
Interest	41,463
Difference between expected and actual experience	143,594
Changes of assumptions	(99,775)
Benefit payments	(4,594)
Net change in total OPEB liability	163,378
Total OPEB liability - beginning	1,213,598
Total OPEB liability - ending	<u>\$ 1,376,976</u>

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

**Note 10 - Other Post-Employment Benefits (continued)**

**TMRS Supplemental Death Benefits Fund (continued)**

**Sensitivity Analysis**

The following presents the total OPEB liability of the employer, calculated using the discount rate of 3.71%, 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 (2.71%) or 1 percentage point higher (4.71%) 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.

<u>1% Decrease to 2.71%</u>	<u>Current Discount Rate Assumption 3.71%</u>	<u>1% Increase to 4.71%</u>
\$ 1,648,801	\$ 1,376,976	\$ 1,169,863

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$145,734. As of September 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 123,623	\$ -
Changes assumptions	80,375	85,898
Contributions subsequent to the measurement date	3,706	-
<b>Total</b>	<u>\$ 207,704</u>	<u>\$ 85,898</u>

The \$3,706 reported as 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 year ending September 30, 2020. Amounts currently reported as deferred outflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	<u>Net deferred outflows (inflows) of resources</u>
2020	\$ 21,581
2021	21,581
2022	21,581
2023	21,581
2024	21,581
Thereafter	10,195
Total	<u>\$ 118,100</u>

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

**Note 10 - Other Post-Employment Benefits (continued)**

**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% 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, 2017, the actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments:	8
Inactive employees entitled to but not yet receiving benefit payments:	0
Active employees:	<u>643</u>
Total	<u>651</u>

**Total OPEB Liability**

The City's total OPEB liability of \$4,415,018 was measured as of September 30, 2019, and was determined by an actuarial valuation as of October 1, 2017.

**Actuarial assumptions and methods**

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, 2017

*Measurement Date:* September 30, 2019

*Methods and Assumptions:*

Discount Rate:	3.58% per annum, which includes inflation
Inflation:	2.50% per annum
Salary Increases:	3.00% average which includes inflation
Healthcare cost trend rates:	5.70% initial medical trend rate for retirees decreasing to an ultimate rate of 3.81% in the year 2073

Mortality rates were updated and are based upon the RP-2014h sex distinct mortality improvement table with generational mortality improvement scale MP-2018.

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

**Note 10 - Other Post-Employment Benefits (continued)**

**Retiree Health Care Plan (RHCP) (continued)**

**Discount Rate**

The discount rate of 3.58% 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.

**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:

Service cost	\$ 295,552
Interest	157,119
Changes of assumptions	101,145
Benefit payments	<u>(66,167)</u>
Net change in total OPEB liability	487,649
Total OPEB liability at 9/30/2018	<u>3,927,369</u>
Total OPEB liability at 9/30/2019	<u>\$ 4,415,018</u>

Assumption Changes. Since the prior full valuation as of October 1, 2017, the mortality improvement scale was updated from MP-2016 to the MP-2018 table. Also, the per capita claims costs and trend were updated to reflect recent experience and the discount rate was decreased from 3.75% to 3.58%

**Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the plan’s total OPEB liability, calculated using a discount rate of 3.75%, as well as what the plan’s total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease to <b>2.58%</b>	<b>Current Discount Rate Assumption 3.58%</b>	1% Increase to <b>4.58%</b>
\$ 4,940,170	\$ 4,415,018	\$ 3,946,749

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

**Note 10 - Other Post-Employment Benefits (continued)**

**Retiree Health Care Plan (RHCP) (continued)**

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates**

The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

<b>1% Decrease to 4.21%</b>	<b>Current Healthcare Cost Trend Rate Assumption 5.21%</b>	<b>1% Increase to 6.21%</b>
\$ 3,738,164	\$ 4,415,018	\$ 5,241,730

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$524,959. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 258,451	\$ -
Changes assumptions	117,441	-
<b>Total</b>	<b>\$ 375,892</b>	<b>\$ -</b>

Amounts currently reported as deferred outflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

<b>Fiscal Year</b>	<b>Net deferred outflows (inflows) of resources</b>
2020	72,288
2021	72,288
2022	72,288
2023	72,288
2024	72,289
Thereafter	14,451
<b>Total</b>	<b>\$ 375,892</b>

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

**Note 11 - Commitments and Contingencies**

**Litigation and Other Contingencies**

The City was involved in various lawsuits and arbitration proceedings at September 30, 2019. 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 Pearland. The following are the current incentives.

Current Incentives	Original Amount	Amounts Paid		Outstanding Balance
		Prior Years	Current Year	
KS Management-Grant	\$ 2,663,000	\$ 1,183,560	\$ 295,890	\$ 1,183,550
KS Management-Sales Tax	600,000	66,196	19,340	514,464
Base Pair 2017	60,000	30,000	15,000	15,000
FloWorks Intl. (Shale-Inland)	350,000	210,000	-	140,000
M&S Logistics	60,000	38,000	-	22,000
Tool Flo	1,152,000	152,000	596,000	404,000
Lonza Phase 1	600,000	-	300,000	300,000
Lonza Phase 2	750,000	-	-	750,000
Adient Medical	40,000	10,000	-	30,000
Endress+Hauser	525,000	-	-	525,000
Keystone	189,000	-	-	189,000
Diamond Bolt	27,500	27,500	-	-
MHI	250,000	-	-	250,000
Graham Ventures - Code Ninja	406,000	-	-	406,000
Wilmar Oleo NA	116,000	-	-	116,000
	<u>\$ 7,788,500</u>	<u>\$ 1,717,256</u>	<u>\$ 1,226,230</u>	<u>\$ 4,845,014</u>

**Lower Kirby Urban Center Master Plan**

On June 10, 2013 Pearland adopted a 20/20 Strategic Plan to create a vision for the community's future growth. One of the strategies was 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 FINANCIAL STATEMENTS (continued)**

**Note 11 - Commitments and Contingencies (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, 2019 of \$4,047,156 relating to these LFA's.

	<u>Cost</u>		<u>Lower Kirby Pearland Management District</u>		<u>Pearland Municipal Management District #1</u>
<b>3/10/2014</b>					
Detention Pond	\$ 1,947,753	0.0%	\$ -	27.7%	\$ 539,528
Master Drainage Plan	127,410	0.0%	-	30.8%	39,268
Regional Drainage Plan	183,031	0.0%	-	23.9%	43,717
		Subtotal	-		622,513
<b>8/24/2015</b>					
South Spectrum PER	\$ 214,137	57.4%	-	40.2%	86,124
<b>9/12/2015</b>					
North Spectrum Traffic Signal	\$ 318,525	100.0%	-	0.0%	-
<b>4/26/2016</b>					
TxDOT Ditch Acquisition	\$ 400,000	73.0%	382,000	27.0%	108,000
<b>2/28/2017</b>					
South Spectrum West	\$ 5,755,789	0.0%	-	21.3%	1,228,378
<b>5/8/2017</b>					
West Conveyance Pond	\$ 277,000	0.0%	-	88.8%	246,044
<b>7/10/2017</b>					
LK Beltway 8 Waterline	\$ 240,000	100.0%	215,000	0.0%	-
<b>11/26/2018</b>					
288 Waterline & LK Park Improvements	\$ 1,189,000	100.0%	1,127,000	0.0%	-
<b>5/8/2019</b>					
LK Regional Detention Property Acquisition	\$ 32,097	0.0%	-	100.0%	32,097
		Total	<u>\$ 1,724,000</u>		<u>\$ 2,323,156</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 two sales tax incentive agreements in effect during the current fiscal year with Kelsey-Seybold and Costco Wholesale Corporation. 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 located 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.

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

**Note 11 - Commitments and Contingencies (continued)**

**Chapter 380 Economic Development Agreements (continued)**

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% of the sales tax remitted by Kelsey and its vendors. The agreements with the City and the PEDC requires Kelsey to maintain a minimum of 600 jobs to be in place as an eligibility factor. To date the City and the PEDC have paid \$312,826 in sales tax incentives.

Costco Wholesale Corporation is a membership warehouse club that provides a wide selection of merchandise. As of 2014, it is the second largest retailer in the United States and the third largest in the world, and the largest membership warehouse club chain in the United States. The City of Pearland agreed to provide Costco incentives to build a 150,000 square-foot retail warehouse with an attached tire center and free-standing fuel facility. Total investment was estimated at \$33.7M and the project created approximately 75 full-time and 75 part-time jobs.

The agreement with Costco and the City of Pearland is to refund Costco a portion of the 1.0% of sales tax collected by the City at the business location for a period not to exceed 10 years and an amount not to exceed \$750,000. Costco opened in November 2015, with the first payment made in fiscal year 2016. To date, the City has paid \$488,580 in sales tax incentives.

**Note 12 - 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 fiscal year-end September 30, 2019, the City believed the amounts paid on Workers' Compensation would not change significantly from the amounts recorded.

**Note 13 - Capital Lease**

The City has a 20-year agreement to lease a facility to the University of Houston Clear Lake (UHCL), which commenced in July 2010. Rent or lease payments are broken into two parts, debt service and operating. For accounting purposes the City has classified the lease as a direct financing lease. Because this lease is recorded in a governmental fund, the receivable is deferred and the distinction between a sales and direct financing lease is not relevant at the fund level.

UHCL has an option to purchase the facility upon the commencement date of July 2010 until the 61<sup>st</sup> day preceding the 20<sup>th</sup> anniversary of the commencement date.



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

**Note 13 - Capital Lease (continued)**

The lease payments related to debt service to be received coincide with debt service payments the City is required to make on a bond that matures on March 1, 2029. At September 30, 2019, the future minimum debt service lease payments to be received under the lease are as follows:

<u>Fiscal year ending September 30,</u>	<u>Payment</u>
2020	\$ 771,581
2021	757,155
2022	737,205
2023	716,401
2024	695,169
2025-2029	<u>3,131,979</u>
Total	<u>\$ 6,809,490</u>

**Note 14 - Prior Period Adjustments**

In the current fiscal year, it came to management’s attention that a liability, representing surcharges billed and collected and belonging to another entity, was understated. As a result, the beginning net position of the City’s business-type activities and water and sewer fund have been restated on the statement of activities (business-type activities) and statement of revenues, expenses and changes in net position (water and sewer fund) to reflect the increase to this liability balance.

	<u>Statement of Activities Business-type Activities</u>	<u>Statement of Revenues, Expenses and Changes in Net Position Water and Sewer Fund</u>
Net position at September 30, 2018, as previously reported	\$ 245,096,762	\$ 245,844,010
Increase in liability balance	<u>(2,054,898)</u>	<u>(2,054,898)</u>
Net position at October 1, 2018, as restated	<u>\$ 243,041,864</u>	<u>\$ 243,789,112</u>

**Note 15 - Subsequent Event**

In November 2019, the Development Authority of Pearland issued \$4,255,000 Tax Increment Contract Revenue Bonds, Series 2019 to be used for developer reimbursement.



## **Required Supplementary Information**

**CITY OF PEARLAND, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended September 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Adopted	Amended		
<b>Revenues</b>				
Property taxes	\$ 21,332,769	\$ 22,952,305	\$ 23,098,212	\$ 145,907
Sales and use taxes	22,855,294	22,438,980	22,427,733	(11,247)
Franchise fees	7,296,694	7,272,488	7,244,497	(27,991)
Licenses and permits	3,785,535	3,882,850	4,198,551	315,701
Fees and forfeitures	2,110,750	2,452,750	2,528,927	76,177
Charges for services	17,617,566	16,899,459	17,149,571	250,112
Investment earnings	250,000	537,000	750,827	213,827
Intergovernmental	-	-	-	-
Other	983,806	1,150,895	1,167,832	16,937
<b>Total Revenues</b>	<b>76,232,414</b>	<b>77,586,727</b>	<b>78,566,150</b>	<b>979,423</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	9,946,347	10,494,725	10,288,113	206,612
Public safety	43,628,984	43,661,567	42,509,295	1,152,272
Public works	12,085,452	13,062,901	12,154,279	908,622
Community services	4,282,923	4,141,916	3,890,941	250,975
Parks and recreation	6,256,810	6,133,683	5,892,670	241,013
<b>Debt Service:</b>				
Principal	520,496	520,496	528,212	(7,716)
Interest and other charges	22,355	22,355	14,638	7,717
Capital outlay	425,638	908,188	753,529	154,659
<b>Total Expenditures</b>	<b>77,169,005</b>	<b>78,945,831</b>	<b>76,031,677</b>	<b>2,914,154</b>
Excess (deficiency) of revenues over expenditures	(936,591)	(1,359,104)	2,534,473	3,893,577
<b>Other Financing Sources (Uses)</b>				
Transfers in	4,560,460	4,674,460	4,674,460	-
Transfers out	(3,254,107)	(3,811,203)	(3,994,725)	(183,522)
<b>Total Other Financing Sources (Uses)</b>	<b>1,306,353</b>	<b>863,257</b>	<b>679,735</b>	<b>(183,522)</b>
Net change in fund balances	369,762	(495,847)	3,214,208	3,710,055
<b>Fund balances, beginning</b>	<b>13,987,642</b>	<b>13,987,642</b>	<b>13,987,642</b>	<b>-</b>
<b>Fund balances, ending</b>	<b>\$ 14,357,404</b>	<b>\$ 13,491,795</b>	<b>\$ 17,201,850</b>	<b>\$ 3,710,055</b>

**CITY OF PEARLAND, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION**

**Budgetary Compliance**

The City has complied with all material budget requirements for the year ended September 30, 2019.

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 fiscal year-end. Project length budgets are adopted for the Capital Project Funds. The City, for management control, approves a financial plan for the Enterprise Fund.

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 Director of Finance 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 (sixty) and 90 (ninety) 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**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**Last Five Measurement Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Service cost	\$ 7,869,363	\$ 7,548,267	\$ 6,756,543	\$ 6,035,636	\$ 5,118,873
Interest	9,914,570	9,064,733	8,166,924	7,679,417	7,010,813
Changes of benefit terms					
Difference between expected and actual experience	41,404	33,887	1,159,738	846,833	241,450
Change in assumptions	-	-	-	(304,820)	-
Benefit payments, including refunds of employee contributions	<u>(4,953,354)</u>	<u>(3,481,143)</u>	<u>(2,875,256)</u>	<u>(3,808,062)</u>	<u>(2,729,973)</u>
<b>Net change in total pension liability</b>	<b>12,871,983</b>	<b>13,165,744</b>	<b>13,207,949</b>	<b>10,449,004</b>	<b>9,641,163</b>
<b>Total pension liability - beginning</b>	<u>145,424,516</u>	<u>132,258,772</u>	<u>119,050,823</u>	<u>108,601,188</u>	<u>98,960,025</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 158,296,499</u>	<u>\$ 145,424,516</u>	<u>\$ 132,258,772</u>	<u>\$ 119,050,192</u>	<u>\$ 108,601,188</u>
<b>Plan fiduciary net position:</b>					
Contributions - employer	\$ 6,225,163	\$ 5,991,467	\$ 5,253,253	\$ 4,786,602	\$ 4,339,785
Contributions - employee	3,216,353	3,081,580	2,749,756	2,498,961	2,355,095
Net investment income	(3,818,135)	14,836,941	6,458,752	135,758	4,766,828
Benefit payments, including refunds of employee contributions	(4,953,354)	(3,481,143)	(2,875,256)	(3,808,062)	(2,729,973)
Administrative expense	(73,737)	(76,869)	(72,899)	(82,673)	(49,756)
Other	<u>(3,853)</u>	<u>(3,896)</u>	<u>(3,927)</u>	<u>(4,082)</u>	<u>(4,091)</u>
<b>Net change in plan fiduciary net position</b>	<b>592,437</b>	<b>20,348,080</b>	<b>11,509,679</b>	<b>3,526,504</b>	<b>8,677,888</b>
<b>Plan fiduciary net position - beginning</b>	<u>127,368,923</u>	<u>107,020,843</u>	<u>95,511,165</u>	<u>91,984,661</u>	<u>83,306,773</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>127,961,360</u>	<u>127,368,923</u>	<u>107,020,844</u>	<u>95,511,165</u>	<u>91,984,661</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 30,335,139</u>	<u>\$ 18,055,593</u>	<u>\$ 25,237,928</u>	<u>\$ 23,539,027</u>	<u>\$ 16,616,527</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>80.84%</b>	<b>87.58%</b>	<b>80.92%</b>	<b>80.23%</b>	<b>84.70%</b>
<b>Covered employee payroll</b>	<b>\$ 45,939,075</b>	<b>\$ 44,013,221</b>	<b>\$ 39,282,225</b>	<b>\$ 35,545,557</b>	<b>\$ 33,615,923</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>66.03%</b>	<b>41.02%</b>	<b>64.25%</b>	<b>66.22%</b>	<b>49.43%</b>

**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. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68. 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**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 6,461,150	\$ 6,072,762	\$ 5,924,405	\$ 5,295,359	\$ 4,600,419
Contribution in relation of the actuarially determined contribution	\$ 6,461,150	\$ 6,072,762	\$ 5,924,405	\$ 5,295,359	\$ 4,600,419
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	\$ 48,297,918	\$ 44,772,623	\$ 43,703,166	\$ 39,566,838	\$ 34,650,598
Contributions as a percentage of covered payroll	13.4%	13.6%	13.6%	13.4%	13.3%
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 4,311,811	\$ 3,780,847	\$ 3,518,289	\$ 3,302,952	\$ 2,995,119
Contribution in relation of the actuarially determined contribution	\$ 4,311,811	\$ 3,780,847	\$ 3,518,289	\$ 3,302,952	\$ 2,995,119
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	\$ 30,580,987	\$ 28,876,260	\$ 27,756,555	\$ 26,871,670	\$ 25,519,548
Contributions as a percentage of covered payroll	14.1%	13.1%	12.7%	12.3%	11.7%

**NOTES TO REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION**

**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: 27 years  
Asset Valuation Method: 10 Year smoothed market; 15% soft corridor  
Inflation: 2.50%  
Salary Increases: 3.50% to 10.50% including inflation  
Investment Rate of Return: 6.75%  
Retirement Age: Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.  
Mortality: RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**

Notes: There were no benefit changes during the year.

**CITY OF PEARLAND, TEXAS**

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS FUND  
Last Two Measurement Years**

	<u>2018</u>	<u>2017</u>
Service cost	\$ 82,690	\$ 66,020
Interest	41,463	39,025
Difference between expected and actual experience	143,594	-
Changes of assumptions	(99,775)	111,349
Benefit payments	(4,594)	(4,401)
Net change in total OPEB liability	163,378	211,993
Total OPEB liability - beginning	1,213,598	1,001,605
Total OPEB liability - ending	<u>\$ 1,376,976</u>	<u>\$ 1,213,598</u>
Covered payroll	\$ 45,939,075	\$ 44,013,221
Total OPEB liability as a percentage of covered payroll	3.00%	2.76%

**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.

Total OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

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 Two Measurement Year*

	<b>2019</b>	<b>2018</b>
Service cost	\$ 295,552	\$ 456,161
Interest	157,119	240,852
Changes of benefit terms	-	(2,314,150)
Difference between expected and actual experience	-	361,831
Changes of assumptions	101,145	43,043
Benefit payments	(66,167)	(127,339)
Net change in total OPEB liability	487,649	(1,339,602)
Total OPEB liability - beginning	3,927,369	5,266,971
Total OPEB liability - ending	<u>\$ 4,415,018</u>	<u>\$ 3,927,369</u>
Covered payroll	\$ 48,297,918	\$ 44,772,623
Total OPEB liability as a percentage of covered payroll	9.14%	8.77%

**Notes to the Required Supplementary Information**

Amounts presented are for each measurement year, which is the same as the City's fiscal year end.

Total OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

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.

**Assumption Changes**

Since the prior valuation, the mortality improvement scale was updated from MP-2016 to the MP-2018 table. Also, the per capita claims costs and trend were updated to reflect recent experience.



## **Other Supplementary Information**



**Combining and Individual Fund  
Statements and Schedules**



**CITY OF PEARLAND, TEXAS**  
*NON-MAJOR GOVERNMENTAL FUNDS*

To account for the proceeds of specific revenue sources that, are legally restricted to expenditures for specific purposes.

***Hotel/Motel Tax Fund*** - A fund created to account for hotel/motel occupancy tax revenue.

***Court Security Fund*** - A fund created to account for the receipt and expenditure of revenues from court fines for court security.

***City-Wide Donation Fund*** - A fund created to account for miscellaneous donations for all city departments except parks.

***Court Technology Fund*** - This fund is used to account for the receipt and expenditure of revenues from court fines for court technology.

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

***Park Donation Fund*** - 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.

***Police Seizure Fund*** - A fund created to account for state and federal seizure funds which are used solely for law enforcement purposes.

***Park and Recreation Development Fund*** - 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.

***Grant Fund*** - A fund created to account for revenues and expenditures associated with federal, state, and local grants.

***Traffic Impact Improvement Fund*** - A fund created to account for resources and expenditures from traffic impact analysis.

***Juvenile Management Fund*** - A fund created to account for receipt and expenditure of revenues from court fines for juvenile case manager.

***Regional Detention Fund*** - A fund created to account for regional detention development.

***Educational TV 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).

***University of Houston (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.

**CITY OF PEARLAND, TEXAS**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2019**

	<u>Hotel/Motel Tax</u>	<u>Court Security</u>	<u>City-Wide Donation</u>	<u>Court Technology</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,157,688	\$ 36,670	\$ 162,485	\$ 27,191
Investments	3,889,990	-	-	-
Receivables (net of allowance for uncollectibles)	387,520	-	-	-
<b>Total Assets</b>	<u>\$ 5,435,198</u>	<u>\$ 36,670</u>	<u>\$ 162,485</u>	<u>\$ 27,191</u>
<b>Liabilities</b>				
Accounts payable	\$ 44,138	\$ 363	\$ -	\$ 400
Accrued expenditures	2,758	-	-	-
<b>Total Liabilities</b>	<u>46,896</u>	<u>363</u>	<u>-</u>	<u>400</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>				
Restricted for:				
Community development programs	5,388,302	36,307	-	-
Public safety	-	-	162,485	26,791
Capital improvements	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<u>5,388,302</u>	<u>36,307</u>	<u>162,485</u>	<u>26,791</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 5,435,198</u>	<u>\$ 36,670</u>	<u>\$ 162,485</u>	<u>\$ 27,191</u>



**CITY OF PEARLAND, TEXAS**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2019**

	Street Assessments	Park Donation	Police Seizure	Park and Recreation Development
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 530,051	\$ 282,728	\$ 933,649
Investments	-	-	-	246,292
Receivables (net of allowance for uncollectibles)	1,486,878	-	-	-
<b>Total Assets</b>	<u>\$ 1,486,878</u>	<u>\$ 530,051</u>	<u>\$ 282,728</u>	<u>\$ 1,179,941</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1	\$ 10,181	\$ 238,943
Accrued expenditures	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>1</u>	<u>10,181</u>	<u>238,943</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	1,486,878	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>1,486,878</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>				
Restricted for:				
Community development programs	-	530,050	-	-
Public safety	-	-	272,547	-
Capital improvements	-	-	-	940,998
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<u>-</u>	<u>530,050</u>	<u>272,547</u>	<u>940,998</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 1,486,878</u>	<u>\$ 530,051</u>	<u>\$ 282,728</u>	<u>\$ 1,179,941</u>

**CITY OF PEARLAND, TEXAS**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2019**

	<u>Sidewalk</u>	<u>Grant</u>	<u>Traffic Impact Improvement</u>	<u>Juvenile Management</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 46,251	\$ 260,427	\$ 612,903	\$ 43,192
Investments	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	132,480	-	-
<b>Total Assets</b>	<u>\$ 46,251</u>	<u>\$ 392,907</u>	<u>\$ 612,903</u>	<u>\$ 43,192</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 25,729	\$ -	\$ 1,095
Accrued expenditures	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>25,729</u>	<u>-</u>	<u>1,095</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>				
Restricted for:				
Community development programs	-	367,178	-	-
Public safety	-	-	-	42,097
Capital improvements	46,251	-	612,903	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<u>46,251</u>	<u>367,178</u>	<u>612,903</u>	<u>42,097</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 46,251</u>	<u>\$ 392,907</u>	<u>\$ 612,903</u>	<u>\$ 43,192</u>

**CITY OF PEARLAND, TEXAS**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2019**

	<u>Regional Detention</u>	<u>Educational TV</u>	<u>U of H</u>	<u>Total Non-major Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 214,171	\$ -	\$ 4,307,406
Investments	-	677,750	-	4,814,032
Receivables (net of allowance for uncollectibles)	-	28,284	-	2,035,162
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 920,205</u>	<u>\$ -</u>	<u>\$ 11,156,600</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 11,158	\$ -	\$ 332,008
Accrued expenditures	-	-	27,299	30,057
<b>Total Liabilities</b>	<u>-</u>	<u>11,158</u>	<u>27,299</u>	<u>362,065</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	1,486,878
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,486,878</u>
<b>Fund Balance</b>				
Restricted for:				
Community development programs	-	909,047	-	7,230,884
Public safety	-	-	-	503,920
Capital improvements	-	-	-	1,600,152
Unassigned	-	-	(27,299)	(27,299)
<b>Total Fund Balances</b>	<u>-</u>	<u>909,047</u>	<u>(27,299)</u>	<u>9,307,657</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ -</u>	<u>\$ 920,205</u>	<u>\$ -</u>	<u>\$ 11,156,600</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, 2019**

	<u>Hotel/Motel Tax</u>	<u>Court Security</u>	<u>City-Wide Donation</u>	<u>Court Technology</u>
<b>Revenues</b>				
Sales and use taxes	\$ 1,395,334	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-
Fines and forfeitures	-	48,304	-	55,081
Charges for services	-	-	-	-
Investment earnings	126,357	593	3,619	168
Intergovernmental	-	-	-	-
Other	71,021	-	108,444	-
<b>Total Revenues</b>	<u>1,592,712</u>	<u>48,897</u>	<u>112,063</u>	<u>55,249</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	865,023	-	-	-
Public safety	-	-	3,723	-
Community services	-	38,256	-	33,373
Parks and recreation	-	-	-	-
<b>Capital outlay</b>	-	-	44,456	-
<b>Total Expenditures</b>	<u>865,023</u>	<u>38,256</u>	<u>48,179</u>	<u>33,373</u>
Excess (deficiency) of revenues over expenditures	<u>727,689</u>	<u>10,641</u>	<u>63,884</u>	<u>21,876</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in				
Transfers out	(665)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(665)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	727,024	10,641	63,884	21,876
<b>Fund balances - beginning</b>	<u>4,661,278</u>	<u>25,666</u>	<u>98,601</u>	<u>4,915</u>
<b>Fund balances - ending</b>	<u>\$ 5,388,302</u>	<u>\$ 36,307</u>	<u>\$ 162,485</u>	<u>\$ 26,791</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, 2019**

	<u>Street Assessments</u>	<u>Park Donation</u>	<u>Police Seizure</u>	<u>Park and Recreation Development</u>
<b>Revenues</b>				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	44,850	-	-
Investment earnings	-	14,409	8,019	40,969
Intergovernmental	-	-	-	-
Other	-	96,648	54,300	581,017
<b>Total Revenues</b>	<u>-</u>	<u>155,907</u>	<u>62,319</u>	<u>621,986</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	17,724	-
Community services	-	-	-	-
Parks and recreation	-	142,584	-	29,873
<b>Capital outlay</b>	-	-	146,657	494,732
<b>Total Expenditures</b>	<u>-</u>	<u>142,584</u>	<u>164,381</u>	<u>524,605</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>13,323</u>	<u>(102,062)</u>	<u>97,381</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in				
Transfers out	-	-	-	(162,000)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(162,000)</u>
Net change in fund balances	-	13,323	(102,062)	(64,619)
<b>Fund balances - beginning</b>	<u>-</u>	<u>516,727</u>	<u>374,609</u>	<u>1,005,617</u>
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ 530,050</u>	<u>\$ 272,547</u>	<u>\$ 940,998</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, 2019**

	<u>Sidewalk</u>	<u>Grant</u>	<u>Traffic Impact Improvement</u>	<u>Juvenile Management</u>
<b>Revenues</b>				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-
Fines and forfeitures	-	-	-	79,509
Charges for services	43,814	-	-	-
Investment earnings	191	2,245	15,855	990
Intergovernmental	-	690,267	-	-
Other	-	6,311	-	-
<b>Total Revenues</b>	<u>44,005</u>	<u>698,823</u>	<u>15,855</u>	<u>80,499</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	9,548	-	-
Public safety	-	184,844	-	-
Community services	-	112,981	-	66,009
Parks and recreation	-	-	-	-
<b>Capital outlay</b>	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>307,373</u>	<u>-</u>	<u>66,009</u>
Excess (deficiency) of revenues over expenditures	<u>44,005</u>	<u>391,450</u>	<u>15,855</u>	<u>14,490</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in				
Transfers out	(4,220)	-	(1,141)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(4,220)</u>	<u>-</u>	<u>(1,141)</u>	<u>-</u>
Net change in fund balances	39,785	391,450	14,714	14,490
<b>Fund balances - beginning</b>	<u>6,466</u>	<u>(24,272)</u>	<u>598,189</u>	<u>27,607</u>
<b>Fund balances - ending</b>	<u>\$ 46,251</u>	<u>\$ 367,178</u>	<u>\$ 612,903</u>	<u>\$ 42,097</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, 2019**

	Regional Detention	Educational TV	U of H	Total Non-major Governmental Funds
<b>Revenues</b>				
Sales and use taxes	\$ -	\$ -	\$ -	\$ 1,395,334
Franchise fees	-	235,300	-	235,300
Fines and forfeitures	-	-	-	182,894
Charges for services	-	-	-	88,664
Investment earnings	179	21,161	-	234,755
Intergovernmental	-	-	-	690,267
Other	26,502	-	-	944,243
<b>Total Revenues</b>	<u>26,681</u>	<u>256,461</u>	<u>-</u>	<u>3,771,457</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	-	874,571
Public safety	-	-	-	206,291
Community services	-	77,668	-	328,287
Parks and recreation	-	-	-	172,457
<b>Capital outlay</b>	-	26,796	-	712,641
<b>Total Expenditures</b>	<u>-</u>	<u>104,464</u>	<u>-</u>	<u>2,294,247</u>
Excess (deficiency) of revenues over expenditures	<u>26,681</u>	<u>151,997</u>	<u>-</u>	<u>1,477,210</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	370	370
Transfers out	(29,845)	-	-	(197,871)
<b>Total Other Financing Sources (Uses)</b>	<u>(29,845)</u>	<u>-</u>	<u>370</u>	<u>(197,501)</u>
Net change in fund balances	(3,164)	151,997	370	1,279,709
<b>Fund balances - beginning</b>	<u>3,164</u>	<u>757,050</u>	<u>(27,669)</u>	<u>8,027,948</u>
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ 909,047</u>	<u>\$ (27,299)</u>	<u>\$ 9,307,657</u>

**CITY OF PEARLAND, TEXAS**  
**MAJOR GOVERNMENTAL FUND – DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	2019			2018
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Property taxes	\$ 35,030,000	\$ 35,397,759	\$ 367,759	\$ 34,190,351
Investment earnings	300,000	370,115	70,115	217,443
Miscellaneous	794,914	792,945	(1,969)	813,537
<b>Total Revenues</b>	<u>36,124,914</u>	<u>36,560,819</u>	<u>435,905</u>	<u>35,221,331</u>
<b>Expenditures</b>				
Debt Service:				
Principal	18,660,000	18,660,000	-	15,245,000
Interest and other charges	12,667,208	12,407,558	259,650	12,619,329
Intergovernmental	7,328,484	7,325,484	3,000	7,168,372
<b>Total Expenditures</b>	<u>38,655,692</u>	<u>38,393,042</u>	<u>262,650</u>	<u>35,032,701</u>
Excess (deficiency) of revenues over expenditures	<u>(2,530,778)</u>	<u>(1,832,223)</u>	<u>698,555</u>	<u>188,630</u>
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	-	10,240,000	10,240,000	-
Premium on debt issued	-	2,200,938	2,200,938	-
Payments to refunded bond escrow agent	-	(12,551,318)	(12,551,318)	-
Transfers in	571,968	572,098	130	697,023
<b>Total Other Financing Sources (Uses)</b>	<u>571,968</u>	<u>461,718</u>	<u>(110,250)</u>	<u>697,023</u>
Net change in fund balance	(1,958,810)	(1,370,505)	588,305	885,653
<b>Fund Balance - Beginning</b>	<u>6,797,114</u>	<u>6,797,114</u>	<u>-</u>	<u>5,911,461</u>
<b>Fund Balance - Ending</b>	<u>\$ 4,838,304</u>	<u>\$ 5,426,609</u>	<u>\$ 588,305</u>	<u>\$ 6,797,114</u>



**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – HOTEL/MOTEL TAX**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	2019			2018
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Sales and use taxes	\$ 1,450,000	\$ 1,395,334	\$ (54,666)	\$ 1,597,258
Investment earnings	10,800	126,357	115,557	70,762
Other	-	71,021	71,021	36,611
<b>Total Revenues</b>	<u>1,460,800</u>	<u>1,592,712</u>	<u>131,912</u>	<u>1,704,631</u>
<b>Expenditures</b>				
Current:				
General government	1,076,843	865,023	211,820	1,029,011
Capital outlay	500,000	-	500,000	-
<b>Total Expenditures</b>	<u>1,576,843</u>	<u>865,023</u>	<u>711,820</u>	<u>1,029,011</u>
Excess (deficiency) of revenues over expenditures	<u>(116,043)</u>	<u>727,689</u>	<u>843,732</u>	<u>675,620</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(665)</u>	<u>(665)</u>	<u>-</u>	<u>(617,890)</u>
Net change in fund balance	(116,708)	727,024	843,732	57,730
<b>Fund Balance - Beginning</b>	<u>4,661,278</u>	<u>4,661,278</u>	<u>-</u>	<u>4,603,548</u>
<b>Fund Balance - Ending</b>	<u>\$ 4,544,570</u>	<u>\$ 5,388,302</u>	<u>\$ 843,732</u>	<u>\$ 4,661,278</u>

**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND - COURT SECURITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30 2018**

	2019			2018
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Fines and forfeitures	\$ 49,800	\$ 48,304	\$ (1,496)	\$ 41,035
Investment earnings	800	593	(207)	416
<b>Total Revenues</b>	<u>50,600</u>	<u>48,897</u>	<u>(1,703)</u>	<u>41,451</u>
<b>Expenditures</b>				
Current:				
Community services	<u>40,431</u>	<u>38,256</u>	<u>2,175</u>	<u>50,258</u>
<b>Total Expenditures</b>	<u>40,431</u>	<u>38,256</u>	<u>2,175</u>	<u>50,258</u>
Net change in fund balance	10,169	10,641	472	(8,807)
<b>Fund Balance - Beginning</b>	<u>25,666</u>	<u>25,666</u>	<u>-</u>	<u>34,473</u>
<b>Fund Balance - Ending</b>	<u>\$ 35,835</u>	<u>\$ 36,307</u>	<u>\$ 472</u>	<u>\$ 25,666</u>

**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – CITY-WIDE DONATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	2019			2018
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Investment earnings	\$ 1,000	\$ 3,619	\$ 2,619	\$ 1,336
Other income	95,602	108,444	12,842	31,681
<b>Total Revenues</b>	<u>96,602</u>	<u>112,063</u>	<u>15,461</u>	<u>33,017</u>
<b>Expenditures</b>				
Current:				
Public safety	39,673	3,723	35,950	9,128
Capital outlay	227,798	44,456	183,342	-
<b>Total Expenditures</b>	<u>267,471</u>	<u>48,179</u>	<u>219,292</u>	<u>9,128</u>
Excess (deficiency) of revenues over expenditures	<u>(170,869)</u>	<u>63,884</u>	<u>234,753</u>	<u>23,889</u>
Net change in fund balance	(170,869)	63,884	234,753	23,889
<b>Fund Balance - Beginning</b>	<u>98,601</u>	<u>98,601</u>	<u>-</u>	<u>74,712</u>
<b>Fund Balance - Ending</b>	<u>\$ (72,268)</u>	<u>\$ 162,485</u>	<u>\$ 234,753</u>	<u>\$ 98,601</u>

**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – COURT TECHNOLOGY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	2019			2018
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Fines and forfeitures	\$ 56,000	\$ 55,081	\$ (919)	\$ 44,138
Investment earnings	225	168	(57)	9
<b>Total Revenues</b>	<u>56,225</u>	<u>55,249</u>	<u>(976)</u>	<u>44,147</u>
<b>Expenditures</b>				
Current:				
Community services	40,894	33,373	7,521	40,203
<b>Total Expenditures</b>	<u>40,894</u>	<u>33,373</u>	<u>7,521</u>	<u>40,203</u>
Net change in fund balance	15,331	21,876	6,545	3,944
<b>Fund Balance - Beginning</b>	<u>4,915</u>	<u>4,915</u>	<u>-</u>	<u>971</u>
<b>Fund Balance - Ending</b>	<u>\$ 20,246</u>	<u>\$ 26,791</u>	<u>\$ 6,545</u>	<u>\$ 4,915</u>

**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – STREET ASSESSMENTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	2019*			2018*
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
<b>Fund Balances - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\*No transactions in 2019 or 2018.

**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – PARK DONATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	2019			2018
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Charges for services	\$ 135,408	\$ 44,850	\$ (90,558)	\$ 290,615
Investment earnings	7,800	14,409	6,609	7,809
Other	105,605	96,648	(8,957)	99,376
<b>Total Revenues</b>	<u>248,813</u>	<u>155,907</u>	<u>(92,906)</u>	<u>397,800</u>
<b>Expenditures</b>				
Current:				
Parks and recreation	181,133	142,584	38,549	143,452
<b>Total Expenditures</b>	<u>181,133</u>	<u>142,584</u>	<u>38,549</u>	<u>143,452</u>
Net change in fund balance	67,680	13,323	(54,357)	254,348
<b>Fund Balance - Beginning</b>	<u>516,727</u>	<u>516,727</u>	<u>-</u>	<u>262,379</u>
<b>Fund Balance - Ending</b>	<u>\$ 584,407</u>	<u>\$ 530,050</u>	<u>\$ (54,357)</u>	<u>\$ 516,727</u>

**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – POLICE SEIZURE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	2019			2018
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Investment earnings	\$ 4,800	\$ 8,019	\$ 3,219	\$ 4,941
Other	53,300	54,300	1,000	115,876
<b>Total Revenues</b>	<u>58,100</u>	<u>62,319</u>	<u>4,219</u>	<u>120,817</u>
<b>Expenditures</b>				
Current:				
Public safety	37,200	17,724	19,476	17,800
Capital outlay	198,764	146,657	52,107	-
<b>Total Expenditures</b>	<u>235,964</u>	<u>164,381</u>	<u>71,583</u>	<u>17,800</u>
Net change in fund balance	(177,864)	(102,062)	75,802	103,017
<b>Fund Balance - Beginning</b>	<u>374,609</u>	<u>374,609</u>	<u>-</u>	<u>271,592</u>
<b>Fund Balance - Ending</b>	<u>\$ 196,745</u>	<u>\$ 272,547</u>	<u>\$ 75,802</u>	<u>\$ 374,609</u>

**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – PARK AND RECRETION DEVELOPMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30 2018**

	2019			2018
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Investment earnings	\$ 18,000	\$ 40,969	\$ 22,969	\$ 10,867
Other	457,154	581,017	123,863	964,060
<b>Total Revenues</b>	<u>475,154</u>	<u>621,986</u>	<u>146,832</u>	<u>974,927</u>
<b>Expenditures</b>				
Current:				
Parks and recreation	46,145	29,873	16,272	
Capital outlay	758,372	494,732	263,640	134,494
<b>Total Expenditures</b>	<u>804,517</u>	<u>524,605</u>	<u>279,912</u>	<u>134,494</u>
Excess (deficiency) of revenues over expenditures	<u>(329,363)</u>	<u>97,381</u>	<u>426,744</u>	<u>840,433</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(162,000)</u>	<u>(162,000)</u>	<u>-</u>	<u>(555,000)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(162,000)</u>	<u>(162,000)</u>	<u>-</u>	<u>(555,000)</u>
Net change in fund balance	(491,363)	(64,619)	426,744	285,433
<b>Fund Balance - Beginning</b>	<u>1,005,617</u>	<u>1,005,617</u>	<u>-</u>	<u>720,184</u>
<b>Fund Balance - Ending</b>	<u>\$ 514,254</u>	<u>\$ 940,998</u>	<u>\$ 426,744</u>	<u>\$ 1,005,617</u>



**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – SIDEWALK**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	2019			2018
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Charges for services	\$ 10,000	\$ 43,814	\$ 33,814	\$ 86
Investment earnings	200	191	(9)	97
<b>Total Revenues</b>	<u>10,200</u>	<u>44,005</u>	<u>33,805</u>	<u>183</u>
<b>Expenditures</b>				
Current:	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(4,220)	(4,220)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(4,220)</u>	<u>(4,220)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	5,980	39,785	33,805	183
<b>Fund Balance - Beginning</b>	<u>6,466</u>	<u>6,466</u>	<u>-</u>	<u>6,283</u>
<b>Fund Balance - Ending</b>	<u>\$ 12,446</u>	<u>\$ 46,251</u>	<u>\$ 33,805</u>	<u>\$ 6,466</u>

**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – GRANT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	<b>2019</b>			<b>2018</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	
<b>Revenues</b>				
Investment earnings	\$ 1,877	\$ 2,245	\$ 368	\$ 2,393
Intergovernmental	1,288,165	690,267	(597,898)	539,284
Other	17,256	6,311	(10,945)	
<b>Total Revenues</b>	<u>1,307,298</u>	<u>698,823</u>	<u>(608,475)</u>	<u>541,677</u>
<b>Expenditures</b>				
Current:				
General government	37,480	9,548	27,932	19,385
Public safety	265,145	184,844	80,301	304,018
Community service	518,654	112,981	405,673	79,830
Parks and recreation	-	-	-	-
Capital outlay	238,238	-	238,238	106,497
<b>Total Expenditures</b>	<u>1,059,517</u>	<u>307,373</u>	<u>752,144</u>	<u>509,730</u>
Excess (deficiency) of revenues over expenditures	<u>247,781</u>	<u>391,450</u>	<u>143,669</u>	<u>31,947</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	-	(200,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Net change in fund balance	247,781	391,450	143,669	(168,053)
<b>Fund Balance - Beginning</b>	<u>(24,272)</u>	<u>(24,272)</u>	<u>-</u>	<u>143,781</u>
<b>Fund Balance - Ending</b>	<u>\$ 223,509</u>	<u>\$ 367,178</u>	<u>\$ 143,669</u>	<u>\$ (24,272)</u>

**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – TRAFFIC IMPACT IMPROVEMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	2019			2018
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Investment earnings	\$ 11,200	\$ 15,855	\$ 4,655	\$ 8,460
<b>Total Revenues</b>	<u>11,200</u>	<u>15,855</u>	<u>4,655</u>	<u>8,460</u>
<b>Expenditures</b>				
Current:				
Public works	-	-	-	93,548
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,548</u>
Excess (deficiency) of revenues over expenditures	<u>11,200</u>	<u>15,855</u>	<u>4,655</u>	<u>(85,088)</u>
<b>Other Financing Sources/(Uses)</b>				
Transfers out	(1,141)	(1,141)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(1,141)</u>	<u>(1,141)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	10,059	14,714	4,655	(85,088)
<b>Fund Balance - Beginning</b>	<u>598,189</u>	<u>598,189</u>	<u>-</u>	<u>683,277</u>
<b>Fund Balance - Ending</b>	<u>\$ 608,248</u>	<u>\$ 612,903</u>	<u>\$ 4,655</u>	<u>\$ 598,189</u>

**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – JUVENILE MANAGEMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	<u>2019</u>			<u>2018</u>
	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive / (Negative)</u>	
<b>Revenues</b>				
Fines and Forfeitures	\$ 80,000	\$ 79,509	\$ (491)	\$ 60,315
Investment earnings	1,100	990	(110)	409
<b>Total Revenues</b>	<u>81,100</u>	<u>80,499</u>	<u>(601)</u>	<u>60,724</u>
<b>Expenditures</b>				
Current:				
Community services	<u>63,780</u>	<u>66,009</u>	<u>(2,229)</u>	<u>53,628</u>
<b>Total Expenditures</b>	<u>63,780</u>	<u>66,009</u>	<u>(2,229)</u>	<u>53,628</u>
Net change in fund balance	17,320	14,490	(2,830)	7,096
<b>Fund Balance - Beginning</b>	<u>27,607</u>	<u>27,607</u>	<u>-</u>	<u>20,511</u>
<b>Fund Balance - Ending</b>	<u>\$ 44,927</u>	<u>\$ 42,097</u>	<u>\$ (2,830)</u>	<u>\$ 27,607</u>

**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – REGIONAL DETENTION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	2019			2018
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Investment earnings	\$ 49	\$ 179	\$ 130	\$ 607
Other	26,502	26,502	-	148,290
<b>Total Revenues</b>	<u>26,551</u>	<u>26,681</u>	<u>130</u>	<u>148,897</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(29,715)	(29,845)	(130)	(148,891)
<b>Total Other Financing Sources (Uses)</b>	<u>(29,715)</u>	<u>(29,845)</u>	<u>(130)</u>	<u>(148,891)</u>
Net change in fund balance	(3,164)	(3,164)	-	6
<b>Fund Balance - Beginning</b>	<u>3,164</u>	<u>3,164</u>	<u>-</u>	<u>3,158</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,164</u>

**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – EDUCATIONAL TV**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	<b>2019</b>		<b>Variance Positive / (Negative)</b>	<b>2018</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Investment earnings	\$ 20,000	\$ 21,161	\$ 1,161	\$ 12,193
Franchise taxes	265,000	235,300	(29,700)	260,430
<b>Total Revenues</b>	<u>285,000</u>	<u>256,461</u>	<u>(28,539)</u>	<u>272,623</u>
<b>Expenditures</b>				
Current:				
Community services	120,680	77,668	43,012	64,760
Capital outlay	77,952	26,796	51,156	-
<b>Total Expenditures</b>	<u>198,632</u>	<u>104,464</u>	<u>94,168</u>	<u>64,760</u>
Revenues over (under) expenditures	<u>86,368</u>	<u>151,997</u>	<u>65,629</u>	<u>207,863</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	-	(51,531)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,531)</u>
Net change in fund balance	86,368	151,997	65,629	156,332
<b>Fund Balances - Beginning</b>	<u>757,050</u>	<u>757,050</u>	<u>-</u>	<u>600,718</u>
<b>Fund Balances - Ending</b>	<u>\$ 843,418</u>	<u>\$ 909,047</u>	<u>\$ 65,629</u>	<u>\$ 757,050</u>

**CITY OF PEARLAND, TEXAS**  
**SPECIAL REVENUE FUND – U OF H**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	2019			2018
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	370	370	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>370</u>	<u>370</u>	<u>-</u>
Net change in fund balance	-	370	370	-
<b>Fund Balances - Beginning</b>	<u>(27,669)</u>	<u>(27,669)</u>	<u>-</u>	<u>(27,669)</u>
<b>Fund Balances - Ending</b>	<u>\$ (27,669)</u>	<u>\$ (27,299)</u>	<u>\$ 370</u>	<u>\$ (27,669)</u>

**CITY OF PEARLAND, TEXAS**  
**MAJOR GOVERNMENTAL FUND – CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2019**  
**With comparative actual totals for the Year Ended September 30, 2018**

	2019		Variance Positive / (Negative)	2018
	Amended Budget	Actual		
<b>Revenues</b>				
Investment earnings	\$ 731,033	\$ 994,119	\$ 263,086	\$ 620,468
Intergovernmental	40,368,602	9,627,261	(30,741,341)	7,779,656
Other income	-	600,000	600,000	106
<b>Total Revenues</b>	<u>41,099,635</u>	<u>11,221,380</u>	<u>(29,878,255)</u>	<u>8,400,230</u>
<b>Expenditures</b>				
Current:				
Public works	439,368	441,518	(2,150)	3,577,346
Debt Service				
Interest and other charges	-	400,398	(400,398)	212,265
Capital outlay	47,882,862	31,656,489	16,226,373	40,945,241
<b>Total Expenditures</b>	<u>48,322,230</u>	<u>32,498,405</u>	<u>15,823,825</u>	<u>44,734,852</u>
Excess (deficiency) of revenues over expenditures	<u>(7,222,595)</u>	<u>(21,277,025)</u>	<u>(14,054,430)</u>	<u>(36,334,622)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	30,750,496	21,960,000	(8,790,496)	14,525,000
Premium on debt issued	-	4,055,805	4,055,805	1,143,159
Transfers in	8,473,631	5,676,460	(2,797,171)	6,184,865
Transfers out	(1,337,333)	(1,362,087)	(24,754)	(1,006,954)
<b>Total Other Financing Sources (Uses)</b>	<u>37,886,794</u>	<u>30,330,178</u>	<u>(7,556,616)</u>	<u>20,846,070</u>
Net change in fund balance	30,664,199	9,053,153	(21,611,046)	(15,488,552)
<b>Fund Balance - Beginning</b>	<u>42,298,552</u>	<u>42,298,552</u>	<u>-</u>	<u>57,787,104</u>
<b>Fund Balance - Ending</b>	<u>\$ 72,962,751</u>	<u>\$ 51,351,705</u>	<u>\$ (21,611,046)</u>	<u>\$ 42,298,552</u>



**CITY OF PEARLAND, TEXAS**

**MAJOR GOVERNMENTAL FUND – PEARLAND ECONOMIC DEVELOPMENT CORPORATION**

**SCHEDULE OF REVENUES, EXPENDITURES, AND**

**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

**For the Year Ended September 30, 2019**

**With comparative actual totals for the Year Ended September 30, 2018**

	2019			2018
	Amended Budget	Actual	Variance Positive / (Negative)	
<b>Revenues</b>				
Sales and use taxes	\$ 11,131,486	\$ 11,048,959	\$ (82,527)	\$ 11,177,690
Charges for services	460,000	488,271	28,271	459,996
Investment earnings	86,895	629,714	542,819	304,643
Intergovernmental	12,000	12,000	-	12,000
Other	40,000	441,664	401,664	3,650,059
<b>Total Revenues</b>	<b>11,730,381</b>	<b>12,620,608</b>	<b>890,227</b>	<b>15,604,388</b>
<b>Expenditures</b>				
Current:				
Economic development	15,873,496	11,257,984	4,615,512	2,311,058
Capital outlay	804,000	472,321	331,679	552,659
Debt Service				
Principal	11,187,344	11,118,461	68,883	905,000
Interest and bond issue costs	67,200	188,671	(121,471)	324,500
<b>Total Expenditures</b>	<b>27,932,040</b>	<b>23,037,437</b>	<b>4,894,603</b>	<b>4,093,217</b>
Excess (deficiency) of revenues over expenditures	(16,201,659)	(10,416,829)	5,784,830	11,511,171
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	184,186	(184,186)	-
Transfers out	(164,742)	(164,742)	-	(4,918,673)
<b>Total Other Financing Sources (Uses)</b>	<b>(164,742)</b>	<b>19,444</b>	<b>(184,186)</b>	<b>(4,918,673)</b>
Net change in fund balance	(16,366,401)	(10,397,385)	5,600,644	6,592,498
<b>Fund Balances- Beginning</b>	<b>27,132,821</b>	<b>27,132,821</b>	<b>-</b>	<b>20,540,323</b>
<b>Fund Balance - Ending</b>	<b>\$ 10,766,420</b>	<b>\$ 16,735,436</b>	<b>\$ 5,600,644</b>	<b>\$ 27,132,821</b>

**CITY OF PEARLAND, TEXAS**  
*NON-MAJOR GOVERNMENTAL FUNDS*

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*** - To account for other forms of insurance such as dental, vision, life, and disability provided by the 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, 2019**

	<b>Property Liability Insurance Fund</b>	<b>Employee Benefits Fund</b>	<b>Health Claims Fund</b>	<b>Motor Pool Fund</b>	<b>Total</b>
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 364,786	\$ 29,139	\$ 3,406,702	\$ 1,974,654	\$ 5,775,281
Accounts Receivables, net	17,175	7,461	77,585	-	102,221
Inventories	-	-	-	121,442	121,442
Total current assets	<u>381,961</u>	<u>36,600</u>	<u>3,484,287</u>	<u>2,096,096</u>	<u>5,998,944</u>
Non-current assets:					
Capital Assets:					
Equipment and Furniture	-	-	-	1,080,100	1,080,100
<b>Total Assets</b>	<u>381,961</u>	<u>36,600</u>	<u>3,484,287</u>	<u>3,176,196</u>	<u>7,079,044</u>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued expenses	1,155	-	-	167,053	168,208
<b>Total Liabilities</b>	<u>1,155</u>	<u>-</u>	<u>-</u>	<u>167,053</u>	<u>168,208</u>
<b>Net Position</b>					
Unrestricted	380,806	36,600	3,484,287	1,929,043	5,830,736
<b>Total Net Position</b>	<u>\$ 380,806</u>	<u>\$ 36,600</u>	<u>\$ 3,484,287</u>	<u>\$ 3,009,143</u>	<u>\$ 6,910,836</u>

**CITY OF PEARLAND, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended September 30, 2019**

	Property Liability Insurance Fund	Employee Benefits Fund	Health Claims Fund	Motor Pool Fund	Total
<b>Revenues</b>					
Charges for services	\$ 268,831	\$ -	\$ 8,006,815	\$ -	\$ 8,275,646
<b>Total operating revenues</b>	<u>268,831</u>	<u>-</u>	<u>8,006,815</u>	<u>-</u>	<u>8,275,646</u>
<b>Operating Expenses</b>					
Personnel services	42,591	-	-	426,913	469,504
Contractual services	1,463,846	-	7,606,537	23,239	9,093,622
Repairs and maintenance	-	-	-	1,498,799	1,498,799
Supplies and materials	-	-	-	18,832	18,832
Other expenses	-	-	23,366	-	23,366
<b>Total Operating Expenses</b>	<u>1,506,437</u>	<u>-</u>	<u>7,629,903</u>	<u>1,967,783</u>	<u>11,104,123</u>
Operating income (loss)	<u>(1,237,606)</u>	<u>-</u>	<u>376,912</u>	<u>(1,967,783)</u>	<u>(2,828,477)</u>
<b>Non-Operating Revenues (Expenses)</b>					
Earnings on investments	7,077	1,546	74,004	24,542	107,169
Miscellaneous income	-	-	-	136,136	136,136
<b>Total Non-Operating Revenues (Expenses)</b>	<u>7,077</u>	<u>1,546</u>	<u>74,004</u>	<u>160,678</u>	<u>243,305</u>
Income (loss) before contributions and transfers	(1,230,529)	1,546	450,916	(1,807,105)	(2,585,172)
Transfers in	1,160,000	-	-	4,816,248	5,976,248
Transfers out	-	-	-	-	-
Change in net position	(70,529)	1,546	450,916	3,009,143	3,391,076
<b>Total net position - beginning</b>	<u>451,335</u>	<u>35,054</u>	<u>3,033,370</u>	<u>-</u>	<u>3,519,760</u>
<b>Total net position - ending</b>	<u>\$ 380,806</u>	<u>\$ 36,600</u>	<u>\$ 3,484,287</u>	<u>\$ 3,009,143</u>	<u>\$ 6,910,836</u>

**CITY OF PEARLAND, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended September 30, 2019**

	Property Liability Insurance Fund	Employee Benefits Fund	Health Claims Fund	Motor Pool Fund	Total
<b>Cash Flows from Operating Activities</b>					
Receipts from interfund charges for insurance activities	\$ 298,155	\$ (7,235)	\$ 7,932,689	\$ (121,442)	\$ 8,102,167
Disbursed for personnel services	(42,591)	-	-	(426,913)	(469,504)
Disbursed for goods and services	(1,463,766)	(112,927)	(7,637,493)	(1,373,817)	(10,588,003)
<b>Net cash provided (used) by operating activities</b>	<u>(1,208,202)</u>	<u>(120,162)</u>	<u>295,196</u>	<u>(1,922,172)</u>	<u>(2,955,340)</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers in	1,160,000	-	-	4,816,248	5,976,248
<b>Net cash provided by (used by) noncapital financing activities</b>	<u>1,160,000</u>	<u>-</u>	<u>-</u>	<u>4,816,248</u>	<u>5,976,248</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from the sale of equipment	-	-	-	136,136	136,136
Acquisition and construction of capital assets	-	-	-	(1,080,100)	(1,080,100)
<b>Net cash used by capital and related financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(943,964)</u>	<u>(943,964)</u>
<b>Cash Flows from Investing Activities</b>					
Interest received	7,078	1,545	74,003	24,542	107,168
<b>Net cash provided by (used by) investing activities</b>	<u>7,078</u>	<u>1,545</u>	<u>74,003</u>	<u>24,542</u>	<u>107,168</u>
Net increase (decrease) in cash and equivalents	(41,124)	(118,617)	369,199	1,974,654	2,184,112
<b>Cash and equivalents, beginning</b>	405,910	147,756	3,037,502	-	3,591,168
<b>Cash and equivalents, end</b>	<u>\$ 364,786</u>	<u>\$ 29,139</u>	<u>\$ 3,406,702</u>	<u>\$ 1,974,654</u>	<u>\$ 5,775,281</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>					
Operating income (loss)	\$ (1,237,606)	\$ -	\$ 376,912	\$ (1,967,783)	\$ (2,828,477)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
(Increase) decrease in accounts receivable	29,324	(7,235)	(74,126)	(121,442)	(173,479)
Increase (decrease) in accounts payable	80	(112,927)	(7,590)	167,053	46,616
<b>Net cash provided by (used by) operating activities</b>	<u>\$ (1,208,202)</u>	<u>\$ (120,162)</u>	<u>\$ 295,196</u>	<u>\$ (1,922,172)</u>	<u>\$ (2,955,340)</u>



**Long-Term Debt Amortization Schedules**





**COMING SCHEDULE OF GOVERNMENTAL ACTIVITY LONG-TERM DEBT  
BY MATURITY DATE  
September 30, 2019**

**Certificates of Obligation, Series 2009**

**Certificates of Obligation, Series 2009A**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 325,000	\$ 13,000	\$ 338,000	\$ 635,000	\$ 10,319	\$ 645,319
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
	<u>\$ 325,000</u>	<u>\$ 13,000</u>	<u>\$ 338,000</u>	<u>\$ 635,000</u>	<u>\$ 10,319</u>	<u>\$ 645,319</u>

**Permanent Improvement & Refunding Bonds, Series  
2009 (Gov't Portion)**

**Permanent Improvement Bonds, Series 2011**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 615,000	\$ 9,994	\$ 624,994	\$ 185,000	\$ 156,831	\$ 341,831
2021	-	-	-	190,000	149,331	339,331
2022	-	-	-	200,000	141,531	341,531
2023	-	-	-	205,000	134,456	339,456
2024	-	-	-	210,000	128,231	338,231
2025	-	-	-	220,000	121,506	341,506
2026	-	-	-	225,000	114,275	339,275
2027	-	-	-	235,000	106,506	341,506
2028	-	-	-	245,000	98,106	343,106
2029	-	-	-	250,000	88,819	338,819
2030	-	-	-	260,000	78,619	338,619
2031	-	-	-	275,000	67,919	342,919
2032	-	-	-	285,000	56,719	341,719
2033	-	-	-	295,000	45,119	340,119
2034	-	-	-	305,000	33,119	338,119
2035	-	-	-	320,000	20,419	340,419
2036	-	-	-	335,000	6,909	341,909
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
	<u>\$ 615,000</u>	<u>\$ 9,994</u>	<u>\$ 624,994</u>	<u>\$ 4,240,000</u>	<u>\$ 1,548,415</u>	<u>\$ 5,788,415</u>

**COMING SCHEDULE OF GOVERNMENTAL ACTIVITY LONG-TERM DEBT  
BY MATURITY DATE  
September 30, 2019**

**Certificates of Obligation, Series 2011**

**Permanent Improvement Refunding Bonds, Series  
2012 (Gov't Portion)**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 210,000	\$ 6,584	\$ 216,584	\$ 2,200,000	\$ 1,056,100	\$ 3,256,100
2021	210,000	2,195	212,195	2,340,000	965,300	3,305,300
2022	-	-	-	2,680,000	864,900	3,544,900
2023	-	-	-	2,840,000	754,500	3,594,500
2024	-	-	-	2,720,000	643,300	3,363,300
2025	-	-	-	4,520,000	521,100	5,041,100
2026	-	-	-	4,540,000	385,200	4,925,200
2027	-	-	-	3,035,000	271,575	3,306,575
2028	-	-	-	5,355,000	145,725	5,500,725
2029	-	-	-	2,180,000	32,700	2,212,700
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
	<u>\$ 420,000</u>	<u>\$ 8,779</u>	<u>\$ 428,779</u>	<u>\$ 32,410,000</u>	<u>\$ 5,640,400</u>	<u>\$ 38,050,400</u>

**BC MUD #4  
Unlimited Tax Bonds, Series 2011**

**Permanent Improvement Bonds, Series 2013**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 130,000	\$ 2,275	\$ 132,275	\$ 320,000	\$ 314,068	\$ 634,068
2021	-	-	-	330,000	301,067	631,067
2022	-	-	-	330,000	287,868	617,868
2023	-	-	-	340,000	274,467	614,467
2024	-	-	-	350,000	260,668	610,668
2025	-	-	-	360,000	246,467	606,467
2026	-	-	-	370,000	231,868	601,868
2027	-	-	-	370,000	217,067	587,067
2028	-	-	-	380,000	202,068	582,068
2029	-	-	-	390,000	186,424	576,424
2030	-	-	-	400,000	169,880	569,880
2031	-	-	-	410,000	152,411	562,411
2032	-	-	-	420,000	134,202	554,202
2033	-	-	-	430,000	115,288	545,288
2034	-	-	-	440,000	95,712	535,712
2035	-	-	-	450,000	75,688	525,688
2036	-	-	-	460,000	55,212	515,212
2037	-	-	-	480,000	33,763	513,763
2038	-	-	-	490,000	11,331	501,331
2039	-	-	-	-	-	-
	<u>\$ 130,000</u>	<u>\$ 2,275</u>	<u>\$ 132,275</u>	<u>\$ 7,520,000</u>	<u>\$ 3,365,519</u>	<u>\$ 10,885,519</u>

**COMING SCHEDULE OF GOVERNMENTAL ACTIVITY LONG-TERM DEBT  
BY MATURITY DATE  
September 30, 2019**

**Certificates of Obligation, Series 2013**

**Permanent Improvement & Refunding Bonds, Series  
2014**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 100,000	\$ 98,988	\$ 198,988	\$ 2,310,000	\$ 1,508,281	\$ 3,818,281
2021	100,000	94,487	194,487	2,415,000	1,401,706	3,816,706
2022	100,000	89,488	189,488	2,510,000	1,284,831	3,794,831
2023	100,000	84,487	184,487	3,165,000	1,149,206	4,314,206
2024	100,000	79,488	179,488	2,710,000	1,002,331	3,712,331
2025	110,000	74,237	184,237	2,830,000	863,831	3,693,831
2026	110,000	69,288	179,288	3,055,000	716,706	3,771,706
2027	110,000	64,887	174,887	4,120,000	537,332	4,657,332
2028	110,000	60,488	170,488	3,145,000	385,191	3,530,191
2029	120,000	55,737	175,737	5,860,000	218,850	6,078,850
2030	120,000	50,563	170,563	535,000	90,950	625,950
2031	120,000	45,312	165,312	535,000	69,550	604,550
2032	120,000	40,063	160,063	535,000	48,150	583,150
2033	130,000	34,512	164,512	535,000	28,088	563,088
2034	130,000	28,663	158,663	535,000	9,363	544,363
2035	130,000	22,812	152,812	-	-	-
2036	140,000	16,650	156,650	-	-	-
2037	140,000	10,175	150,175	-	-	-
2038	150,000	3,469	153,469	-	-	-
	<u>\$ 2,240,000</u>	<u>\$ 1,023,794</u>	<u>\$ 3,263,794</u>	<u>\$ 34,795,000</u>	<u>\$ 9,314,366</u>	<u>\$ 44,109,366</u>

**Certificates of Obligation, Series 2014**

**Permanent Improvement Refunding Bonds, Series  
2015**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 230,000	\$ 105,319	\$ 335,319	\$ 3,755,000	\$ 1,926,819	\$ 5,681,819
2021	230,000	100,719	330,719	3,890,000	1,768,019	5,658,019
2022	230,000	96,119	326,119	4,020,000	1,619,069	5,639,069
2023	230,000	90,369	320,369	4,010,000	1,462,119	5,472,119
2024	230,000	82,319	312,319	4,975,000	1,247,494	6,222,494
2025	235,000	73,019	308,019	4,540,000	1,009,619	5,549,619
2026	230,000	63,719	293,719	4,745,000	777,494	5,522,494
2027	235,000	55,594	290,594	4,155,000	554,994	4,709,994
2028	235,000	48,544	283,544	4,100,000	348,619	4,448,619
2029	230,000	41,425	271,425	3,450,000	159,868	3,609,868
2030	230,000	34,237	264,237	905,000	59,478	964,478
2031	230,000	26,906	256,906	720,000	33,637	753,637
2032	230,000	19,431	249,431	675,000	10,968	685,968
2033	230,000	11,812	241,812	-	-	-
2034	235,000	3,965	238,965	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
	<u>\$ 3,470,000</u>	<u>\$ 853,497</u>	<u>\$ 4,323,497</u>	<u>\$ 43,940,000</u>	<u>\$ 10,978,197</u>	<u>\$ 54,918,197</u>

**COMING SCHEDULE OF GOVERNMENTAL ACTIVITY LONG-TERM DEBT  
BY MATURITY DATE  
September 30, 2019**

**Permanent Improvement Bonds, Series 2015**

**Certificates of Obligation, Series 2015**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 425,000	\$ 202,575	\$ 627,575	\$ 240,000	\$ 116,800	\$ 356,800
2021	425,000	194,075	619,075	240,000	112,000	352,000
2022	425,000	185,575	610,575	240,000	106,600	346,600
2023	425,000	176,013	601,013	245,000	100,538	345,538
2024	425,000	165,387	590,387	245,000	93,800	338,800
2025	425,000	151,575	576,575	240,000	85,325	325,325
2026	425,000	134,575	559,575	245,000	75,625	320,625
2027	425,000	117,575	542,575	245,000	65,825	310,825
2028	425,000	100,575	525,575	245,000	57,250	302,250
2029	425,000	85,700	510,700	245,000	49,900	294,900
2030	420,000	73,025	493,025	240,000	42,625	282,625
2031	425,000	60,350	485,350	240,000	35,275	275,275
2032	425,000	47,600	472,600	245,000	27,697	272,697
2033	425,000	34,425	459,425	240,000	19,969	259,969
2034	425,000	20,719	445,719	240,000	12,168	252,168
2035	425,000	6,906	431,906	245,000	4,134	249,134
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
	<u>\$ 6,795,000</u>	<u>\$ 1,756,650</u>	<u>\$ 8,551,650</u>	<u>\$ 3,880,000</u>	<u>\$ 1,005,531</u>	<u>\$ 4,885,531</u>

**Permanent Improvement Refunding Bonds, Series 2015A**

**Permanent Improvement and Refunding Bonds, Series 2016A**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 395,000	\$ 188,350	\$ 583,350	\$ 985,000	\$ 1,230,700	\$ 2,215,700
2021	410,000	176,275	586,275	1,120,000	1,209,650	2,329,650
2022	430,000	163,675	593,675	1,125,000	1,170,325	2,295,325
2023	535,000	150,538	685,538	1,135,000	1,113,825	2,248,825
2024	520,000	136,050	656,050	1,150,000	1,056,700	2,206,700
2025	540,000	120,150	660,150	1,160,000	998,950	2,158,950
2026	555,000	103,725	658,725	1,200,000	939,950	2,139,950
2027	580,000	86,700	666,700	1,215,000	879,575	2,094,575
2028	855,000	65,175	920,175	1,230,000	824,600	2,054,600
2029	1,745,000	26,175	1,771,175	1,960,000	770,600	2,730,600
2030	-	-	-	6,725,000	606,700	7,331,700
2031	-	-	-	4,100,000	390,200	4,490,200
2032	-	-	-	4,425,000	219,700	4,644,700
2033	-	-	-	820,000	114,800	934,800
2034	-	-	-	820,000	82,000	902,000
2035	-	-	-	820,000	49,200	869,200
2036	-	-	-	820,000	16,400	836,400
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
	<u>\$ 6,565,000</u>	<u>\$ 1,216,813</u>	<u>\$ 7,781,813</u>	<u>\$ 30,810,000</u>	<u>\$ 11,673,875</u>	<u>\$ 42,483,875</u>

**COMING SCHEDULE OF GOVERNMENTAL ACTIVITY LONG-TERM DEBT  
BY MATURITY DATE  
September 30, 2019**

**Certificates of Obligation, Series 2016**

**Permanent Improvement Refunding Bonds, Series  
2016B**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 700,000	\$ 300,850	\$ 1,000,850	\$ 2,810,000	\$ 1,143,350	\$ 3,953,350
2021	700,000	286,850	986,850	2,910,000	1,028,950	3,938,950
2022	700,000	272,850	972,850	3,025,000	895,125	3,920,125
2023	700,000	258,850	958,850	2,675,000	752,625	3,427,625
2024	700,000	244,850	944,850	2,810,000	615,500	3,425,500
2025	700,000	230,850	930,850	2,005,000	495,125	2,500,125
2026	700,000	216,850	916,850	2,015,000	394,625	2,409,625
2027	700,000	195,850	895,850	2,105,000	291,625	2,396,625
2028	700,000	174,850	874,850	1,105,000	211,375	1,316,375
2029	700,000	157,350	857,350	1,140,000	155,250	1,295,250
2030	700,000	136,350	836,350	1,265,000	95,125	1,360,125
2031	695,000	115,425	810,425	1,270,000	31,750	1,301,750
2032	700,000	94,500	794,500	-	-	-
2033	700,000	73,500	773,500	-	-	-
2034	700,000	52,500	752,500	-	-	-
2035	700,000	31,500	731,500	-	-	-
2036	700,000	10,500	710,500	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
	<u>\$ 11,895,000</u>	<u>\$ 2,854,275</u>	<u>\$ 14,749,275</u>	<u>\$ 25,135,000</u>	<u>\$ 6,110,425</u>	<u>\$ 31,245,425</u>

**Permanent Improvement & Refunding Bonds, Series  
2017**

**Certificates of Obligation, Series 2017**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 1,095,000	\$ 2,300,619	\$ 3,395,619	\$ 310,000	\$ 188,000	\$ 498,000
2021	2,495,000	2,216,344	4,711,344	310,000	180,250	490,250
2022	2,540,000	2,090,469	4,630,469	310,000	170,950	480,950
2023	2,590,000	1,962,219	4,552,219	300,000	161,800	461,800
2024	2,645,000	1,831,344	4,476,344	310,000	151,100	461,100
2025	2,695,000	1,697,844	4,392,844	310,000	138,700	448,700
2026	2,760,000	1,561,469	4,321,469	310,000	126,300	436,300
2027	4,410,000	1,382,219	5,792,219	310,000	113,900	423,900
2028	4,580,000	1,157,469	5,737,469	310,000	101,500	411,500
2029	3,010,000	967,719	3,977,719	310,000	89,100	399,100
2030	2,260,000	858,569	3,118,569	310,000	76,700	386,700
2031	7,000,000	719,668	7,719,668	315,000	64,200	379,200
2032	7,205,000	470,568	7,675,568	310,000	53,250	363,250
2033	2,560,000	275,268	2,835,268	310,000	43,950	353,950
2034	2,615,000	183,209	2,798,209	310,000	34,456	344,456
2035	1,095,000	114,975	1,209,975	310,000	24,769	334,769
2036	1,095,000	65,700	1,160,700	310,000	15,081	325,081
2037	1,095,000	21,900	1,116,900	315,000	5,119	320,119
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
	<u>\$ 53,745,000</u>	<u>\$ 19,877,572</u>	<u>\$ 73,622,572</u>	<u>\$ 5,580,000</u>	<u>\$ 1,739,125</u>	<u>\$ 7,319,125</u>

**COMING SCHEDULE OF GOVERNMENTAL ACTIVITY LONG-TERM DEBT  
BY MATURITY DATE  
September 30, 2019**

**Permanent Improvement Bonds, Series 2018**

**Certificates of Obligation, Series 2018**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 375,000	\$ 289,950	\$ 664,950	\$ 355,000	\$ 276,250	\$ 631,250
2021	370,000	278,800	648,800	355,000	265,600	620,600
2022	370,000	264,000	634,000	355,000	251,400	606,400
2023	370,000	249,200	619,200	355,000	237,200	592,200
2024	370,000	234,400	604,400	355,000	223,000	578,000
2025	370,000	217,750	587,750	355,000	207,025	562,025
2026	370,000	199,250	569,250	355,000	189,275	544,275
2027	375,000	180,625	555,625	355,000	171,525	526,525
2028	370,000	162,000	532,000	350,000	153,900	503,900
2029	375,000	143,375	518,375	355,000	136,275	491,275
2030	370,000	126,600	496,600	355,000	120,300	475,300
2031	375,000	111,700	486,700	355,000	106,100	461,100
2032	375,000	96,700	471,700	355,000	91,900	446,900
2033	370,000	81,800	451,800	350,000	77,800	427,800
2034	370,000	67,000	437,000	355,000	63,700	418,700
2035	375,000	52,100	427,100	355,000	49,500	404,500
2036	370,000	37,200	407,200	355,000	35,300	390,300
2037	370,000	22,400	392,400	350,000	21,200	371,200
2038	375,000	7,500	382,500	355,000	7,100	362,100
	<u>\$ 7,065,000</u>	<u>\$ 2,822,350</u>	<u>\$ 9,887,350</u>	<u>\$ 6,730,000</u>	<u>\$ 2,684,350</u>	<u>\$ 9,414,350</u>

**Permanent Improvement & Refunding Bonds, Series 2019**

**Certificates of Obligation, Series 2019A**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 550,000	\$ 740,316	\$ 1,290,316	\$ 225,000	\$ 147,058	\$ 372,058
2021	570,000	708,150	1,278,150	225,000	150,575	375,575
2022	580,000	679,400	1,259,400	225,000	143,825	368,825
2023	595,000	650,025	1,245,025	225,000	137,075	362,075
2024	615,000	619,775	1,234,775	220,000	130,400	350,400
2025	625,000	588,775	1,213,775	225,000	123,725	348,725
2026	645,000	557,025	1,202,025	220,000	117,050	337,050
2027	665,000	524,275	1,189,275	225,000	110,375	335,375
2028	685,000	490,525	1,175,525	225,000	102,500	327,500
2029	2,470,000	411,650	2,881,650	220,000	93,600	313,600
2030	2,315,000	292,025	2,607,025	225,000	84,700	309,700
2031	815,000	213,775	1,028,775	225,000	75,700	300,700
2032	840,000	172,400	1,012,400	225,000	66,700	291,700
2033	875,000	133,900	1,008,900	225,000	57,700	282,700
2034	890,000	98,600	988,600	220,000	48,800	268,800
2035	915,000	62,500	977,500	220,000	40,000	260,000
2036	275,000	38,700	313,700	225,000	31,100	256,100
2037	275,000	27,700	302,700	220,000	22,200	242,200
2038	275,000	16,700	291,700	220,000	13,400	233,400
2039	280,000	5,600	285,600	225,000	4,500	229,500
	<u>\$ 15,755,000</u>	<u>\$ 7,031,816</u>	<u>\$ 22,786,816</u>	<u>\$ 4,465,000</u>	<u>\$ 1,700,983</u>	<u>\$ 6,165,983</u>

**CITY OF PEARLAND, TEXAS**  
**COMING SCHEDULE OF GOVERNMENTAL ACTIVITY LONG-TERM DEBT**  
**BY MATURITY DATE**  
**September 30, 2019**

**Certificates of Obligation, Series 2019B**

**Pearland Economic Development Corporation**  
**Sales Tax Revenue Refunding Bonds, Series 2016**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ -	\$ 560,731	\$ 560,731	\$ 250,000	\$ 41,300	\$ 291,300.00
2021	-	599,000	599,000	250,000	35,400	285,400
2022	-	599,000	599,000	250,000	29,500	279,500
2023	-	599,000	599,000	250,000	23,600	273,600
2024	-	599,000	599,000	250,000	17,700	267,700
2025	-	599,000	599,000	250,000	11,800	261,800
2026	-	599,000	599,000	250,000	5,900	255,900
2027	-	599,000	599,000	-	-	-
2028	-	599,000	599,000	-	-	-
2029	-	599,000	599,000	-	-	-
2030	11,980,000	299,500	12,279,500	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
	<u>\$ 11,980,000</u>	<u>\$ 6,251,231</u>	<u>\$ 18,231,231</u>	<u>\$ 1,750,000</u>	<u>\$ 165,200</u>	<u>\$ 1,915,200</u>

**Development Authority of Pearland**  
**Tax Increment Contract Revenue Bonds, Series 2013**

**Development Authority of Pearland**  
**Tax Increment Contract Revenue Bonds, Series 2014**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 445,000	\$ 255,041	\$ 700,041	\$ 475,000	\$ 146,880	\$ 621,880
2021	465,000	238,264	703,264	490,000	133,960	623,960
2022	735,000	220,734	955,734	505,000	120,632	625,632
2023	560,000	193,024	753,024	520,000	106,896	626,896
2024	615,000	171,912	786,912	530,000	92,752	622,752
2025	670,000	148,727	818,727	545,000	78,336	623,336
2026	725,000	123,468	848,468	560,000	63,512	623,512
2027	785,000	96,135	881,135	575,000	48,280	623,280
2028	850,000	66,541	916,541	590,000	32,640	622,640
2029	915,000	34,496	949,496	610,000	16,592	626,592
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
	<u>\$ 6,765,000</u>	<u>\$ 1,548,342</u>	<u>\$ 8,313,342</u>	<u>\$ 5,400,000</u>	<u>\$ 840,480</u>	<u>\$ 6,240,480</u>

**COMING SCHEDULE OF GOVERNMENTAL ACTIVITY LONG-TERM DEBT  
BY MATURITY DATE  
September 30, 2019**

**Development Authority of Pearland  
Tax Increment Contract Revenue & Refunding  
Bonds, Series 2015**

**Development Authority of Pearland  
Tax Increment Contract Revenue Bonds, Series 2016**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 4,395,000	\$ 1,324,516	\$ 5,719,516	\$ 900,000	\$ 220,779	\$ 1,120,779
2021	4,510,000	1,204,093	5,714,093	920,000	200,799	1,120,799
2022	4,380,000	1,080,519	5,460,519	940,000	180,375	1,120,375
2023	4,705,000	960,507	5,665,507	955,000	159,507	1,114,507
2024	4,800,000	831,590	5,631,590	985,000	138,306	1,123,306
2025	4,900,000	700,070	5,600,070	1,005,000	116,439	1,121,439
2026	5,005,000	565,810	5,570,810	1,025,000	94,128	1,119,128
2027	5,110,000	428,673	5,538,673	1,050,000	71,373	1,121,373
2028	5,215,000	288,659	5,503,659	1,070,000	48,063	1,118,063
2029	5,320,000	145,768	5,465,768	1,095,000	24,309	1,119,309
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
	<u>\$ 48,340,000</u>	<u>\$ 7,530,205</u>	<u>\$ 55,870,205</u>	<u>\$ 9,945,000</u>	<u>\$ 1,254,078</u>	<u>\$ 11,199,078</u>

**Development Authority of Pearland  
Tax Increment Contract Revenue Bonds, Series 2017**

**Development Authority of Pearland  
Tax Increment Contract Revenue Bonds, Series 2018**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 670,000	\$ 170,775	\$ 840,775	\$ 465,000	\$ 185,504	\$ 650,504
2021	685,000	155,365	840,365	480,000	169,648	649,648
2022	700,000	139,610	839,610	500,000	153,280	653,280
2023	720,000	123,510	843,510	515,000	136,230	651,230
2024	730,000	106,950	836,950	535,000	118,668	653,668
2025	750,000	90,160	840,160	550,000	100,425	650,425
2026	765,000	72,910	837,910	570,000	81,669	651,669
2027	780,000	55,315	835,315	590,000	62,232	652,232
2028	805,000	37,375	842,375	605,000	42,113	647,113
2029	820,000	18,860	838,860	630,000	21,483	651,483
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
	<u>\$ 7,425,000</u>	<u>\$ 970,830</u>	<u>\$ 8,395,830</u>	<u>\$ 5,440,000</u>	<u>\$ 1,071,252</u>	<u>\$ 6,511,252</u>



**CITY OF PEARLAND, TEXAS**  
**COMBINING SCHEDULE OF ENTERPRISE FUND LONG-TERM DEBT**  
**BY MATURITY DATE**  
**September 30, 2019**

**Water & Sewer System Adjustable Rate Revenue  
Bonds, Series 1999**

Fiscal Year	Principal	Interest	Total
2020	\$ 610,000	\$ 28,060	\$ 638,060
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
2049	-	-	-
	<u>\$ 610,000</u>	<u>\$ 28,060</u>	<u>\$ 638,060</u>

**Water & Sewer System Revenue Refunding Bonds,  
Series 2010B**

Fiscal Year	Principal	Interest	Total
2020	\$ 445,000	\$ 15,575	\$ 460,575
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
2049	-	-	-
	<u>\$ 445,000</u>	<u>\$ 15,575</u>	<u>\$ 460,575</u>

**Permanent Improvement Refunding Bonds,  
Series 2012 (Water & Sewer Portion)**

Fiscal Year	Principal	Interest	Total
2020	\$ 370,000	\$ 157,000	\$ 527,000
2021	370,000	142,200	512,200
2022	385,000	127,100	512,100
2023	395,000	111,500	506,500
2024	1,480,000	74,000	1,554,000
2025	1,480,000	22,200	1,502,200
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
	<u>\$ 4,480,000</u>	<u>\$ 634,000</u>	<u>\$ 5,114,000</u>

**Water & Sewer System Revenue & Refunding  
Bonds, Series 2012**

Fiscal Year	Principal	Interest	Total
2020	\$ 800,000	\$ 165,155	\$ 965,155
2021	230,000	141,155	371,155
2022	230,000	134,255	364,255
2023	240,000	127,355	367,355
2024	230,000	120,155	350,155
2025	225,000	113,255	338,255
2026	175,000	106,505	281,505
2027	180,000	101,080	281,080
2028	185,000	95,500	280,500
2029	190,000	89,488	279,488
2030	195,000	83,312	278,312
2031	200,000	76,975	276,975
2032	300,000	70,225	370,225
2033	315,000	60,100	375,100
2034	325,000	49,075	374,075
2035	335,000	37,700	372,700
2036	345,000	25,556	370,556
2037	360,000	13,050	373,050
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
	<u>\$ 5,060,000</u>	<u>\$ 1,609,896</u>	<u>\$ 6,669,896</u>

**CITY OF PEARLAND, TEXAS**  
**COMBINING SCHEDULE OF ENTERPRISE FUND LONG-TERM DEBT**  
**BY MATURITY DATE**  
**September 30, 2019**

**Water & Sewer System Revenue Bonds, Series 2014**

Fiscal Year	Principal	Interest	Total
2020	\$ 240,000	\$ 290,419	\$ 530,419
2021	255,000	280,819	535,819
2022	270,000	270,619	540,619
2023	280,000	259,819	539,819
2024	295,000	248,619	543,619
2025	310,000	236,819	546,819
2026	330,000	224,419	554,419
2027	345,000	211,219	556,219
2028	365,000	200,869	565,869
2029	385,000	189,919	574,919
2030	405,000	177,888	582,888
2031	425,000	164,725	589,725
2032	445,000	150,912	595,912
2033	470,000	135,893	605,893
2034	495,000	120,031	615,031
2035	520,000	102,706	622,706
2036	550,000	84,506	634,506
2037	575,000	65,256	640,256
2038	605,000	45,131	650,131
2039	640,000	23,200	663,200
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
2049	-	-	-
	<u>\$ 8,205,000</u>	<u>\$ 3,483,788</u>	<u>\$ 11,688,788</u>

**Water and Sewer System Revenue Bonds, Series 2016A**

Fiscal Year	Principal	Interest	Total
2020	\$ 445,000	\$ 209,663	\$ 654,663
2021	445,000	196,313	641,313
2022	445,000	187,413	632,413
2023	440,000	178,513	618,513
2024	445,000	169,713	614,713
2025	445,000	160,812	605,812
2026	440,000	151,912	591,912
2027	445,000	134,312	579,312
2028	445,000	116,512	561,512
2029	445,000	106,500	551,500
2030	445,000	93,150	538,150
2031	440,000	79,800	519,800
2032	445,000	66,600	511,600
2033	445,000	53,250	498,250
2034	445,000	39,900	484,900
2035	440,000	26,550	466,550
2036	445,000	13,350	458,350
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
2049	-	-	-
	<u>\$ 7,545,000</u>	<u>\$ 1,984,263</u>	<u>\$ 9,529,263</u>

**Water & Sewer System Revenue Bonds,  
Series 2016B  
(Texas Water Development Board - SWIFT)**

Fiscal Year	Principal	Interest	Total
2020	\$ 1,235,000	\$ 7,524	\$ 1,242,524
2021	1,235,000	7,524	1,242,524
2022	1,235,000	7,523	1,242,523
2023	1,235,000	7,523	1,242,523
2024	1,230,000	6,412	1,236,412
2025	1,235,000	3,952	1,238,952
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
	<u>\$ 7,405,000</u>	<u>\$ 40,458</u>	<u>\$ 7,445,458</u>

**Water & Sewer System Revenue Bonds,  
Series 2016C  
(Texas Water Development Board - SWIFT)**

Fiscal Year	Principal	Interest	Total
2020	\$ 1,860,000	\$ 315,066	\$ 2,175,066
2021	1,855,000	315,066	2,170,066
2022	1,700,000	315,066	2,015,066
2023	1,700,000	315,066	2,015,066
2024	1,700,000	313,536	2,013,536
2025	1,700,000	310,136	2,010,136
2026	1,700,000	304,696	2,004,696
2027	1,700,000	297,386	1,997,386
2028	1,700,000	288,206	1,988,206
2029	1,700,000	278,176	1,978,176
2030	1,700,000	267,296	1,967,296
2031	1,700,000	255,396	1,955,396
2032	1,700,000	242,476	1,942,476
2033	1,700,000	228,536	1,928,536
2034	1,700,000	213,746	1,913,746
2035	1,700,000	198,106	1,898,106
2036	1,700,000	181,786	1,881,786
2037	1,700,000	164,786	1,864,786
2038	1,700,000	147,446	1,847,446
2039	1,700,000	129,766	1,829,766
2040	1,700,000	111,746	1,811,746
2041	1,700,000	93,556	1,793,556
2042	1,700,000	75,196	1,775,196
2043	1,700,000	56,666	1,756,666
2044	1,700,000	37,966	1,737,966
2045	1,705,000	19,096	1,724,096
2046	-	-	-
2047	-	-	-
2048	-	-	-
	<u>\$ 44,520,000</u>	<u>\$ 5,475,966</u>	<u>\$ 49,995,966</u>

**CITY OF PEARLAND, TEXAS**  
**COMBINING SCHEDULE OF ENTERPRISE FUND LONG-TERM DEBT**  
**BY MATURITY DATE**  
**September 30, 2019**

**Water & Sewer System Revenue Bonds,  
 Series 2017A (Texas Water Development Board -  
 Drinking Water State Revolving Fund)**

Fiscal Year	Principal	Interest	Total
2020	\$ 1,010,000	\$ 59,079	\$ 1,069,079
2021	1,010,000	58,473	1,068,473
2022	1,015,000	55,948	1,070,948
2023	1,020,000	51,380	1,071,380
2024	1,025,000	44,954	1,069,954
2025	1,030,000	36,447	1,066,447
2026	1,045,000	25,941	1,070,941
2027	1,055,000	13,610	1,068,610
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
2049	-	-	-
	<u>\$ 8,210,000</u>	<u>\$ 345,832</u>	<u>\$ 8,555,832</u>

**Water & Sewer System Revenue Bonds,  
 Series 2017B (Texas Water Development Board -  
 Drinking Water State Revolving Fund)**

Fiscal Year	Principal	Interest	Total
2020	\$ 340,000	\$ 184,925	\$ 524,925
2021	340,000	184,721	524,721
2022	340,000	183,871	523,871
2023	345,000	182,341	527,341
2024	345,000	180,168	525,168
2025	350,000	177,304	527,304
2026	350,000	173,734	523,734
2027	355,000	169,604	524,604
2028	360,000	165,025	525,025
2029	365,000	160,021	525,021
2030	370,000	154,582	524,582
2031	375,000	148,699	523,699
2032	385,000	142,362	527,362
2033	390,000	135,586	525,586
2034	395,000	128,488	523,488
2035	405,000	121,061	526,061
2036	410,000	113,245	523,245
2037	420,000	105,168	525,168
2038	430,000	96,768	526,768
2039	435,000	88,125	523,125
2040	445,000	79,338	524,338
2041	455,000	70,304	525,304
2042	465,000	61,022	526,022
2043	475,000	51,490	526,490
2044	485,000	41,705	526,705
2045	495,000	31,665	526,665
2046	505,000	21,369	526,369
2047	515,000	10,815	525,815
2048	-	-	-
2049	-	-	-
	<u>\$ 11,345,000</u>	<u>\$ 3,363,506</u>	<u>\$ 14,708,506</u>

**Water & Sewer System Revenue & Refunding  
 Bonds, Series 2017C**

Fiscal Year	Principal	Interest	Total
2020	\$ 2,085,000	\$ 2,567,281	\$ 4,652,281
2021	2,150,000	2,463,031	4,613,031
2022	2,270,000	2,355,531	4,625,531
2023	2,980,000	2,242,031	5,222,031
2024	4,045,000	2,093,031	6,138,031
2025	4,275,000	1,890,781	6,165,781
2026	6,020,000	1,677,031	7,697,031
2027	6,275,000	1,376,031	7,651,031
2028	6,555,000	1,062,281	7,617,281
2029	3,230,000	734,531	3,964,531
2030	3,275,000	605,331	3,880,331
2031	1,825,000	507,082	2,332,082
2032	3,150,000	452,332	3,602,332
2033	3,245,000	326,332	3,571,332
2034	3,345,000	196,532	3,541,532
2035	765,000	92,000	857,000
2036	765,000	61,400	826,400
2037	770,000	30,800	800,800
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
	<u>\$ 57,025,000</u>	<u>\$ 20,733,369</u>	<u>\$ 77,758,369</u>

**Water & Sewer System Revenue Bonds,  
 Series 2018A (Texas Water Development Board -  
 Drinking Water State Revolving Fund)**

Fiscal Year	Principal	Interest	Total
2020	\$ 290,000	\$ 117,705	\$ 407,705
2021	290,000	116,458	406,458
2022	290,000	114,805	404,805
2023	285,000	112,746	397,746
2024	285,000	110,380	395,380
2025	290,000	107,758	397,758
2026	285,000	104,829	389,829
2027	290,000	101,694	391,694
2028	290,000	98,301	388,301
2029	290,000	94,734	384,734
2030	290,000	90,964	380,964
2031	290,000	87,020	377,020
2032	285,000	82,931	367,931
2033	290,000	78,770	368,770
2034	290,000	74,362	364,362
2035	285,000	69,809	354,809
2036	285,000	65,221	350,221
2037	290,000	60,547	350,547
2038	290,000	55,704	345,704
2039	290,000	50,802	340,802
2040	285,000	45,843	330,843
2041	290,000	40,913	330,913
2042	285,000	35,867	320,867
2043	290,000	30,879	320,879
2044	290,000	25,775	315,775
2045	290,000	20,642	310,642
2046	285,000	15,480	300,480
2047	285,000	10,379	295,379
2048	290,000	5,249	295,249
	<u>\$ 8,360,000</u>	<u>\$ 2,026,567</u>	<u>\$ 10,386,567</u>

**CITY OF PEARLAND, TEXAS**  
**COMBINING SCHEDULE OF ENTERPRISE FUND LONG-TERM DEBT**  
**BY MATURITY DATE**  
**September 30, 2019**

**Water & Sewer System Revenue Bonds,  
Series 2018B**

Fiscal Year	Principal	Interest	Total
2020	\$ 955,000	\$ 799,950	\$ 1,754,950
2021	955,000	780,850	1,735,850
2022	950,000	742,650	1,692,650
2023	950,000	704,650	1,654,650
2024	950,000	666,650	1,616,650
2025	950,000	628,650	1,578,650
2026	950,000	581,150	1,531,150
2027	955,000	533,650	1,488,650
2028	950,000	485,900	1,435,900
2029	955,000	438,400	1,393,400
2030	955,000	390,650	1,345,650
2031	955,000	342,900	1,297,900
2032	955,000	295,150	1,250,150
2033	950,000	247,400	1,197,400
2034	950,000	199,900	1,149,900
2035	955,000	152,400	1,107,400
2036	950,000	114,200	1,064,200
2037	950,000	76,200	1,026,200
2038	955,000	38,200	993,200
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
2049	-	-	-
	<u>\$ 18,095,000</u>	<u>\$ 8,219,500</u>	<u>\$ 26,314,500</u>

**Water & Sewer System Revenue Bonds,  
Series 2019A (Texas Water Development Board -  
Drinking Water State Revolving Fund)**

Principal	Interest	Total
\$ 700,000	\$ 146,578	\$ 846,578
700,000	137,060	837,060
700,000	137,060	837,060
700,000	137,060	837,060
700,000	137,060	837,060
700,000	136,920	836,920
700,000	136,290	836,290
700,000	135,170	835,170
700,000	133,490	833,490
700,000	131,250	831,250
700,000	128,450	828,450
700,000	125,020	825,020
700,000	121,030	821,030
700,000	116,550	816,550
700,000	111,650	811,650
700,000	106,400	806,400
700,000	100,870	800,870
700,000	95,060	795,060
700,000	88,970	788,970
700,000	82,600	782,600
700,000	75,950	775,950
700,000	69,020	769,020
700,000	61,810	761,810
700,000	54,390	754,390
700,000	46,830	746,830
700,000	39,200	739,200
700,000	31,500	731,500
700,000	23,730	723,730
700,000	15,890	715,890
700,000	7,980	707,980
<u>\$ 21,000,000</u>	<u>\$ 2,870,838</u>	<u>\$ 23,870,838</u>

**Water & Sewer System Revenue & Refunding  
Bonds, Series 2019B**

Fiscal Year	Principal	Interest	Total
2020	\$ 755,000	\$ 1,679,479	\$ 2,434,479
2021	2,520,000	1,632,450	4,152,450
2022	2,630,000	1,506,450	4,136,450
2023	2,740,000	1,374,950	4,114,950
2024	860,000	1,237,950	2,097,950
2025	875,000	1,194,950	2,069,950
2026	885,000	1,151,200	2,036,200
2027	900,000	1,106,950	2,006,950
2028	920,000	1,061,950	1,981,950
2029	4,550,000	1,015,950	5,565,950
2030	4,805,000	788,450	5,593,450
2031	5,065,000	548,200	5,613,200
2032	1,155,000	294,950	1,449,950
2033	1,180,000	237,200	1,417,200
2034	1,210,000	190,000	1,400,000
2035	1,215,000	141,600	1,356,600
2036	580,000	93,000	673,000
2037	580,000	69,800	649,800
2038	580,000	46,600	626,600
2039	585,000	23,400	608,400
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
	<u>\$ 34,590,000</u>	<u>\$ 15,395,479</u>	<u>\$ 49,985,479</u>

**Statistical Section  
(Unaudited)**



## Unaudited Statistical Section

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

Contents	Page
Financial Trends	142
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	154
<i>These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax and sales tax.</i>	
Debt Capacity	166
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	173
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	176
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

**CITY OF PEARLAND, TEXAS**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**Amounts in (000's0**  
**(Accrual Basis of Accounting)**

**Table 1**  
**Page 1 of 2**

	<b>2010</b>	<b>2011</b>	<b>2012 <sup>1</sup></b>	<b>2013 <sup>1,2</sup></b>	<b>2014</b>
Governmental Activities					
Net investment in capital assets	\$ 422,643	\$ 413,439	\$ 353,160	\$ 391,032	\$ 397,346
Restricted	18,020	16,462	38,933	43,413	52,209
Unrestricted	13,692	14,543	10,117	14,696	2,477
Total governmental activities net position	<u>\$ 454,355</u>	<u>\$ 444,444</u>	<u>\$ 402,210</u>	<u>\$ 449,141</u>	<u>\$ 452,032</u>
Business-type activities					
Net investment in capital assets	\$ 144,244	\$ 156,629	\$ 156,888	\$ 165,915	\$ 174,955
Restricted	17,587	5,603	9,821	9,542	14,484
Unrestricted	11,942	13,910	12,439	16,704	15,612
Total business-type activities net position	<u>\$ 173,773</u>	<u>\$ 176,142</u>	<u>\$ 179,148</u>	<u>\$ 192,161</u>	<u>\$ 205,051</u>
Primary government					
Investment in capital assets	\$ 566,887	\$ 570,068	\$ 510,048	\$ 556,947	\$ 572,301
Restricted	35,607	22,065	48,754	52,955	66,693
Unrestricted	25,634	28,453	22,556	31,400	18,089
Total primary government net position	<u>\$ 628,128</u>	<u>\$ 620,586</u>	<u>\$ 581,358</u>	<u>\$ 641,302</u>	<u>\$ 657,083</u>

<sup>1</sup> Restated due to implementation of GASB 65 in fiscal year 2014. Fiscal years 2012 and 2013 have been restated for comparison purposes.

<sup>2</sup> Due to implementation of GASB 61, the City's component units are now considered blended component units versus discretely presented as in years prior to fiscal year 2013. Fiscal year 2012 has been restated for comparison purposes.



**CITY OF PEARLAND, TEXAS**  
**NET POSITION BY COMPONENT**  
*Last Ten Fiscal Years*  
*Amounts in (000's0*  
*(Accrual Basis of Accounting)*

*Table 1*  
*Page 2 of 2*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental Activities					
Net investment in capital assets	\$ 423,706	\$ 439,923	\$ 449,141	\$ 454,670	\$ 488,077
Restricted	53,883	60,640	60,310	67,263	56,491
Unrestricted	<u>3,800</u>	<u>3,185</u>	<u>(5,045)</u>	<u>(2,500)</u>	<u>(742)</u>
Total governmental activities net position	<u>\$ 481,389</u>	<u>\$ 503,748</u>	<u>\$ 504,406</u>	<u>\$ 519,433</u>	<u>\$ 543,826</u>
Business-type activities					
Net investment in capital assets	\$ 186,819	\$ 187,937	\$ 205,827	\$ 210,674	\$ 214,672
Restricted	13,539	15,852	13,972	14,525	15,270
Unrestricted	<u>12,815</u>	<u>13,351</u>	<u>6,972</u>	<u>20,663</u>	<u>29,805</u>
Total business-type activities net position	<u>\$ 213,173</u>	<u>\$ 217,140</u>	<u>\$ 226,771</u>	<u>\$ 245,862</u>	<u>\$ 259,747</u>
Primary government					
Investment in capital assets	\$ 610,525	\$ 627,860	\$ 654,968	\$ 665,344	\$ 702,749
Restricted	67,422	76,492	74,282	81,788	71,761
Unrestricted	<u>16,615</u>	<u>16,536</u>	<u>1,927</u>	<u>18,163</u>	<u>29,063</u>
Total primary government net position	<u>\$ 694,562</u>	<u>\$ 720,888</u>	<u>\$ 731,177</u>	<u>\$ 765,295</u>	<u>\$ 803,573</u>

**CITY OF PEARLAND, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**Amounts in (000's)**  
**(Account Basis of Accounting)**

**Table 2**  
**Page 1 of 4**

	<u>2010</u>	<u>2011</u>	<u>2012<sup>1</sup></u>	<u>2013<sup>1,2</sup></u>	<u>2014</u>
<b>Expenses</b>					
Governmental activities:					
General Government	\$ 13,439	\$ 15,945	\$ 13,334	\$ 13,358	\$ 12,241
Public Safety	24,268	23,042	27,403	28,944	32,130
Public Works	35,679	31,130	28,510	31,690	38,579
Community Services	3,323	3,254	4,267	3,807	4,687
Parks and Recreation	7,699	8,062	9,264	9,524	6,896
Economic Development	-	-	26,311	17,411	26,498
Interest on long-term debt	13,738	13,142	11,572	10,534	16,225
Total governmental activities expenses	<u>98,146</u>	<u>94,575</u>	<u>120,661</u>	<u>115,268</u>	<u>137,256</u>
Business-type activities:					
Water and Sewer	27,157	29,192	29,392	31,289	32,444
Solid Waste	7,089	7,285	7,528	8,324	6,664
Total business-type activities	<u>34,246</u>	<u>36,477</u>	<u>36,920</u>	<u>39,613</u>	<u>39,108</u>
Total primary government expenses	<u>\$ 132,392</u>	<u>\$ 131,052</u>	<u>\$ 157,581</u>	<u>\$ 154,881</u>	<u>\$ 176,364</u>
<b>Program Revenue</b>					
Governmental activities:					
Charges for services:					
General Government	\$ 6,637	\$ -	\$ 7,624	\$ 6,326	\$ 6,637
Public Safety	3,296	3,679	4,206	7,410	2,793
Public Works	10	18	43	3,096	322
Community Services	4,312	4,632	5,855	3,264	7,375
Parks and Recreation	906	2,027	2,080	2,209	2,290
Economic Development	-	-	413	414	430
Operating grants and contributions:					
General Government	5,215	5,488	6,045	44	440
Public Safety	641	407	711	603	434
Public Works	207	675	53	1,388	7,612
Community Services	159	366	311	108	337
Parks and Recreation	424	462	542	182	474
Economic Development	-	-	-	-	-
Capital grants and contributions:					
General Government	-	-	-	180	-
Public Safety	98	-	-	-	-
Public Works	29,800	10,330	18,743	52,921	29,269
Parks and Recreation	-	-	100	-	-
Total governmental activities program revenues	<u>51,705</u>	<u>28,084</u>	<u>46,726</u>	<u>78,145</u>	<u>58,413</u>
Business-type activities:					
Charges for services:					
Water and Sewer	24,961	28,664	27,535	29,008	28,929
Solid Waste	7,313	7,258	7,654	8,175	7,008
Operating grants and contributions:					
Water and Sewer	70	61	205	-	-
Capital grants and contributions:					
Water and Sewer	8,611	4,215	8,118	16,273	17,677
Total business-type activities program revenues	<u>40,955</u>	<u>40,198</u>	<u>45,009</u>	<u>53,456</u>	<u>53,614</u>
Total primary government program revenues	<u>\$ 92,660</u>	<u>\$ 68,282</u>	<u>\$ 91,735</u>	<u>\$ 131,601</u>	<u>\$ 112,027</u>

<sup>1</sup> Restated due to implementation of GASB 65 in fiscal year 2014. Fiscal years 2012 and 2013 have been restated for comparison purposes.

<sup>2</sup> Due to implementation of GASB 61, the City's component units are now considered blended component units versus discretely presented as in years prior to fiscal year 2013. Fiscal year 2012 has been restated for comparison purposes.

**CITY OF PEARLAND, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**Amounts in (000's)**  
**(Account Basis of Accounting)**

**Table 2**  
**Page 2 of 4**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Expenses</b>					
Governmental activities:					
General Government	\$ 17,189	\$ 18,016	\$ 20,121	\$ 20,360	\$ 21,249
Public Safety	33,179	38,933	44,343	43,275	47,948
Public Works	45,894	46,449	49,221	53,271	46,631
Community Services	3,641	3,711	5,107	4,509	4,616
Parks and Recreation	3,731	4,820	8,823	7,194	7,683
Economic Development	26,159	31,330	31,293	29,521	33,470
Interest on long-term debt	15,569	15,946	14,422	14,441	14,017
Total governmental activities expenses	<u>145,362</u>	<u>159,205</u>	<u>173,331</u>	<u>172,571</u>	<u>175,614</u>
Business-type activities:					
Water and Sewer	34,266	37,941	41,475	41,683	39,413
Solid Waste	6,417	6,833	7,059	7,441	7,752
Total business-type activities	<u>40,683</u>	<u>44,774</u>	<u>48,534</u>	<u>49,124</u>	<u>47,165</u>
Total primary government expenses	<u>\$ 186,045</u>	<u>\$ 203,979</u>	<u>\$ 221,865</u>	<u>\$ 221,695</u>	<u>\$ 222,779</u>
<b>Program Revenue</b>					
Governmental activities:					
Charges for services:					
General Government	\$ 7,624	\$ 8,547	\$ 9,518	\$ 10,414	\$ 10,826
Public Safety	4,110	4,276	3,949	3,777	4,413
Public Works	338	320	1,395	253	1,379
Community Services	7,771	8,520	8,026	6,566	6,888
Parks and Recreation	2,412	2,218	2,001	2,766	2,328
Economic Development	1,209	13	3,886	3,503	1,951
Operating grants and contributions:					
General Government	747	2,595	-	-	-
Public Safety	294	-	-	11	-
Public Works	4,589	11,123	12,459	5,884	8,765
Community Services	216	-	575	232	239
Parks and Recreation	1,586	-	-	-	-
Economic Development	-	-	-	-	-
Capital grants and contributions:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	36,440	24,636	10,107	19,241	16,678
Parks and Recreation	-	-	-	-	-
Total governmental activities program revenues	<u>67,336</u>	<u>62,248</u>	<u>51,916</u>	<u>52,647</u>	<u>53,467</u>
Business-type activities:					
Charges for services:					
Water and Sewer	30,201	43,677	51,544	55,593	55,696
Solid Waste	6,637	6,945	6,549	7,842	8,621
Operating grants and contributions:					
Water and Sewer	2,512	30	-	-	-
Capital grants and contributions:					
Water and Sewer	13,177	4,094	2,027	4,613	4,113
Total business-type activities program revenues	<u>52,527</u>	<u>54,746</u>	<u>60,120</u>	<u>68,048</u>	<u>69,927</u>
Total primary government program revenues	<u>\$ 119,863</u>	<u>\$ 116,994</u>	<u>\$ 112,036</u>	<u>\$ 120,695</u>	<u>\$ 123,394</u>

**CITY OF PEARLAND, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**Amounts in (000's)**  
**(Account Basis of Accounting)**

**Table 2**  
**Page 3 of 4**

	<u>2010</u>	<u>2011</u>	<u>2012<sup>1</sup></u>	<u>2013<sup>1,2</sup></u>	<u>2014</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (46,441)	\$ (66,491)	\$ (73,935)	\$ (37,123)	\$ (78,843)
Business-type activities	6,709	3,721	8,089	13,843	14,506
Total primary government net expense	<u>\$ (39,732)</u>	<u>\$ (62,770)</u>	<u>\$ (65,846)</u>	<u>\$ (23,280)</u>	<u>\$ (64,337)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 31,140	\$ 32,963	\$ 33,451	\$ 52,230	\$ 54,433
Sales and use taxes	14,218	13,578	13,983	22,969	24,942
Franchise taxes	5,075	5,426	5,605	5,670	5,999
Investment earnings	1,376	253	157	134	155
Miscellaneous	6,294	1,028	1,854	1,554	1,701
Special item	-	-	-	-	-
Transfers	621	1,186	1,475	2,269	1,607
Total governmental activities	<u>\$ 58,724</u>	<u>\$ 54,434</u>	<u>\$ 56,525</u>	<u>\$ 84,826</u>	<u>\$ 88,837</u>
Business-type activities:					
Investment earnings	\$ 363	\$ 100	\$ 116	\$ 68	\$ 95
Miscellaneous	23	779	9	444	682
Transfers	(621)	(1,186)	(1,475)	(2,269)	(1,607)
Total business-type activities	<u>(235)</u>	<u>(307)</u>	<u>(1,350)</u>	<u>(1,757)</u>	<u>(830)</u>
Total primary government	<u>\$ 58,489</u>	<u>\$ 54,127</u>	<u>\$ 55,175</u>	<u>\$ 83,069</u>	<u>\$ 88,007</u>
Change in Net Position:					
Governmental activities	\$ 12,283	\$ (12,057)	\$ (17,410)	\$ 47,703	\$ 9,994
Business-type activities	6,474	3,414	6,739	12,086	13,676
Total primary government	<u>\$ 18,757</u>	<u>\$ (8,643)</u>	<u>\$ (10,671)</u>	<u>\$ 59,789</u>	<u>\$ 23,670</u>

<sup>1</sup> Restated due to implementation of GASB 65 in fiscal year 2014. Fiscal years 2012 and 2013 have been restated for comparison purposes.

<sup>2</sup> Due to implementation of GASB 61, the City's component units are now considered blended component units versus discretely presented as in years prior to fiscal year 2013. Fiscal year 2012 has been restated for comparison purposes.

**CITY OF PEARLAND, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**Amounts in (000's)**  
**(Account Basis of Accounting)**

**Table 2**  
**Page 4 of 4**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (78,026)	\$ (96,957)	\$ (121,414)	\$ (119,924)	\$ (122,148)
Business-type activities	11,844	9,972	11,586	18,924	22,762
Total primary government net expense	<u>\$ (66,182)</u>	<u>\$ (86,985)</u>	<u>\$ (109,828)</u>	<u>\$ (101,000)</u>	<u>\$ (99,386)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 57,378	\$ 62,974	\$ 76,686	\$ 83,803	\$ 89,930
Sales and use taxes	27,295	29,970	31,976	35,437	34,872
Franchise taxes	6,484	6,971	7,263	7,358	7,480
Investment earnings	254	491	622	1,651	3,293
Miscellaneous	2,398	4,149	3,108	4,691	562
Special item	(3,039)	-	-	-	-
Transfers	2,031	2,828	2,417	3,103	11,364
Total governmental activities	<u>\$ 92,801</u>	<u>\$ 107,383</u>	<u>\$ 122,072</u>	<u>\$ 136,043</u>	<u>\$ 147,501</u>
Business-type activities:					
Investment earnings	\$ 139	\$ 325	\$ 396	\$ 1,361	\$ 2,947
Miscellaneous	274	219	66	7	2,361
Transfers	(2,030)	(2,828)	(2,417)	(3,103)	(11,364)
Total business-type activities	<u>(1,617)</u>	<u>(2,284)</u>	<u>(1,955)</u>	<u>(1,735)</u>	<u>(6,056)</u>
Total primary government	<u>\$ 91,184</u>	<u>\$ 105,099</u>	<u>\$ 120,117</u>	<u>\$ 134,308</u>	<u>\$ 141,445</u>
Change in Net Position:					
Governmental activities	\$ 14,775	\$ 10,426	\$ 658	\$ 16,117	\$ 25,353
Business-type activities	10,227	7,688	9,631	17,189	16,706
Total primary government	<u>\$ 25,002</u>	<u>\$ 18,114</u>	<u>\$ 10,289</u>	<u>\$ 33,306</u>	<u>\$ 42,059</u>

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

**Table 3**  
**Page 1 of 2**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u> <sup>1</sup>	<u>2014</u>
General fund					
Non-spendable	\$ 146	\$ 130	\$ 182	\$ 158	\$ 202
Restricted	-	126	-	-	-
Assigned	117	160	167	1,554	1,394
Unassigned	12,599	14,108	17,222	16,911	17,859
Total General Fund	<u>\$ 12,862</u>	<u>\$ 14,524</u>	<u>\$ 17,571</u>	<u>\$ 18,623</u>	<u>\$ 19,455</u>
All other governmental funds					
Non-spendable	\$ -	\$ -	\$ -	\$ 183	\$ 209
Restricted					
Debt service	6,705	5,160	4,992	5,192	5,951
Capital improvements	30,893	23,461	13,776	14,536	17,519
Public safety	612	541	702	715	390
Economic Development	-	-	-	20,777	23,814
Community development programs					
Tourism	1,394	1,452	1,821	2,267	2,994
Parks and recreation	1,214	1,143	968	985	168
Capital projects - other	962	810	797	866	-
Other	79	87	215	638	918
Unassigned	-	-	-	-	-
Total other Governmental Funds	<u>\$ 41,859</u>	<u>\$ 32,654</u>	<u>\$ 23,271</u>	<u>\$ 46,159</u>	<u>\$ 51,963</u>

<sup>1</sup> Due to implementation of GASB 61, the City's component units are now considered blended component units versus discretely presented as in years prior to fiscal year 2013.

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

**Table 3**  
**Page 2 of 2**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General fund					
Non-spendable	\$ 293	\$ 151	\$ 101	\$ 136	\$ 15
Restricted	-	-	-	-	-
Assigned	1,406	3,994	3,000	1,538	1,521
Unassigned	19,655	16,775	11,262	12,314	15,666
Total General Fund	<u>\$ 21,354</u>	<u>\$ 20,919</u>	<u>\$ 14,363</u>	<u>\$ 13,988</u>	<u>\$ 17,202</u>
All other governmental funds					
Non-spendable	\$ 173	\$ -	\$ 4	\$ -	\$ -
Restricted					
Debt service	5,835	8,276	5,912	6,797	5,427
Capital improvements	22,484	47,361	59,200	43,912	52,952
Public safety	394	342	364	506	504
Economic Development	24,117	32,844	36,795	44,634	34,659
Community development programs					
Tourism	3,685	4,194	4,604	4,661	5,388
Parks and recreation	105	131	262	517	530
Capital projects - other	-	-	-	-	-
Other	1,149	1,264	779	783	1,313
Unassigned	<u>-</u>	<u>-</u>	<u>(28)</u>	<u>(52)</u>	<u>(28)</u>
Total other Governmental Funds	<u>\$ 57,940</u>	<u>\$ 94,411</u>	<u>\$ 107,892</u>	<u>\$ 101,758</u>	<u>\$ 100,745</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)**

**Table 4**  
**Page 1 of 2**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013<sup>1</sup></u>	<u>2014</u>
<b>Revenues</b>					
Property taxes	\$ 32,856	\$ 33,454	\$ 34,362	\$ 54,475	\$ 57,378
Sales and use taxes	13,578	13,983	15,632	24,942	27,295
Franchise fees	5,426	5,605	5,817	5,999	6,484
Licenses and permits	1,807	1,721	2,320	2,989	4,149
Fines and forfeitures	2,475	2,895	3,374	3,534	3,121
Charges for services	9,328	11,687	11,891	12,982	13,078
Investment earnings	591	156	92	154	254
Intergovernmental	3,689	2,199	3,089	4,595	2,541
Other	982	1,560	2,541	7,973	4,157
Total Revenues	<u>70,732</u>	<u>73,260</u>	<u>79,118</u>	<u>117,643</u>	<u>118,457</u>
<b>Expenditures</b>					
General government	8,527	10,866	7,784	7,958	8,027
Public safety	23,784	23,926	25,372	26,204	29,171
Public works	7,108	6,505	5,533	7,812	8,121
Community services	3,839	3,376	4,246	3,523	3,960
Parks and recreation	6,305	7,539	7,499	7,244	7,816
Economic development				17,414	25,248
Debt service:					
Principal	6,200	8,217	9,373	15,637	15,815
Interest and other charges	13,635	13,543	12,401	15,859	16,373
Capital outlay	61,317	25,703	9,201	22,101	15,536
Intergovernmental	3,794	3,954	3,992	4,058	4,307
Total Expenditures	<u>134,509</u>	<u>103,629</u>	<u>85,401</u>	<u>127,810</u>	<u>134,374</u>
Excess of revenues over (under) expenditures	(63,777)	(30,369)	(6,283)	(10,167)	(15,917)
<b>Other Financing Sources (Uses)</b>					
Transfers in	3,498	3,525	5,909	15,515	16,507
Transfers out	(2,312)	(2,050)	(5,096)	(14,583)	(16,967)
Debt issued	28,962	21,637	49,805	12,060	49,560
Payment to Escrow Agent	-	(1,630)	(54,478)	-	(33,182)
Capital leases	2,050	1,289	-	1,179	1,853
Other	-	56	3,809	331	4,784
Total other Financing Sources (uses)	<u>32,198</u>	<u>22,826</u>	<u>(51)</u>	<u>14,502</u>	<u>22,555</u>
Net change in fund balances	<u>\$ (31,579)</u>	<u>\$ (7,543)</u>	<u>\$ (6,334)</u>	<u>\$ 4,335</u>	<u>\$ 6,638</u>
Debt service as a percentage of noncapital expenditures	27.1%	27.9%	28.3%	29.8%	27.0%

<sup>1</sup> Due to implementation of GASB 61, the City's component units are now considered blended component units versus discretely presented as in years prior to fiscal year 2013.



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

**Table 4**  
**Page 2 of 2**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Revenues</b>					
Property taxes	\$ 62,922	\$ 67,569	\$ 76,562	\$ 83,484	\$ 90,252
Sales and use taxes	29,970	31,293	31,976	35,437	34,872
Franchise fees	6,971	7,228	7,263	7,358	7,480
Licenses and permits	4,544	5,677	5,435	4,146	4,198
Fines and forfeitures	3,108	2,931	2,654	2,468	2,712
Charges for services	14,661	15,313	16,015	16,769	17,726
Investment earnings	433	728	619	1,600	3,186
Intergovernmental	3,197	15,959	16,010	8,579	10,329
Other	7,076	5,065	5,736	7,200	3,947
Total Revenues	<u>132,882</u>	<u>151,765</u>	<u>162,270</u>	<u>167,041</u>	<u>174,702</u>
<b>Expenditures</b>					
General government	10,470	11,609	11,223	11,300	11,173
Public safety	32,229	36,818	40,858	41,273	42,716
Public works	10,298	13,292	17,365	16,968	12,596
Community services	3,408	4,294	4,837	4,313	4,219
Parks and recreation	5,823	6,458	6,419	5,959	6,065
Economic development	25,625	31,051	29,001	29,195	38,288
Debt service:					
Principal	23,790	19,736	24,341	23,547	38,007
Interest and other charges	16,595	15,841	15,221	15,814	15,646
Capital outlay	24,471	31,982	43,860	43,474	39,541
Intergovernmental	4,792	4,847	6,937	7,168	7,325
Total Expenditures	<u>157,501</u>	<u>175,928</u>	<u>200,062</u>	<u>199,011</u>	<u>215,576</u>
Excess of revenues over (under) expenditures	(24,619)	(24,163)	(37,792)	(31,970)	(40,874)
<b>Other Financing Sources (Uses)</b>					
Transfers in	17,043	26,062	28,466	24,456	34,200
Transfers out	(15,233)	(20,844)	(26,860)	(22,266)	(22,866)
Debt issued	81,258	142,701	115,718	24,223	44,292
Payment to Escrow Agent	(54,303)	(89,638)	(72,608)	-	(12,551)
Capital leases	574	1,918	-	-	-
Other	3,157	-	-	-	-
Total other Financing Sources (uses)	<u>32,496</u>	<u>60,199</u>	<u>44,716</u>	<u>26,413</u>	<u>43,075</u>
Net change in fund balances	<u>\$ 7,877</u>	<u>\$ 36,036</u>	<u>\$ 6,924</u>	<u>\$ (5,557)</u>	<u>\$ 2,201</u>
Debt service as a percentage of noncapital expenditures	29.9%	24.8%	25.3%	24.9%	30.3%

<sup>1</sup> Due to implementation of GASB 61, the City's component units are now considered blended component units versus discretely presented as in years prior to fiscal year 2013.

**CITY OF PEARLAND, TEXAS**  
**SPENDING AND GROWTH ANALYSIS**  
**Last Ten Fiscal Years**  
**Amounts in (000's)**  
**(Modified Accrual Basis of Accounting)**

**Table 4.5**  
**Page 1 of 2**

**Amounts in (000's)**

<b>Expenditures</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
General Gov't	\$ 19,561	\$ 10,877	\$ 7,797	\$ 7,958	\$ 8,027	\$ 10,470
Public Safety	23,784	23,926	25,372	26,204	29,171	32,229
Public Works	7,108	6,505	5,533	7,812	8,121	10,298
Community Services	3,839	3,376	4,246	3,523	3,960	3,408
Parks & recreation	6,305	7,539	7,499	7,244	7,816	5,823
Economic Development	15,426	17,391	20,397	17,414	25,248	25,625
Debt Service - principal	8,525	10,847	12,893	15,637	15,815	23,790
Debt service - interest	17,096	17,154	15,534	15,859	16,373	16,595
Capital outlay	64,563	25,768	9,201	22,101	15,536	24,471
Intergovernmental	4,234	4,127	4,158	4,058	4,307	4,792
<b>Total</b>	<b>\$ 170,441</b>	<b>\$ 127,510</b>	<b>\$ 112,630</b>	<b>\$ 127,810</b>	<b>\$ 134,374</b>	<b>\$ 157,501</b>

**Distribution of Spending**

General Gov't	11.5%	8.5%	6.9%	6.2%	6.0%	6.6%
Public Safety	14.0%	18.8%	22.5%	20.5%	21.7%	20.5%
Public Works	4.2%	5.1%	4.9%	6.1%	6.0%	6.5%
Community Services	2.3%	2.6%	3.8%	2.8%	2.9%	2.2%
Parks & recreation	3.7%	5.9%	6.7%	5.7%	5.8%	3.7%
Economic Development	9.1%	13.6%	18.1%	13.6%	18.8%	16.3%
Debt Service - principal	5.0%	8.5%	11.4%	12.2%	11.8%	15.1%
Debt service - interest	10.0%	13.5%	13.8%	12.4%	12.2%	10.5%
Capital outlay	37.9%	20.2%	8.2%	17.3%	11.6%	15.5%
Intergovernmental	2.5%	3.2%	3.7%	3.2%	3.2%	3.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Per Capita Expenditures Adjusted for CPI**

<b>POPULATION</b>	94,100	97,200	99,800	104,100	106,900	112,300
<b>PER CAPITA</b>	\$ 1,811	\$ 1,312	\$ 1,129	\$ 1,228	\$ 1,257	\$ 1,403
<b>CPI INDEX (NATIONAL)</b>	218.06	224.94	229.59	232.96	234.75	236.70
<b>PER CAPITA ADJ TO 2019</b>	\$ 2,133	\$ 1,497	\$ 1,262	\$ 1,353	\$ 1,375	\$ 1,521
<b>PER CAPITA ADJ TO 2010</b>	\$ 1,811	\$ 1,272	\$ 1,072	\$ 1,149	\$ 1,168	\$ 1,292

**CITY OF PEARLAND, TEXAS**  
**SPENDING AND GROWTH ANALYSIS**  
**Last Ten Fiscal Years**  
**Amounts in (000's)**  
**(Modified Accrual Basis of Accounting)**

**Table 4.5**  
**Page 2 of 2**

<b>Amounts in (000's)</b>					<b>Ten</b>	<b>Average</b>
<b>Expenditures</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Year</b>	<b>Compounded</b>
					<b>% CHG</b>	<b>Growth Rate</b>
General Gov't	\$ 11,609	\$ 11,223	\$ 11,363	\$ 11,300	-42.2%	-5.91%
Public Safety	36,818	40,858	41,281	41,273	73.5%	6.32%
Public Works	13,292	17,365	16,998	16,968	138.7%	10.15%
Community Services	4,294	4,837	4,313	4,313	12.3%	1.30%
Parks & recreation	6,458	6,419	5,960	5,959	-5.5%	-0.63%
Economic Development	31,051	29,001	29,195	29,195	89.3%	7.35%
Debt Service - principal	19,736	24,341	23,547	23,547	176.2%	11.95%
Debt service - interest	15,841	15,221	15,814	15,814	-7.5%	-0.86%
Capital outlay	31,982	43,860	44,321	43,474	-32.7%	-4.30%
Intergovernmental	4,847	6,937	7,168	7,168	69.3%	6.02%
Total	\$ 175,928	\$ 200,062	\$ 199,960	\$ 199,011	16.8%	1.74%

**Distribution of Spending**

General Gov't	6.6%	5.6%	5.7%	5.7%
Public Safety	20.9%	20.4%	20.6%	20.7%
Public Works	7.6%	8.7%	8.5%	8.5%
Community Services	2.4%	2.4%	2.2%	2.2%
Parks & recreation	3.7%	3.2%	3.0%	3.0%
Economic Development	17.6%	14.5%	14.6%	14.7%
Debt Service - principal	11.2%	12.2%	11.8%	11.8%
Debt service - interest	9.0%	7.6%	7.9%	7.9%
Capital outlay	18.2%	21.9%	22.2%	21.8%
Intergovernmental	2.8%	3.5%	3.6%	3.6%
Total	100.0%	100.0%	100.0%	100.0%

**Per Capita Expenditures**  
**Adjusted for CPI**

					<b>Average</b>
					<b>Compounded</b>
					<b>Growth Rate</b>
<b>POPULATION</b>	117,100	121,500	125,198	127,500	3.43%
<b>PER CAPITA</b>	\$ 1,502	\$ 1,647	\$ 1,597	\$ 1,561	-1.64%
<b>CPI INDEX (NATIONAL)</b>	241.40	246.37	252.44	256.76	1.83%
<b>PER CAPITA ADJ TO 2019</b>	\$ 1,598	\$ 1,716	\$ 1,624	\$ 1,561	-3.41%
<b>PER CAPITA ADJ TO 2010</b>	\$ 1,357	\$ 1,457	\$ 1,380	\$ 1,326	-3.41%

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

*Table 5*  
*Page 1 of 2*

Real Property

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Personal Property</u>	<u>Less Tax Exempt Real Property</u>
2010	2009	\$ 4,673,324,896	\$ 1,762,831,286	\$ 632,160,830	\$ 484,145,515
2011	2010	4,916,409,359	1,833,483,370	527,132,210	590,247,297
2012	2011	4,929,336,548	1,897,683,176	488,098,315	592,996,676
2013 (1)	2012	5,042,965,503	1,954,587,058	612,564,952	617,274,555
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

Notes:

- (1) Assessed valuation for fiscal year 2013 does not include Brazoria County Mud #4 valuation of \$241,712,166 that was annexed into the City on December 31, 2012.

Assessed values presented here are for the City and Tax Increment Reinvestment Zone.

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**

*Table 5*  
*Page 2 of 2*

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Less Other Exemptions and Abatements</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percent of Actual Taxable Value</b>
2010	2009	\$ 315,123,559	\$ 6,269,047,937	0.6526	\$ 6,269,047,937	100%
2011	2010	355,054,613	6,331,723,029	0.6651	6,331,723,029	100%
2012	2011	352,494,382	6,369,626,981	0.6851	6,369,626,981	100%
2013 (1)	2012	454,866,920	6,537,976,038	0.7051	6,537,976,038	100%
2014	2013	487,709,374	6,996,973,518	0.7051	6,996,973,518	100%
2015	2014	452,738,140	7,580,556,989	0.7121	7,580,556,989	100%
2016	2015	423,238,764	8,464,775,289	0.7053	8,464,775,289	100%
2017	2016	571,315,443	9,722,252,580	0.6812	9,722,252,580	100%
2018	2017	681,810,199	10,563,655,075	0.6851	10,563,655,075	100%
2019	2018	904,072,816	10,949,412,203	0.7092	10,949,412,203	100%

Notes:

- (1) Assessed valuation for fiscal year 2013 does not include Brazoria County Mud #4 valuation of \$241,712,166 that was annexed into the City on December 31, 2012.

Assessed values presented here are for the City and Tax Increment Reinvestment Zone.

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 assessed value)**

**Table 6**  
**Page 1 of 3**

Fiscal Year	City Direct Rates			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	Fort Bend County
2010	0.220	0.433	0.653	1.419	1.350	1.304	0.200	0.426	0.500
2011	0.215	0.450	0.665	1.419	1.350	1.304	0.200	0.463	0.500
2012	0.215	0.470	0.685	1.419	1.350	1.344	0.199	0.473	0.500
2013	0.215	0.490	0.705	1.419	1.350	1.329	0.200	0.486	0.500
2014	0.215	0.490	0.705	1.416	1.350	1.329	0.194	0.492	0.500
2015	0.222	0.490	0.712	1.416	1.350	1.417	0.204	0.499	0.495
2016	0.223	0.483	0.705	1.416	1.350	1.417	0.204	0.486	0.486
2017	0.241	0.440	0.681	1.416	1.350	1.450	0.192	0.457	0.474
2018	0.255	0.430	0.685	1.416	1.480	1.450	0.181	0.440	0.458
2019	0.279	0.430	0.709	1.416	1.416	1.450	0.188	0.368	0.445

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

<sup>(a)</sup> 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, although 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 assessed value)**

**Table 6**  
**Page 2 of 3**

Fiscal Year	Overlapping Rates (a)								
	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	MUD No. 18	MUD No. 19
2010	0.392	0.016	0.029	0.192	0.060	0.850	0.600	0.560	0.630
2011	0.388	0.021	0.029	0.192	0.007	0.850	0.547	0.550	0.620
2012	0.391	0.019	0.028	0.192	0.007	0.850	0.547	0.545	0.600
2013	0.400	0.020	0.028	0.182	0.007	0.850	0.547	0.530	0.580
2014	0.415	0.017	0.028	0.170	0.006	0.850	0.544	0.510	0.550
2015	0.417	0.015	0.027	0.170	0.006	0.850	0.520	0.470	0.510
2016	0.419	0.013	0.027	0.170	0.005	0.848	0.460	0.390	0.450
2017	0.417	0.013	0.028	0.172	0.005	0.848	0.410	0.350	0.400
2018	0.418	0.013	0.028	0.171	0.005	0.848	0.380	0.310	0.380
2019	0.419	0.012	0.029	0.171	0.005	0.848	0.380	0.310	0.360

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

<sup>(a)</sup> 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, although 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 assessed value)*

Overlapping Rates (a)

Fiscal Year	MUD No. 23	MUD No. 26	MUD No. 28	MUD No. 34	MUD No. 35
2010	0.800	0.710	0.820	0.850	1.020
2011	0.770	0.710	0.820	0.850	1.020
2012	0.630	0.690	0.820	0.850	1.020
2013	0.610	0.690	0.820	0.850	1.020
2014	0.600	0.690	0.820	0.850	1.020
2015	0.580	0.690	0.820	0.850	1.020
2016	0.540	0.690	0.820	0.820	1.020
2017	0.480	0.690	0.820	0.800	1.020
2018	0.470	0.690	0.820	0.800	1.000
2019	0.460	0.690	0.820	0.780	1.000

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

<sup>(a)</sup> 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, although the county property tax rates apply to all.



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

*Table 7*

Fiscal Year Ended Sept 30,	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
2010	41,081,407	40,590,543	98.81%	443,824	41,034,367	99.9%
2011	41,968,046	41,594,389	99.11%	334,334	41,928,723	99.9%
2012	43,441,792	43,110,373	99.24%	314,070	43,424,443	100.0%
2013	45,850,625	45,509,522	99.26%	295,837	45,805,359	99.9%
2014	49,096,473	48,802,720	99.40%	231,224	49,033,944	99.9%
2015	53,463,919	53,175,174	99.46%	164,468	53,339,642	99.8%
2016	58,829,331	58,545,664	99.52%	108,001	58,653,665	99.7%
2017	64,977,413	64,579,894	99.39%	162,638	64,742,532	99.6%
2018	70,633,922	70,216,601	99.41%	149,069	70,365,670	99.6%
2019	75,680,458	75,276,247	99.47%	-	75,276,247	99.5%

**Source:** Brazoria County Tax Office

Note: Taxes levied based on adjusted tax roll.

**CITY OF PEARLAND, TEXAS**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**Current Year and Nine Years Ago**

**Table 8**

<u>Taxpayer</u>	<u>2019</u>			<u>2010</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Pearland Town Center LP	\$ 92,488,650	1	0.84%	\$ 75,533,070	1	1.21%
HCA Healthcare Corp	75,650,360	2	0.69%			
MHI Compressor Manufacturing LLC	66,943,019	3	0.61%			
Amreit SPF Shadow Creek LP	66,511,460	4	0.61%	49,613,650	4	0.79%
Mar Shadow Creek LP	57,306,070	5	0.52%			
Weatherford U.S., Inc.	45,442,990	6	0.41%	58,636,172	2	0.94%
Goodgarden Owner GP	38,500,000	7	0.35%			
DD Shadow Creek V LLC	37,000,000	8	0.34%			
Brazoria SCR Associates LLC	35,842,780	9	0.33%			
W-F&B 11900 Shadow Creek VIII	35,250,000	10	0.32%			
Pearland Investments LTD				52,997,630	3	0.85%
Inland American Shadow Creek				30,000,000	5	0.48%
Pearland Lifestyle Center, LP				26,040,041	6	0.42%
CenterPoint Energy, Inc.				24,885,690	7	0.40%
Inland American Waterford, LTD				24,500,480	8	0.39%
Walmart Real Estate				24,373,700	9	0.39%
Shadow Kirby LTD Partnership				24,278,600	10	0.39%
<b>Total</b>	<b>\$ 550,935,329</b>		<b>5.02%</b>	<b>\$ 390,859,033</b>		<b>6.26%</b>

**Source:** Brazoria County Appraisal District

\* Tax Year 2018

Table does not include multiple taxpayers from the same address.

**CITY OF PEARLAND, TEXAS**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**2018 TOTAL TAXES**

*Table 8A*  
*Page 1 of 3*

<b>Taxpayer</b>		<b>Pearland Town Center LP</b>	<b>HCA Healthcare Corp</b>	<b>MHI Compressor Manufacturer LLC</b>
<b>Property Use</b>		Retail mixed use center	Health Care/Hospital	Industrial / Manufacturer
<b>Taxable Value</b>		<b>\$92,488,650</b>	<b>\$75,650,360</b>	<b>\$66,943,019</b>
<b>Taxing Unit</b>	<b>Tax Rate</b>			
Alvin ISD	1.450000	\$ 1,341,085	\$ 1,051,010	\$ -
Pearland ISD	1.415600	-	44,831	-
Houston ISD	1.206700	-	-	807,801
City of Pearland	0.709158	655,891	536,481	474,732
Harris County	0.418580	-	-	280,210
Brazoria County	0.367914	340,279	278,328	-
Alvin Community College	0.187775	173,671	16,567	-
Harris County Hospital District	0.171080	-	-	114,526
Brazoria Drainage Dist 4	0.146000	135,033	110,450	-
Brazoria county MUD #26	0.690000	-	-	-
Houston Community College System	0.100263	-	-	67,119
Pearland Municipal Management District #2	0.087500	80,928	-	-
Brazoria County Special Road & Bridge	0.060000	55,493	45,390	-
Harris County Flood Control District	0.287700	-	-	192,595
Port of Houston Authority	0.115500	-	-	77,319
Harris County Dept. of Education	0.005190	-	-	3,474
<b>Total Tax</b>		<b>\$ 2,782,380</b>	<b>\$ 2,083,056</b>	<b>\$ 2,017,777</b>
<b>% Paid to City of Pearland</b>		<b>23.6%</b>	<b>25.8%</b>	<b>23.5%</b>

Source: Brazoria County Tax Office & Harris County Tax Office  
Table does not include multiple taxpayers from the same address.

**CITY OF PEARLAND, TEXAS**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**2018 TOTAL TAXES**

*Table 8A*  
*Page 2 of 3*

<b>Taxpayer</b>		<b>Amreit SPF Shadow Creek LP</b>	<b>Mar Shadow Creek LP</b>	<b>Weatherford US LP</b>
<b>Property Use</b>		Multi-Family Housing	Oil & Gas Service	Multi-Family Housing
<b>Taxable Value</b>		<b>\$66,511,460</b>	<b>\$57,306,070</b>	<b>\$45,442,990</b>
<b>Taxing Unit</b>	<b>Tax Rate</b>			
Alvin ISD	1.450000	\$ 964,416	\$ 830,938	\$ -
Pearland ISD	1.415600	-	-	643,291
Houston ISD	1.206700	-	-	-
City of Pearland	0.709158	471,671	406,391	322,263
Harris County	0.418580	-	-	-
Brazoria County	0.367914	244,705	210,837	167,191
Alvin Community College	0.187775	124,892	107,606	-
Harris County Hospital District	0.171080	-	-	-
Brazoria Drainage Dist 4	0.146000	97,107	83,667	66,347
Brazoria county MUD #26	0.690000	-	-	-
Houston Community College System	0.100263	-	-	-
Pearland Municipal Management District #2	0.087500	58,198	-	-
Brazoria County Special Road & Bridge	0.060000	39,907	34,384	27,266
Harris County Flood Control Dist	0.287700	-	-	-
Port of Houston Authority	0.115500	-	-	-
Harris County Dept. of Education	0.005190	-	-	-
<b>Total Tax</b>		<b>\$ 2,000,896</b>	<b>\$ 1,673,823</b>	<b>\$ 1,226,357</b>
<b>% Paid to City of Pearland</b>		<b>23.6%</b>	<b>24.3%</b>	<b>26.3%</b>

**CITY OF PEARLAND, TEXAS**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**2018 TOTAL TAXES**

**Table 8A**  
**Page 3 of 3**

Taxpayer		Goodgarden Owner GP	DD SCR V LLC	Brazoria-SCR Associates LLC & Shadow Cre	W-F&B 11900 Shadow Creek VIII
Property Use		Multi-Family Housing	Multi-Family Housing	Multi-Family Housing	Multi-Family Housing
Taxable Value		\$38,500,000	\$ 37,000,000	\$ 35,842,780	\$35,250,000
Taxing Unit	Tax Rate				
Alvin ISD	1.450000	\$ 558,250	\$ 536,500	\$ 519,720	\$ 511,125
Pearland ISD	1.415600	-	-	-	-
Houston ISD	1.206700	-	-	-	-
City of Pearland	0.709158	273,026	262,388	254,182	249,978
Harris County	0.418580	-	-	-	-
Brazoria County	0.367914	141,647	136,128	131,871	129,690
Alvin Community College	0.187775	72,293	69,477	67,304	66,191
Harris County Hospital District	0.171080	-	-	-	-
Brazoria Drainage Dist 4	0.146000	56,210	54,020	52,330	51,465
Brazoria county MUD #26	0.690000	-	-	-	243,225
Houston Community College System	0.100263	-	-	-	-
Pearland Municipal Management District #2	0.087500	-	-	-	-
Brazoria County Special Road & Bridge	0.060000	23,100	22,200	21,506	21,150
Harris County Flood Control Dist	0.287700	-	-	-	-
Port of Houston Authority	0.115500	-	-	-	-
Harris County Dept. of Education	0.005190	-	-	-	-
Total Tax		\$ 1,124,526	\$ 1,080,713	\$ 1,046,913	\$ 1,272,824
% Paid to City of Pearland		24.3%	24.3%	24.3%	19.6%

**CITY OF PEARLAND, TEXAS**  
**TAXABLE SALES BY CATEGORY**  
**Last Ten Calendar Years**  
**(In thousands of dollars)**

**Table 9**  
**Page 1 of 2**

	Calendar Year				
	2010	2011	2012	2013	2014
Retail Trade	\$ 673,714	\$ 697,419	\$ 764,460	\$ 828,225	\$ 871,813
Accommodations & Food Services	155,345	172,126	198,439	215,705	240,961
Real Estate/Rental/Leasing	46,811	48,059	61,690	55,811	61,392
Manufacturing	39,582	49,474	48,213	34,562	51,274
Wholesale Trade	30,730	33,163	33,566	34,356	42,915
Other Services (Except Public Admin)	25,114	29,557	30,669	34,119	38,539
Information	15,672	16,896	19,194	24,369	29,602
Construction	15,537	17,558	23,181	24,367	26,350
Arts, Entertainment & Recreation	11,315	11,511	12,710	13,569	14,692
Mining, Quarrying, Oil and Gas	3,246	3,316	3,726	12,865	14,520
Admin/Support/Waste Mgmt/Remediation	10,650	11,004	12,696	13,344	12,963
Professional/Scientific/Technical	6,277	7,072	9,037	11,210	10,531
Health Care/Social Assistance	184	252	351	1,065	3,205
Finance, Insurance	1,404	1,261	1,347	1,246	1,483
Agriculture, Forestry, Fishing	180	306	468	772	728
Transportation/Warehousing	282	418	425	318	406
Educational Services	207	314	429	372	350
Utilities	3	187	3	7	7
<b>Total</b>	<b>\$ 1,036,253</b>	<b>\$ 1,099,893</b>	<b>\$ 1,220,604</b>	<b>\$ 1,306,282</b>	<b>\$ 1,421,731</b>
City direct sales tax rate <sup>b</sup>	1.00%	1.00%	1.00%	1.00%	1.00%

**Source:** State Comptroller's Office.

<sup>a</sup> 2019 taxable sales thru 2nd quarter of 2019.

<sup>b</sup> The City direct sales tax rate includes the City only and not the Pearland Economic Development Corp. (4B).

**CITY OF PEARLAND, TEXAS**  
**TAXABLE SALES BY CATEGORY**  
**Last Ten Calendar Years**  
**(In thousands of dollars)**

**Table 9**  
**Page 2 of 2**

	Calendar Year				
	2015	2016	2017	2018	2019 <sup>a</sup>
Retail Trade	\$ 961,565	\$ 999,033	\$ 1,042,624	\$ 1,056,690	\$ 492,677
Accommodations & Food Services	272,540	298,860	316,070	341,462	179,351
Real Estate/Rental/Leasing	48,024	32,786	44,540	44,467	21,803
Manufacturing	41,175	40,192	39,860	39,133	16,082
Wholesale Trade	41,491	48,114	49,702	56,347	29,469
Other Services (Except Public Admin)	40,373	40,181	41,711	43,812	21,285
Information	33,614	33,449	35,824	39,187	17,779
Construction	32,168	24,655	21,363	27,310	17,359
Arts, Entertainment & Recreation	15,555	16,020	16,344	17,127	8,821
Mining, Quarrying, Oil and Gas	7,285	8,141	11,682	11,125	1,187
Admin/Support/Waste Mgmt/Remediation	12,808	12,725	14,489	16,918	8,951
Professional/Scientific/Technical	11,307	12,177	6,689	8,371	5,541
Health Care/Social Assistance	5,007	2,307	3,751	3,355	2,314
Finance, Insurance	2,226	2,182	2,108	1,906	1,066
Agriculture, Forestry, Fishing	1,609	2,112	3,471	2,496	1,168
Transportation/Warehousing	285	372	560	678	362
Educational Services	393	406	439	512	231
Utilities	-	-	-	-	-
<b>Total</b>	<b>\$ 1,527,425</b>	<b>\$ 1,573,712</b>	<b>\$ 1,651,227</b>	<b>\$ 1,710,896</b>	<b>\$ 825,446</b>
City direct sales tax rate <sup>b</sup>	1.00%	1.00%	1.00%	1.00%	1.00%

**Source:** State Comptroller's Office.

<sup>a</sup> 2019 taxable sales thru 2nd quarter of 2019.

<sup>b</sup> The City direct sales tax rate includes the City only and not the Pearland Economic Development Corp. (4B).

**CITY OF PEARLAND, TEXAS**  
**OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
*(Dollars in thousands, except per capita)*

*Table 10*  
*Page 1 of 2*

Fiscal Year	Governmental Activities				Business-Type Activities		
	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Unamortized Premiums/ (Discounts)	Capital Lease Obligations	Revenue Bonds	Permanent Improvement Bonds
2010	\$ 193,785	\$ 92,380	\$ -	\$ 3,277	\$ 3,237	\$ 116,440	\$ 10,540
2011	207,105	91,150	-	3,173	4,032	113,270	9,730
2012	224,170	65,425	3,629	6,479	3,407	109,305	15,130
2013*	236,199	64,690	75,125	6,159	3,681	105,690	14,020
2014	246,791	56,505	80,186	10,122	4,344	102,517	12,865
2015	261,998	50,030	77,012	16,185	3,629	108,099	11,305
2016	262,865	50,070	91,370	18,793	4,229	173,570	9,775
2017	283,140	37,505	97,215	25,832	1,838	196,200	7,360
2018	278,175	41,750	98,025	23,844	1,282	214,705	4,845
2019	269,520	51,620	85,065	26,639	761	232,415	4,480

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

\* Due to implementation of GASB 61 in fiscal year 2013, the City's component units are now considered blended component units versus discretely as in years prior to fiscal year 2013. As such, the outstanding debt for the components units have been added; however, the City, or primary government is not legally responsible for the payment of its debt.



**CITY OF PEARLAND, TEXAS**  
**OUTSTANDING DEBT BY TYPE**  
*Last Ten Fiscal Years*  
*(Dollars in thousands, except per capita)*

*Table 10*  
*Page 2 of 2*

Fiscal Year	<u>Business-Type Activities</u>		Total Primary Government	Percentage of Personal Income	Total Per Capita	Excluding Component Units Per Capita
	Unamortized Premiums/ (Discounts)	Capital Lease Obligations				
2010	\$ 783	\$ 345	\$ 420,787	13.5%	\$ 4,429	\$ -
2011	656	421	429,537	14.3%	4,380	-
2012	882	342	428,769	13.1%	4,223	-
2013*	730	253	506,547	14.1%	4,800	4,019
2014	592	169	514,091	13.2%	4,709	3,859
2015	659	82	528,999	12.6%	4,561	3,875
2016	850	375	611,897	13.2%	5,225	4,445
2017	9,395	257	658,742	15.3%	5,422	4,622
2018	10,897	173	673,696	13.1%	5,381	4,598
2019	16,808	86	687,394	12.9%	5,391	4,724

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

\* Due to implementation of GASB 61 in fiscal year 2013, the City's component units are now considered blended component units versus discretely as in years prior to fiscal year 2013. As such, the outstanding debt for the components units have been added; however, the City, or primary government is not legally responsible for the payment of its debt.



**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)*

*Table 11*

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>General Bonded Debt <sup>a</sup></b>	<b>Less Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Percentage of Personal Income <sup>b</sup></b>	<b>Per Capita <sup>b</sup></b>
2010	2009	\$ 299,982	\$ 6,706	\$ 293,276	4.7%	9.5%	\$ 3,117
2011	2010	311,158	5,160	305,998	4.8%	10.3%	3,148
2012	2011	311,204	4,992	306,212	4.8%	9.5%	3,068
2013	2012	321,068	4,643	316,425	4.8%	8.9%	3,040
2014	2013	326,283	4,536	321,747	4.6%	8.4%	3,010
2015	2014	339,518	5,034	334,484	4.4%	8.2%	2,978
2016	2015	341,503	8,276	333,227	3.9%	7.2%	2,846
2017	2016	353,837	5,911	347,926	3.6%	8.1%	2,864
2018	2017	443,076	6,797	436,279	4.1%	8.5%	3,485
2019	2018	433,605	5,427	428,178	3.9%	8.1%	3,358

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

<sup>a</sup> Includes general obligation bonds, certificates of obligation, sales, increment, and permanent improvement bonds net of related premiums/discounts.

<sup>b</sup> 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, 2018 and 2019**

**Table 12**  
**Page 1 of 2**

Taxing Jurisdiction	Debt as of September 30, 2018	Overlapping	
		Percent	Amount
Alvin Community College District	\$ 32,520,000	31.56%	\$ 10,263,312
Alvin ISD	668,510,000	34.79%	232,574,629
Brazoria County	76,230,000	22.97%	17,510,031
Brazoria County MUD No. 6	17,615,000	0.36%	63,414
Brazoria County MUD No. 17	21,835,000	100.00%	21,835,000
Brazoria County MUD No. 18	22,230,000	100.00%	22,230,000
Brazoria County MUD No. 19	26,715,000	100.00%	26,715,000
Brazoria County MUD No. 23	14,265,000	100.00%	14,265,000
Brazoria County MUD No. 26	24,490,000	100.00%	24,490,000
Brazoria County MUD No. 28	57,645,000	100.00%	57,645,000
Brazoria County MUD No. 34	39,175,000	100.00%	39,175,000
Brazoria County MUD No. 35	8,920,000	100.00%	8,920,000
Brazoria-Fort Bend County MUD No. 1	80,865,000	100.00%	80,865,000
Fort Bend County	593,424,527	0.79%	4,688,054
Harris County (a)	2,050,758,022	0.22%	4,511,668
Harris County Dept. of Education	6,555,000	0.22%	14,421
Harris County Flood Control District	83,075,000	0.22%	182,765
Harris County Hospital District	59,490,000	0.22%	130,878
Harris-Brazoria Counties	21,635,000	100.00%	21,635,000
Lower Kirby Pearland Man	15,630,000	100.00%	15,630,000
Pasadena ISD	771,080,000	1.52%	11,720,416
Pearland ISD	367,580,000	76.05%	279,544,590
Port of Houston Authority	593,754,397	0.18%	1,068,758
Total estimated Overlapping			<u>895,677,935</u>
The City	\$ 443,075,737	100.00%	<u>443,075,737</u>
Total Direct and Estimated			<u>\$ 1,338,753,672</u>
Population			125,198
Per Capita Debt - Direct and Overlapping Debt			<u>\$ 10,693</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**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**September 30, 2018 and 2019**

*Table 12*  
*Page 2 of 2*

Taxing Jurisdiction	Debt as of September 30, 2019	Overlapping	
		Percent	Amount
Alvin Community College District	\$ 28,625,000	29.55%	\$ 8,458,688
Alvin ISD	796,295,000	33.38%	265,803,271
Brazoria County	143,758,313	22.08%	31,741,836
Brazoria County MUD No. 6	15,030,000	0.30%	45,090
Brazoria County MUD No. 17	20,535,000	100.00%	20,535,000
Brazoria County MUD No. 18	20,890,000	100.00%	20,890,000
Brazoria County MUD No. 19	25,045,000	100.00%	25,045,000
Brazoria County MUD No. 23	13,330,000	100.00%	13,330,000
Brazoria County MUD No. 26	14,900,000	100.00%	14,900,000
Brazoria County MUD No. 28	55,995,000	100.00%	55,995,000
Brazoria County MUD No. 34	37,910,000	100.00%	37,910,000
Brazoria County MUD No. 35	8,550,000	100.00%	8,550,000
Brazoria-Fort Bend County MUD No. 1	70,630,000	100.00%	70,630,000
Fort Bend County	594,872,527	0.70%	4,164,108
Harris County (a)	1,885,182,125	0.24%	4,524,437
Harris County Dept. of Education	6,320,000	0.24%	15,168
Harris County Flood Control District	83,075,000	0.24%	199,380
Harris County Hospital District	55,005,000	0.24%	132,012
Harris-Brazoria Counties	33,470,000	100.00%	33,470,000
Lower Kirby Pearland Man	21,980,000	100.00%	21,980,000
Pasadena ISD	726,235,000	1.68%	12,200,748
Pearland ISD	433,230,000	76.05%	329,471,415
Port of Houston Authority	572,569,397	0.20%	1,145,139
Total estimated Overlapping			<u>981,136,291</u>
The City	\$ 433,604,774	100.00%	<u>433,604,774</u>
Total Direct and Estimated			<u>\$ 1,414,741,065</u>
Population			127,500
Per Capita Debt - Direct and Overlapping Debt			<u>\$ 11,096</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**  
**PLEGGED REVENUE COVERAGE**  
*Amounts in (000's)*  
**Last Ten Fiscal Years**

**Table 13**

**Water & Sewer Revenue Bonds**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 25,061	\$ 13,585	\$ 11,476	\$ 2,575	\$ 4,848	\$ 7,423	\$ 1.55
2011	28,664	15,529	13,135	3,170	5,155	8,325	1.58
2012	27,969	15,946	12,023	3,305	5,016	8,321	1.44
2013	29,607	17,423	12,184	3,615	4,724	8,339	1.46
2014	29,341	17,707	12,184	3,765	4,584	8,349	1.46
2015	30,744	18,767	11,977	3,920	4,622	8,542	1.40
2016	44,163	21,167	22,995	7,630	4,918	12,548	1.83
2017	52,005	24,178	27,828	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

**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**

**Table 14**

<b>Fiscal Year</b>	<b>Population (A)</b>	<b>Personal Income (in \$000's)</b>	<b>Per Capita Personal Income (B)</b>	<b>Median Age (B)</b>	<b>Education Level in Years of Schooling</b>	<b>School Enrollment (C)</b>	<b>Unemployment Rate (D)</b>
2010	\$ 94,100	\$ 3,076,788	\$ 32,697	33.4	14.2	21,269	6.9%
2011	97,200	2,974,785	30,605	33.3	14.2	20,931	6.9%
2012	99,800	3,213,184	32,196	34.8	14.2	21,721	5.6%
2013	104,100	3,555,431	34,154	34.4	14.2	23,771	5.0%
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%

(A) Pearland Economic Development Corporation, 2018 American Community Survey 5-year estimates (Dec 2019)

(B) Pearland Economic Development Corporation, 2018 American Community Survey 5-year estimates (Dec 2019)

(C) Texas Education Agency - Beginning in FY 2018, school enrollment was obtained by surveying each school located in the City limits and ETJ

(D) Bureau of Labor Statistics





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

*Table 15*

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Employees *</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Pearland ISD	2,660	1	4.20%	2,274	1	5.32%
Kelsey Seybold	863	2	1.36%			
City of Pearland	787	3	1.24%	601	3	1.41%
Alvin ISD	753	4	1.19%			
Memorial Hermann	450	5	0.71%			
Lonza	420	6	0.66%			
Pearland Medical Center	400	7	0.63%			
Dover Energy	330	8	0.52%			
Merit Medical	303	9	0.48%			
Kemlon	268	10	0.42%	325	4	0.76%
Third Coast Terminals	209	11	0.33%			
Tool-Flo	162	13	0.26%			
Aggreko	154	14	0.24%			
Mitsubishi Heavy Industries Compressor Corp.	154	15	0.24%			
Packaging Service Company	120	16	0.19%			
Weatherford	112	17	0.18%	175	9	0.41%
Ethos Energy (TurboCare)	110	18	0.17%	180	8	0.42%
ShawCor Pipe Protection	100	19	0.16%	235		0.55%
Davis Lynch (Forum Energy)	100	18	0.16%			
Wal-Mart	-	n/a	0.00%	800	2	1.87%
Bass Pro Shop	-	n/a	0.00%	300	5	0.70%
Home Depot	-	n/a	0.00%	225	7	0.53%
Profax	-	n/a	0.00%	160	10	0.37%
<b>Total</b>	<b>8,455</b>		<b>13.35%</b>	<b>5,275</b>		<b>12.34%</b>

**Sources:**

Pearland Economic Development Corp.

Retail establishments data not available in 2019.

Labor force participation in 2019 is 61,312 and in 2010 is 42,732.

\*The above list does not include retail employers, such as Wal Mart, Super Target, Lowe's, Home Depot, HEB or Kroger.

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

*Table 16*  
*Page 1 of 2*

<b>Function/Program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Governmental Activities:					
General Government	57	57	56	44	45
Public Safety	264	276	286	295	313
Public Works	47	45	31	57	60
Community Services	47	45	56	51	53
Parks and Recreation	99	105	109	101	99
Business Type Activities:					
Water & Sewer	82	87	90	99	101
Component Unit:					
Economic Development	6	5	5	5	9
<b>Total</b>	<b>601</b>	<b>619</b>	<b>633</b>	<b>652</b>	<b>680</b>

**Source:** City Budget

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

**Table 16**  
**Page 2 of 2**

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental Activities:					
General Government	52	62	52	54	55
Public Safety	339	370	370	379	390
Public Works	67	54	65	73	85
Community Services	40	42	50	46	46
Parks and Recreation	88	89	84	89	90
Business Type Activities:					
Water & Sewer	105	106	109	114	108
Component Unit:					
Economic Development	5	5	5	6	6
Total	<u>696</u>	<u>728</u>	<u>735</u>	<u>761</u>	<u>780</u>

**Source:** City Budget

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

**Table 17**  
**Page 1 of 6**

<b>Function/Program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>GENERAL GOVERNMENT</b>					
Finance					
Number of purchase orders	2,913	2,679	2,415	2,671	2,640
Number of budget transfers	470	427	429	465	548
Number of invoices paid	21,632	21,000	20,768	23,512	21,486
Average number of employees paid per month	1,220	1,438	1,481	1,527	1,548
Human Resources					
Number of hires	91	131	112	94	98
Number of applications received	3,880	3,299	4,936	7,642	8,507
Legal					
Number of resolutions and ordinances prepared	229	205	220	254	243
Information Technology					
Average monthly service requests	734	815	832	843	838
Number of PC's supported	429	439	448	454	575
<b>PUBLIC SAFETY</b>					
Police					
Part 1 Crimes	1,936	1,946	1,819	2,115	2,098
Traffic Crashes	1,380	1,323	1,465	1,529	1,590
Arrests	5,374	5,602	5,685	6,946	6,705
Citizen Calls for Service	27,281	27,414	27,379	29,242	29,744
Traffic Stops	35,838	40,817	49,531	52,945	43,783
Priority 1 Average Response Time	7:54	5:24	3:50	4:15	3:50
Fire					
Total number of arson incidents	5	2	2	6	7
Fires investigated	22	25	18	16	25
Total annual inspections	1,752	1,380	1,537	1,958	1,644
Total calls for service	8,888	9,676	10,494	10,789	15,048
Patients treated	5,619	6,121	6,537	6,537	6,936

**Sources:** Various city departments.

Information not presented was not available at time of publication.

<sup>(1)</sup> UCR method of reporting was terminated after 2009. Effective 2010, Incident Based Reporting (IBR) is used.

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

**Table 17**  
**Page 2 of 6**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Function/Program</b>					
<b>GENERAL GOVERNMENT</b>					
Finance					
Number of purchase orders	2,377	2,159	589	1,811	1,673
Number of budget transfers	489	362	750	552	509
Number of invoices paid	22,212	26,675	24,548	21,547	17,641
Average number of employees paid per month	1,523	1,536	1,704	1,641	1,665
Human Resources					
Number of hires	131	194	170	163	183
Number of applications received	9,132	10,420	13,010	15,452	17,382
Legal					
Number of resolutions and ordinances prepared	271	279	276	290	340
Information Technology					
Average monthly service requests	854	871	894	325	400
Number of PC's supported	649	680	706	715	732
<b>PUBLIC SAFETY</b>					
Police					
Part 1 Crimes	2,411	2,202	2,193	1,962	2,175
Traffic Crashes	1,761	1,728	1,813	2,150	2,150
Arrests	5,781	5,044	4,865	4,844	4,604
Citizen Calls for Service	31,474	31,744	31,945	31,579	32,548
Traffic Stops	33,472	35,764	37,025	33,101	33,559
Priority 1 Average Response Time	4:16	4:11	3:40	4:03	3:53
Fire					
Total number of arson incidents	1	7	4	2	2
Fires investigated	20	27	19	15	23
Total annual inspections	1,640	1,244	2,607	3,123	1,263
Total calls for service	17,407	9,904	9,965	10,666	10,720
Patients treated	7,180	6,117	4,610	6,273	7,181

**Sources:** Various city departments.

Information not presented was not available at time of publication.

<sup>(1)</sup> UCR method of reporting was terminated after 2009. Effective 2010, Incident Based Reporting (IBR) is used.

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

**Table 17**  
**Page 3 of 6**

Function/Program (continued)	2010	2011	2012	2013	2014
<b>PUBLIC WORKS</b>					
Fleet Maintenance					
Fleet maintenance jobs completed	2,394	3,410	3,581	3,817	3,860
Preventative maintenance performed	1,741	747	682	611	610
Other Public Works					
Fuel issued (gallons)	354,422	361,464	377,754	350,186	353,890
Street sweeping (miles)	2,239	1,299	1,079	1,155	871
Street signs maintained/replaced	2,049	1,588	1,090	884	993
Total work orders completed	18,632	16,834	17,803	18,346	21,212
<b>PARKS AND RECREATION</b>					
All Parks and recreation					
ROW maintained - acres	245	255	251	251	251
Trees maintained	5,800	6,327	6,157	6,312	6,313
Acres of city property mowed	1,301	1,331	1,380	1,035	1,035
Total number of park work orders received	252	249	230	140	180
Parkland - acres <sup>(2)</sup>	139	139	138	138	138
Total number of special events held	24	21	22	22	20
Total number of tournaments held	9	11	2	1	3
Number of recreation classes offered <sup>(3)</sup>	307	459	486	281	272
Average monthly attendance (all locations) <sup>(4)</sup>	11,823	16,116	18,378	18,980	21,366

**Sources:** Various city departments.

Information not presented was not available at time of publication.

<sup>(2)</sup> Prior to 2009, Parkland acres included medians and Wastewater Treatment Plants. After 2009,

<sup>(3)</sup> Prior to 2010, individual music classes were included in the total recreation classes held.

Program was cancelled.

<sup>(4)</sup> In FY 2010, a new facility, Recreation Center/Natatorium, opened.

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

**Table 17**  
**Page 4 of 6**

Function/Program (continued)	2015	2016	2017	2018	2019
<b>PUBLIC WORKS</b>					
Fleet Maintenance					
Fleet maintenance jobs completed	3,887	1,452	1,797	1,382	1,998
Preventative maintenance performed	437	750	742	663	856
Other Public Works					
Fuel issued (gallons)	332,745	265,669	331,005	315,941	323,734
Street sweeping (miles)	648	1,160	1,112	1,815	497
Street signs maintained/replaced	1,477	1,370	1,179	1,471	1,511
Total work orders completed	25,873	31,163	25,688	24,529	20,791
<b>PARKS AND RECREATION</b>					
All Parks and recreation					
ROW maintained - acres	550	459	327	345	404
Trees maintained	6,430	7,922	8,355	8,523	8,873
Acres of city property mowed	1,116	632	664	443	523
Total number of park work orders received	147	190	114	147	55
Parkland - acres <sup>(2)</sup>	138	337	388	392	547
Total number of special events held	19	16	19	17	23
Total number of tournaments held	-	26	-	5	12
Number of recreation classes offered <sup>(3)</sup>	306	384	265	868	908
Average monthly attendance (all locations) <sup>(4)</sup>	14,371	19,636	16,814	24,035	19,518

**Sources:** Various city departments.

Information not presented was not available at time of publication.

<sup>(2)</sup> Prior to 2009, Parkland acres included medians and Wastewater Treatment Plants. After 2009,

<sup>(3)</sup> Prior to 2010, individual music classes were included in the total recreation classes held. Program was cancelled.

<sup>(4)</sup> In FY 2010, a new facility, Recreation Center/Natatorium, opened.

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

**Table 17**  
**Page 5 of 6**

Function/Program (continued)	2010	2011	2012	2013	2014
<b>COMMUNITY SERVICES</b>					
Animal Control					
Animal Services Calls for Service	4,057	4,742	4,618	5,167	5,822
Animal Shelter Live Release %	46%	45%	42%	42%	48%
Inspection Services					
Total building inspections	21,753	19,244	22,416	26,274	28,434
Total code violation cases	3,433	2,860	1,952	2,244	2,140
Total permits issued	7,874	7,869	8,696	10,630	13,972
Number of plans reviewed	969	917	1,050	939	1,185
Municipal Court					
Number of trials	402	688	1,116	885	839
Number of charges	24,657	26,369	30,187	27,439	23,182
Warrants cleared	8,692	8,204	10,080	10,328	9,050
<b>WATER &amp; SEWER</b>					
Distribution and Collection					
Fire hydrant maintenance and inspections <sup>(5)</sup>	402	395	887	1,399	837
Backed up sewer repairs	325	310	275	286	334
Water mains repaired	82	410	283	380	111
Water Production					
Water produced - wells (in millions of gallons)	3,065	3,869	2,916	2,859	2,470
Surface Water Purchased (in millions of gallons)	634	968	1,321	1,816	2,133
Billing & Collections					
Annual meter reads	344,618	364,424	370,755	403,220	414,499
Number of bills	336,668	350,871	359,716	387,997	388,338
Wastewater Treatment					
Wastewater treated (in millions of gallons)	2,361	1,943	2,364	2,530	2,493

**Sources:** Various city departments.

Information not presented was not available at time of publication.

<sup>(5)</sup> In Water & Sewer, Distribution and Collection fire hydrant maintenance and inspections is contracted out.



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

**Table 17**  
**Page 6 of 6**

Function/Program (continued)	2015	2016	2017	2018	2019
<b>COMMUNITY SERVICES</b>					
Animal Control					
Animal Services Calls for Service	5,230	5,484	5,153	4,699	4,582
Animal Shelter Live Release %	53%	54%	56%	56%	55%
Inspection Services					
Total building inspections	36,497	37,206	34,880	36,774	36,481
Total code violation cases	4,596	2,560	2,302	2,034	2,387
Total permits issued	18,186	14,612	13,075	8,894	7,270
Number of plans reviewed	1,584	1,349	1,278	1,971	2,419
Municipal Court					
Number of trials	856	443	656	567	664
Number of charges	19,223	17,611	16,334	15,463	19,020
Warrants cleared	7,476	7,525	8,463	5,801	6,095
<b>WATER &amp; SEWER</b>					
Distribution and Collection					
Fire hydrant maintenance and inspections <sup>(5)</sup>	612	854	186	114	87
Backed up sewer repairs	305	497	545	308	196
Water mains repaired	189	120	102	126	125
Water Production					
Water produced - wells (in millions of gallons)	1,933	2,190	2,417	3,024	2,333
Surface Water Purchased (in millions of gallons)	2,276	2,517	2,584	2,545	2,754
Billing & Collections					
Annual meter reads	428,265	445,154	461,502	467,910	469,499
Number of bills	400,662	417,312	471,549	445,446	449,933
Wastewater Treatment					
Wastewater treated (in millions of gallons)	3,067	3,367	3,455	3,308	3,775

**Sources:** Various city departments.

Information not presented was not available at time of publication.

<sup>(5)</sup> In Water & Sewer, Distribution and Collection fire hydrant maintenance and inspections is contracted out.

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

**Table 18**  
**Page 1 of 2**

Function/Program	Fiscal Year				
	2010	2011	2012	2013	2014
<b>PUBLIC SAFETY</b>					
Police					
Police stations	1	1	1	1	1
Police vehicles	138	142	155	157	161
Fire					
Fire stations	4	5	6	6	6
Fire vehicles	17	22	23	26	26
Ambulances <sup>(1)</sup>	-	-	-	-	9
EMS					
Ambulances <sup>(1)</sup>	8	8	8	9	-
<b>PUBLIC WORKS</b>					
Other public works					
Streets (miles) <sup>(2)</sup>	807	806	806	839	844
Vehicle inventory <sup>(3)</sup>	355	363	385	374	375
Traffic signals	80	62	74	81	81
<b>PARKS AND RECREATION</b>					
Parks and recreation					
Developed acreage <sup>(4)</sup>	139	139	138	138	138
Pools	3	3	3	3	3
Outdoor basketball courts	10	10	6	6	6
Soccer fields	12	12	12	12	12
Activity buildings	4	4	3	3	3
Baseball/softball fields	4	4	4	4	4
<b>WATER AND SEWER</b>					
Water Production					
Water wells	11	11	11	10	10
Pumping stations	2	2	3	3	3
Ground storage tanks	15	15	15	15	15
Elevated towers	6	6	6	6	6
Wastewater					
Treatment plants	5	5	5	5	5
Lift stations	78	80	80	75	76
Distribution and Collection					
Water mains (miles)	433	443	448	469	488
Sanitary sewers (miles)	378	380	382	400	415

**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.

<sup>(1)</sup> Beginning in FY 2014, the EMS department was rolled into the Fire Department.

<sup>(2)</sup> Inside city limits. Prior to FY07, street miles were measured visually. Beginning FY07, a GIS system was used to measure street miles. Although new streets were added in FY 2011, an audit of the database resulted in the elimination of some street miles previously reported.

<sup>(3)</sup> Decrease in inventory reflects surplus of vehicles auctioned off. Increases reflect new purchases, which may offset with those sold. Vehicle inventory includes public safety revenues.

<sup>(4)</sup> Prior to 2009, Parkland acres included medians and Wastewater Treatment Plants.

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

**Table 18**  
**Page 2 of 2**

Function/Program	Fiscal Year				
	2015	2016	2017	2018	2019
<b>PUBLIC SAFETY</b>					
Police					
Police stations	1	1	1	1	1
Police vehicles	143	186	194	209	211
Fire					
Fire stations	6	6	7	6	5
Fire vehicles	26	42	56	60	61
Ambulances <sup>(1)</sup>	7	9	9	10	10
EMS					
Ambulances <sup>(1)</sup>	-	-	-	-	-
<b>PUBLIC WORKS</b>					
Other public works					
Streets (miles) <sup>(2)</sup>	842	936	928	940	978
Vehicle inventory <sup>(3)</sup>	372	451	385	338	434
Traffic signals	73	87	91	96	97
<b>PARKS AND RECREATION</b>					
Parks and recreation					
Developed acreage <sup>(4)</sup>	168	334	388	392	443
Pools	3	3	3	3	2
Outdoor basketball courts	6	6	6	6	8
Soccer fields	12	18	12	14	12
Activity buildings	3	3	3	3	4
Baseball/softball fields	4	6	14	16	16
<b>WATER AND SEWER</b>					
Water Production					
Water wells	10	10	10	10	10
Pumping stations	3	3	3	3	3
Ground storage tanks	15	15	15	15	15
Elevated towers	6	6	6	6	6
Wastewater					
Treatment plants	5	5	5	5	6
Lift stations	73	74	72	78	69
Distribution and Collection					
Water mains (miles)	509	537	546	551	553
Sanitary sewers (miles)	433	440	448	456	459

**Sources:** Various city departments.

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

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Vehicle inventory includes public safety revenues.

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# Prepare for the Future



Fiscal Year Ending  
September 30, 2019

CITY OF PEARLAND, TEXAS  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT



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