



**CITY OF PEARLAND
ANNUAL COMPREHENSIVE
FINANCIAL REPORT**



“ADAPTING TO CHANGE”



Fiscal Year Ending September 30th, 2021



CITY OF PEARLAND, TEXAS



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended September 30, 2021

**Prepared by:
Finance Department**

CITY OF PEARLAND, TEXAS

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Introductory Section (Unaudited)





City of Pearland

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

March 8, 2022

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

The Annual Comprehensive Financial Report (ACFR) of the City of Pearland, Texas (the “City”) for the fiscal year ended September 30, 2021, is hereby submitted as mandated by both local and state statutes. The applicable ordinances and statutes require that the City issue an annual report on its financial position and activity and that an independent firm of certified public accountants audit this report.

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

BKD, LLP, Certified Public Accountants, issued an unmodified (or “clean”) opinion on the City of Pearland’s financial statements for the year ended September 30, 2021. The independent auditor’s report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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

The Mayor and Council members are elected at-large, and each of them 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 recommending a budget, implementation of City Council priorities, keeping the City Council and community informed during the year, making recommendations, and day-to-day management of all City operations.

The incorporated City is primarily located across the northern end of Brazoria County and shares a common border with Houston, Texas to the north. The City extends into both Fort Bend and Harris counties. The City of Pearland encompasses 48.82 square miles. The City is long, east to

west -- Broadway/FM 518 stretches across the community from Alameda 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. Moreover, the community is fast-growing. Additional population due to Pearland's multi-faceted attractiveness increased from 18,000 residents in 1990 to 125,828 residents as reported in the official 2020 U.S. Census, an increase of 600% over thirty years.

A full range of municipal services is provided by the City of Pearland including public safety (full-time professional police and fire); solid waste; water and wastewater utilities; public improvements; repair and maintenance of infrastructure; recreational and community activities; convention and visitor services; and general administrative services. The Pearland community is one of opportunity with economic development supported for investment and jobs. The City provides planning for future land use, traffic control, building codes, and health inspections, and plans for new infrastructure and rehabilitation of infrastructure to meet the needs of the citizens today, as well as tomorrow. The City is authorized to issue debt, subject to certain limitations, 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 near the end of each fiscal year to reflect current year projections for revenues and expenditures/expenses.

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

The Development Authority of Pearland was created in 2004 to provide financing for the development of Tax Increment Reinvestment Zone #2. The Tax Increment Reinvestment Zone (TIRZ #2) was created in 1998 for 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. Both component units are considered blended component units and have been included as major funds in the Governmental Funds.

ECONOMIC CONDITIONS

Local Economy

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

has been consistent and will continue to be sustained over time with continued residential and commercial development.

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

As noted later in the Economic Development section, Pearland Economic Development Corporation (PEDC) and the City continued implementation efforts for the Pearland Prosperity community strategic plan and worked on several major projects in 2021, including opening of HCA Healthcare's Center for Clinical Advancement in Pearland Town Center and Millar's groundbreaking in the Lower Kirby District for its new 56,000 SF headquarters, R&D, manufacturing, and warehousing facility.

The total of all new, non-residential construction permitted during the fiscal year was approximately \$391 million, an increase of 159% in value from FY 2020's \$151 million. New single-family housing permits totaled 751, up 66.5% from the previous FY. No multi-family permits were issued in FY 2021. State law prevents the city from requesting single-family residential valuation during the permitting process. Building permit revenues decreased by \$987,000 or approximately 23% as compared to FY 2020 revenue collections. Pearland is a regional shopping destination, and the economy has mostly recovered from the initial negative impacts of the COVID-19 Pandemic.

Pearland's unemployment rate was 4.1% in September 2021, down from 6.3% in September 2020, which was still feeling the impact of the COVID-19 pandemic. Through the most recently available data, the rate is continuing its downward path to 3.7% as of November 2021. (https://ycharts.com/indicators/pearland_tx_unemployment_rate) Those rates compare to the rates for the same time periods in Brazoria County of 6.1%, 9.2%, and 6.1% respectively (https://ycharts.com/indicators/brazoria_county_tx_unemployment_rate). There are now the seeds of recovery even as the virus continues its community spread. Hurricane Harvey and "traditional" incidents are relatively 'quick' with an immediate impact followed by recovery & rebuilding physical infrastructure. With the ongoing pandemic, we are still in the thick of things, continuing to provide public services in this 'next normal' that will continue for the foreseeable future. Uncertainties remain for safety and economy. Indicators contrary to each other abound -- sales tax, home values, private investment, and jobs.

Federal stimulus and support money remains a major feature of the current City budgetary and overall economic landscape, particularly involving Coronavirus relief funding for the City's COVID-19 pandemic and economic recovery. The City has been recipient of U.S. Treasury's American Rescue Plan Act (ARPA) direct funding in two equal tranches of \$5,944,486, one of which was received in June 2021 and the second coming around that same timeframe in 2022. Portions of FY 2020 CARES Act allocations of federal Coronavirus relief funding was available for use in a portion of FY 2021, wrapping up necessary expenditures to close out the \$6,719,195 that was received from Texas Division of Emergency Management (\$6,374,005), Harris County (\$288,035), and Fort Bend County (\$56,155). Of these amounts, the \$5,421,967 unspent from FY 2020 was used and reimbursed accordingly in FY 2021, further aiding the local efforts to sustain City services during the pandemic.

As a multi-faceted local government, the City of Pearland's impact, as monitored and reported continuously, has *not* shown dire impact from effects of this ongoing pandemic. The combination of early action, conservative budgeting, and continuous monitoring have kept City finances in good standing. The City of Pearland through FY 2021 did not experience drastic revenue reductions. As with FY 2020, throughout FY 2021, the City maintained a mantra of working to maximize flexibility and reserves to deal with unknown change.

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, during the ongoing COVID-19 public health emergency and pandemic, that instability is in high gear. A collapse in oil prices rocked the energy industry at the same time COVID-19 shut down the economy in April 2020. Demand for global crude has been climbing as economies reopen and people receive the COVID-19 vaccination and Greater Houston Partnership (GHP) predicts global crude demand to return to pre-pandemic levels by the end of 2022.

The "Great Resignation" has continued as according to the U.S. Department of Labor more than 4.6 million people quit their jobs in November 2021 with Texas leading the way with more than 400,000 people resigning. GHP is forecasting for the Metro Houston area to "create 75,500 jobs in '22. Job growth will occur in every sector of the economy, including several that struggled to create jobs prior to the pandemic. The greatest gains will occur in administrative support; government; health care and social assistance; professional, scientific and technical services; and restaurants and bars."

GHP also stated that "several factors will drive Houston's growth in '22: a strong U.S. economy, expanding global trade, energy consumption returning to pre-crisis levels, pent-up consumer demand, local population growth, and the ongoing housing boom. The recovery will continue to face headwinds, however. Elevated inflation, supply chain woes, and worker shortages may temper growth but won't halt it."

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 ahead.

The City's adopted (July 26, 2021) Five-Year CIP for fiscal years 2022 through 2026 totals \$471.5 million. The large and varying CIP for public investments of drainage, parks, facilities, streets, water, and wastewater positions City infrastructure for serving the population and businesses that are here and yet to come.

The 2022-2026 CIP document completes the balance of the \$162 million bond program approved by the voters in May 2007 and adds the new voter-approved May 2019 bond issue of \$80 million.

Funding from projects is supported by non-debt sources (\$33.2 million), leveraged outside funds (\$30.5 million), tax-supported debt (\$114.6 million), and water/sewer supported enterprise fund debt repaid by user fees (\$293.2 million). The ratio of outstanding property tax-supported debt to taxable assessed valuation increased slightly from the previous year but remains below 5% at about 3.3%.

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. The City's property tax rate for the FY 2022 budget is \$0.701416 of which \$0.325103 cents is for actual debt service and \$0.066987 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 FY 2022 budget was \$0.392.

The City completes a Water/Sewer Cost of Service Rate Study annually for the forecast. The study is built around the Five-Year CIP, operating budget, and future needs. Rate customers saw a slight increase of 1.6% in FY 2020 and no increase in FY 2021 to bring revenue necessary to maintain the system. The City's utility system continues to be self-supporting and financially sound. City Council approved a 5% increase in the FY22 Budget to keep up with expenses and debt issuance. As with other aspects of the City's service delivery package, there are substantial

capital projects for expansion of plants, distribution and collection lines, and a variety of modernizations to meet needs of the current and future community. Continued expansions and improvements will require appropriate rate increases to provide adequate upkeep of the system.

Relevant Financial Policies/Guidelines

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

- Recurring revenues fund recurring expenditures/expenses
- Non-recurring funds fund non-recurring expenditures/expenses
- General Fund Operating Reserves should be a minimum of three months of operations
- 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.



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

two professional crime analysts, expert in data analysis and communication who work closely with Criminal Investigations and Patrol operations.

The Pearland Police Department encourages public involvement through the programs offered by members of the Community Outreach unit. This includes the Department's flagship program, the Citizens' Police Academy. Another primary focus of the Police Department is training. In 2021, the department launched its own Police Academy with the first group of cadets set to complete the program in early 2022. Additionally, the Training Division provided over 30,000 training hours last year, including internal personnel and attendees from over 160 outside agencies.

With the support of IT staff, the Pearland Police Department continues to be a leader in innovative policing technology. A prime example is the Unmanned Aircraft System (UAS), aka drone, unit that provides support to police department personnel, other police agencies, and other COP Departments. In Fiscal Year 2021, a police officer was designated specifically to manage drone operations city-wide which has expanded the program and its benefits even further.

The Animal Services section of the Police Department met and maintained an important milestone in Fiscal Year 2021. This was the first complete fiscal year the shelter reached a no-kill status. This milestone was achieved through staff focusing on adoption and rescue programs and will continue to expand on these efforts after transitioning into the new Shari D. Coleman Animal Shelter and Adoption Center in March 2022.

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, pictured below, located in the master-planned community of Shadow Creek Ranch, at the northwest corner of Shadow Creek Parkway and Reflection Bay Drive, was completed late summer 2020. The station is approximately 18,000 sq. ft. and hosts 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 FY 2020 and FY 2021 an additional 30 full-time fire fighters were onboarded for staffing. The City of Pearland was successfully awarded a FEMA SAFER grant, which supports initial funding for 12 of those 30 new firefighters 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, but the building is not sufficient for modern operations. The new fire station opens in March 2022 with 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.

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. The building is located on the existing Fire Training Field behind the David L. Smith Fire Administration Building on Veterans Drive and began operations in November of 2021.



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 and dangerous structures, public-private cooperation for subdivisions with residential sprinklers, and semi-annual inspections of all establishments providing food

service. In addition, the Community Outreach Division has aided more than 20,000 Pearland residents by completing community public safety education such as CPR certifications, car seat inspections, and smoke alarm testing.

The 90th percentile city-wide response times for fire emergencies have continued to improve over the last four years. The achievement is due primarily to the addition of fire stations and staffing of operations with 131 full-time firefighters, who also provide Emergency Medical Services as certified EMT and Paramedic professionals.

The City has received a letter from the Insurance Services Office, Inc. (ISO) that the City is being recommended the highest possible rating from ISO, a Public Protection Class (PPC) 1 for the incorporated city limits of Pearland. ISO ratings are for a series of factors, recognizing the integrated nature of fire safety prevention and response, when required. The ISO upgrade reflects their assessment of significant amount of improvements made, and currently in progress, in Communications, Fire Department and Public Works since 2015. The improved rating will promote lower insurance premiums for homeowners and businesses and contribute to economic development by promoting Pearland as a safe community for business and residential development.

Parks and Recreation

Parks and Recreation is the nucleus of health and lifestyle experiences that connects Pearland residents, businesses, and visitors alike. From adaptive yoga to swim lessons, and Celebration of Freedom to nature walks, the Pearland Parks and Recreation department is continuously developing opportunities to meet the desires of the growing and diverse Pearland community. As importantly, these offerings provide another reason for the sustained quality and attractiveness of

the community to live and work while also connecting people from all backgrounds, interests, and parts of Pearland.

One area where the commitment and the quality is most evident is the phase II development of the Sports Complex at Shadow Creek Ranch. The phase development represents a \$10M further investment which adds features that are unique and important to the future competitiveness of the community. The additions include two cricket/rugby fields covered in artificial turf to maximize playability while minimizing groundskeeping, the only multipurpose Miracle Field in the surrounding area that features a sports surface designed to accommodate special needs athletes, additional field lighting, approximately 250 parking spaces, expanded restrooms and concession offerings, and an inclusive playground that will provide an opportunity for everyone to play.



In addition to programming and sports, Parks and Recreation is responsible for some of the largest events in the City. From beginning to end – planning, permitting, security, traffic control, volunteer assignments, timing, a/v equipment, event execution, and post-event analysis – the special events team leads the way. Because of the dedicated efforts of a select handful of employees and dedicated investment from the City, the big events in Pearland are always memorable community gatherings and always professional.



Finally, delivering against the vision of “building a healthy, connected, and vibrant community that enriches lives through exceptional experiences” to the community, Parks and Recreations is a liaison with the Brazoria County Library System playing an integral part of the two Brazoria County Libraries in Pearland. The two Pearland libraries are the most visited libraries in the entire Brazoria County Library System, and the soon to be completed once-in-a-lifetime West Pearland Library will only increase visitor volume. This state-of-the-art facility built by the City and operated by the Brazoria County Library System will include collaboration spaces, video editing room, 100 seat

teaching theater, comfortable places to sit and read, and access to the Clear Creek Trail. It is impossible to see the features of this building and not imagine all the community experiences that will take place over the coming decades.

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

Throughout 2021, PEDC continued to coordinate implementation efforts for the *Pearland Prosperity Community Strategic Plan*, which was adopted in early 2020. At the center of the Pearland Prosperity framework are two community goals that broadly identify the **desired outcomes of Pearland's holistic economic development effort: (1) Economic growth and diversification and (2) A community of choice in Greater Houston**. These goals can be pursued through a number of Strategic Initiatives grouped into seven high-level Focus Areas: (1) Business Development, (2) Business Formation and Early Stage Growth, (3) Site Development, (4) Corridors, (5) Infrastructure and Mobility, (6) Quality of Life and Quality of Place, and (7) Workforce and Talent.

Stemming from the Business Formation and Early Stage Growth focus area of the Pearland Prosperity strategic plan, in 2021, PEDC began the process to evaluate feasibility and implement an *entrepreneurship hub* for the Pearland community. In June 2021, PEDC completed a Market Opportunity Assessment and Business Model Canvas Report, which determined that there is a market for an entrepreneurship hub that focuses on enhancing versus replacing the current services available to support entrepreneurs and small business owners in Pearland. In April 2021, the PEDC Board of Directors, along with the Pearland Prosperity Implementation Committee and Chamber Board of Directors, voted to move forward with the creation of the Pearland Innovation Hub. In November, PEDC partnered with The Cannon Workplace, LLC to create and implement the hub. The hub will enhance Pearland's innovation entrepreneurship culture by creating events, programs, and activities for entrepreneurs and small business owners to inspire ideation, innovation and entrepreneurship and will connect the City to local and regional entrepreneurship assistance programs, service providers and funding sources to ensure local entrepreneurs and small businesses in Pearland connect with these resources to maximize their growth potential and overall success.

The following highlights a few of PEDC's FY 2021 business development projects.



- *Miller, Inc.* announced Pearland's Lower Kirby District as the location for its new headquarters and manufacturing facility in October. Founded in 1969, Millar, Inc. pioneered the development of pressure sensor technology, directing its design and manufacturing expertise toward integrating that technology

into catheters for life sciences and clinical applications. PEDC began working with Millar in 2017 on its relocation to Pearland. The site Millar selected for its facility was part of tract owned by PEDC, which it sold to Millar. The 56,000 square-foot headquarters and manufacturing facility will also house the company's R&D and warehouse functions. Located on a five-acre site on Kirby Drive just south of Beltway 8, the facility will be home to approximately 120 employees.



- *HCA Houston Healthcare* celebrated the grand opening of its HCA Healthcare Center for Clinical Advancement in the Pearland Town Center in June 2021. The PEDC and city officials began recruitment efforts for this project with HCA and CBL & Associates in 2018. The 48,400 square-foot, state-of-the-art training center houses high-fidelity hospital simulation labs, connected classrooms and de-briefing rooms, where the health system's nearly

7,000 nurses receive ongoing clinical education and training. The center also serves as a hub for all HCA Houston Healthcare new hire orientations and the division's Leadership and Organizational Development training.

- *Code Ninjas* completed construction on its 8,500 SF new headquarters building in early 2021. The headquarters, located at 2880 Broadway Bend, includes space for franchisee training and testing curriculum for Code Ninjas and is home to approximately 60 employees.
- *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 2021, including the construction of additional clean rooms. Lonza has also acquired a 19-acre parcel of land south of the current facility for possible future growth. Since the facility's opening in 2018, Lonza has grown from around 150 to more than 500 employees at the Pearland facility.



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 developed to provide detail to the Strategic Plan strategic initiatives provide the "big picture" strategic actions that are needed to encourage more investment in the corridor. Stemming from the State Highway

35 Redevelopment Strategy is the redevelopment of the Rice Drier area, which is identified as *Catalyst 2 Business Park North* in the strategy. In recent years, PEDC has funded multiple phases of public infrastructure improvement in the area to support almost 58 acres of development. Rice Drier and Halik streets are old and narrow asphalt roads that are in regular need of maintenance due to truck traffic from commercial and industrial growth in the area. The Rice Drier Road reconstruction project was completed in 2021 and Halik Road reconstruction is approximately 30% constructed. In addition, the former gas station at the corner of Broadway/FM 518 and Main/State Highway 35 was redeveloped with PEDC assistance as a Scooter's Coffee, a national coffee chain.

With construction of the managed toll lanes along State Highway 288, one of Pearland's principal corridors, completed in both Harris and Brazoria Counties, PEDC, the City, and Pearland Municipal Management District No. 2 (PMMD2) continue to implement the *288 Corridor Master Improvements Plan*. In November, a \$19.5 million contract was awarded for the final phase of the multiple-phase master improvements plan, which includes landscape elements, irrigation, lighting, water fountains, pear sculptures, and sidewalks and gateway markers. Construction will begin in early 2022 and the improvements are expected to be complete in 2023. PEDC is funding the entire \$24.1 million cost of the 288 Corridor Master Plan Improvements.

Workforce and Talent, the seventh focus area in the Pearland Prosperity Strategic Plan, serves to connect and enhance Pearland's talent pipeline through a collaborative approach. PEDC partnered with Thomas P. Miller and Associates (TPMA) to create a *Workforce Development Action Plan* for the community. The final plan, approved by the Pearland Prosperity Implementation Committee and PEDC Board of Directors in late 2021, addresses workforce skills gaps, career planning and work-based learning opportunities, diversity and inclusion, and development of young professionals. PEDC plans to hire a workforce director position in early 2022 to oversee the implementation of the plan.

Convention and Visitor's Bureau

The City's Convention and Visitors Bureau (CVB), funded by hotel occupancy taxes, also focuses on economic development through visitation and attracting leisure and business visitors into the City of Pearland. The CVB witnessed a gradual rebound of travel to the area during fiscal year 2021 with the release of COVID-19 vaccinations and the lifting of shutdown orders. Pearland's visitor economy generated \$1,242,365 in hotel occupancy tax revenue in 2021. While business travel continues to be negatively impacted by the pandemic, sports tourism played a pivotal role in the recovery of the local economy. The CVB initiated an agreement for Pearland to serve as host city in 2021 for several girls youth softball tournaments by a nationally recognized sports organization. The partnership generated 875 room nights for Pearland hotels welcoming a total

of 189 teams with an overall attendance of 7,749 and an estimated economic impact of \$1,988,277. The City is quickly positioning as a viable sports destination and ultimately attracting interest by regional sports organizations.

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 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. To continue to stay ahead of the curve, Pearland is currently in the process of updating the Comprehensive Plan to ensure the city is prepared for key trends, new challenges, and the full array of opportunities ahead.

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, the City is well-positioned to consider voluntary annexations for mutual benefit and coordination.



Capital Improvement Projects and Planning

With continued residential and commercial development, the need to plan and build new infrastructure and maintain existing infrastructure is a priority and will be implemented through an aggressive capital improvement program. The City's adopted (July 26, 2021) Five-Year CIP 2022–2026 totals \$471.5 million. Projects include drainage (\$11.4 million), streets (\$61.7 million), facilities (\$94.2 million), parks (\$11.8 million), water (\$50.6 million) and wastewater (\$241.9 million).

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

Major street projects include Mykawa Road Widening (BW 8 to FM 518), Smith Ranch Road Expansion (Hughes Ranch to Broadway), Bailey Road Expansion (Veterans Drive to Main Street), and various intersection improvements and neighborhood street reconstructions.

Facility projects include Fire Station #7, Fire Station #11, Police Training Center, Hillhouse Road Annex Phase 2, Natatorium Air Handling Replacement, Water Operations Building, and Orange Street Service Center Phase 2.

Parks projects include Clear Creek Trail, Woodcreek Park Bridge, and Independence Park Phase II.

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

Wastewater projects include Barry Rose Water Reclamation Facility Expansion, JHEC Water Reclamation Facility Expansion, Longwood Water Reclamation Facility decommissioning, Sanitary Sewer Rehabilitation, Lift Station 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, a member of H-GAC's Transportation Policy Council (TPC), with the Mayor Emeritus serving as an alternate. The Deputy City Manager is the Chair of the Transportation Advisory Committee (TAC), a sub-committee of the TPC and a member of the Transportation Improvement Program (TIP) Subcommittee.



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

Project	Project Sponsor	Project Limits	City/County Funds	Federal State Funds	Total Project Estimate	Projected Letting Date
SH 288 / FM 518 Overpass	Brazoria County	Overpass Only	\$ 1,904,800.00	\$ 7,619,200.00	\$ 9,524,000.00	2016
FM 518 / SH 288 Intersection	Brazoria County	Intersection Only	\$ 2,800,200.00	\$ 11,200,800.00	\$ 14,001,000.00	2016
CR 101	Brazoria County	FM 1128 to CR 90	\$ 3,412,400.00	\$ 13,649,600.00	\$ 17,062,000.00	2017
Hughes Ranch Road	City of Pearland	Smith Ranch Rd to Cullen	\$ 8,313,156.00	\$ 14,536,844.00	\$ 22,850,000.00	2018
Green Tee Terrace Trail	City of Pearland	Hughes Rd to FM 518	\$ 689,702.00	\$ 3,235,150.00	\$ 3,924,852.00	2018
Shadow Creek Ranch Trail	City of Pearland	Nature Park to Kirby Dr	\$ 767,760.00	\$ 1,548,366.00	\$ 2,316,126.00	2018
McHard Road	City of Pearland	Mykawa to Cullen	\$ 17,026,469.00	\$ 32,380,531.00	\$ 49,407,000.00	2020
Mykawa Road	City of Pearland	FM 518 to BW 8	\$ 15,330,623.00	\$ 2,237,680.00	\$ 17,568,303.00	2021
Safe Routes to School	City of Pearland	Various	\$ 1,208,400.00	\$ 2,553,600.00	\$ 3,762,000.00	2021
Smith Ranch Road	City of Pearland	Hughes Rach Rd to FM 518	\$ 6,620,409.00	\$ 3,899,591.00	\$ 10,520,000.00	2022
Clear Creek Trail	City of Pearland	Hughes Rd to U of H	\$ 3,785,872.00	\$ 6,684,128.00	\$ 10,470,000.00	2022
CR 59	Brazoria County	Kirby to Kingsley	\$ 1,954,000.00	\$ 7,816,000.00	\$ 9,770,000.00	2023
CR 58	Brazoria County	Savannah Pkwy to CR 48	\$ 1,223,200.00	\$ 4,892,800.00	\$ 6,116,000.00	2023
FM 521	Fort Bend County	FM 2234 to SH 6	\$ 15,045,400.00	\$ 60,181,600.00	\$ 75,227,000.00	2024

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 worked with the Texas Department of Transportation to provide traffic relief on the corridor through managed toll lanes. The Toll Lanes from CR58 to US59 near downtown Houston were opened in 2020. In conjunction with the Toll Lane project, TxDOT and Brazoria County reconstructed the SH288 overpass at FM518 providing much needed additional capacity at our busiest intersection.

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.

While the COVID-19 pandemic continues to impact the world, the local economy has remained strong and healthy. Local Pearland sales taxes have continued to grow, seeing an increase in sales tax revenue in FY 2021 of 14.9% over FY 2020.

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 2022 budget relies upon values determined by the three county appraisal districts as of January 1, 2021. Likewise values as of January 1, 2022 will provide the General Fund and Debt Service Fund revenues for FY 2023. Property values have remained strong despite the prevalence of COVID-19 and the housing market continues to flourish. Looking ahead, property values as of January 1, 2023 will not come into play until the City’s FY 2024.

While about half-way into FY 2022, the City is already beginning to prepare for the FY 2023 budget process and up-coming forecast with the continuing 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 Annual Comprehensive Financial Report for the year ended September 30, 2020. This was the 45th 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 2020, the Government Treasurers' Organization of Texas (GTOT) awarded the second Certificate of Distinction to the City of Pearland for its Investment Policy. The certification is good for a two-year period ending in 2022. The City of Pearland received its Certificate of Investment Policy award for developing an investment policy that meets the requirements of the Public Funds Investment Act and standards for prudent public investing established by the Government Treasurers' Organization of Texas.

The City has also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 34 consecutive years with its Fiscal Year 2020 budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The City submitted a Popular Annual Financial Report (PAFR) to Government Finance Officers Association (GFOA) for FY 2020. This is the second year in a row the City is participating in this program. Due to COVID-19, GFOA has not yet completed the review of the FY 2020 PAFR submission at the time of this report.

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



Amy Buckert Johnson
Chief Financial Officer



Trent Epperson
Deputy City Manager

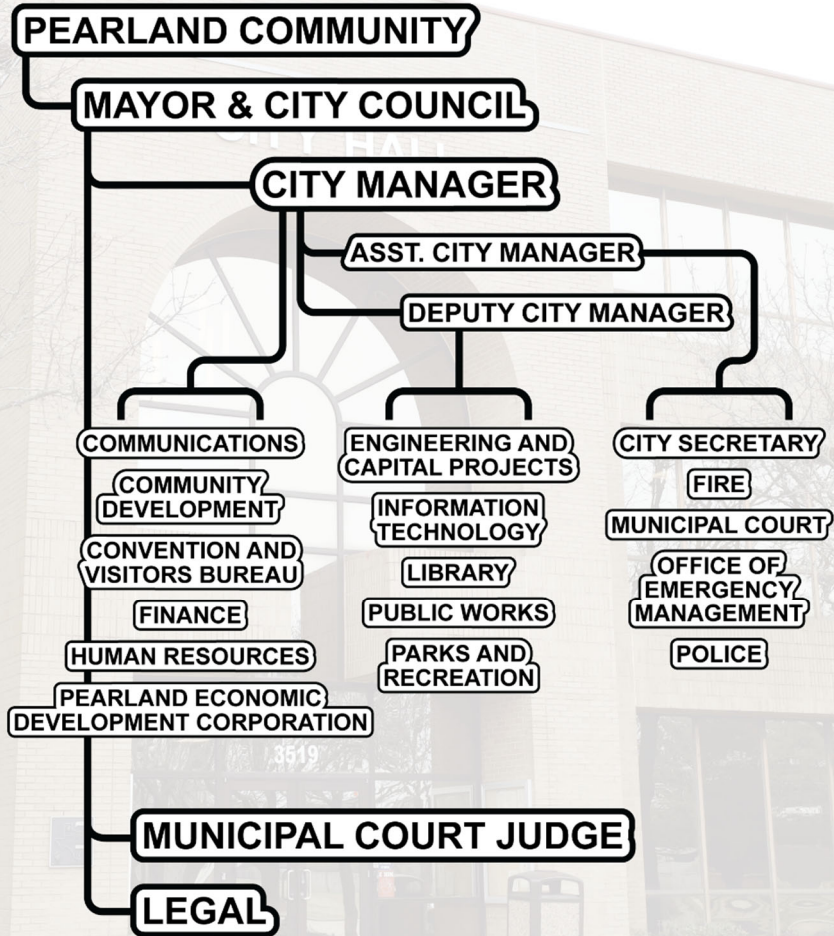


Kristen Woolley
Deputy Director of Finance

CITY OF PEARLAND, TEXAS**Principal Officials***As of September 30, 2021*

Elected Officials	Position	Term Expires May
Kevin Cole	Mayor	2023
Adrian Hernandez	Mayor Pro Tem	2024
Luke Orlando	Councilmember - Position 1	2022
Tony Carbone	Councilmember - Position 2	2024
Alex Kamkar	Councilmember - Position 3	2023
J. David Little	Councilmember - Position 5	2022
Trent Perez	Councilmember - Position 6	2022
Woody Owens	Councilmember - Position 7	2023
Appointed Officials	Position	
Clay Pearson	City Manager	
Darrin Coker	City Attorney	
Letitia Farnie	Municipal Court Judge	
City Management Position		
Trent Epperson	Deputy City Manager	
Ron Fraser	Assistant City Manager	
Matt Buchanan	PEDC President	
Amy Buckert Johnson	Chief Financial Officer	
Crystal Roan	City Secretary	
Robert Upton	Director of Engineering and Public Works	
LaRae James	Director of Human Resources	
Daniel McGhinnis	Chief Information Officer	
Johnny Spires	Police Chief	
Carry Capers	Director of Parks and Recreation	
Vance Riley	Fire Chief	
John McDonald	Director of Community Development	
Tracy Rohrbacher	Executive Director, CVB	
Joshua Lee	Director of Communications	
Jennifer Huhn	Municipal Court Administrator	

**CITY OF PEARLAND
STAFF ORGANIZATION CHART**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Pearland
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

Financial Section



Independent Auditor's Report

The Mayor and City Council
City of Pearland, Texas
Pearland, Texas

Report on the Financial Statements

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 the City of Pearland, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

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

The Mayor and City Council
City of Pearland, Texas

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 of Pearland, Texas, as of September 30, 2021, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2021, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* and Governmental Accounting Standards Board Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of Governmental Accounting Standards Board Statements No. 14 and 84, and a supersession of GASB Statement No. 32*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The Mayor and City Council
City of Pearland, Texas

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated March 8, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Houston, Texas
March 8, 2022

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Management's Discussion and Analysis



CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis
Year Ended September 30, 2021

As Management of the City of Pearland, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. This information is not intended to be a complete statement of the City's financial condition. We recommend and encourage readers to consider the information presented here in conjunction with the additional information presented in the accompanying transmittal letter (Pages i-xv of this report), and the statistical section (Pages 123-165 of this report), as well as the annual budget found on the City's website at <https://www.pearlandtx.gov/>.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the primary government of the City exceeded its liabilities and deferred inflows of resources as of September 30, 2021, by \$864.0 million (net position). Of this amount, \$654.8 million is invested in capital assets, net of related capital debt and \$75.2 million is 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 \$163.5 million, an increase of \$1.5 million in comparison to the prior year. Approximately \$135.8 million of the \$163.5 million is considered restricted fund balance and primarily consists of \$37.3 million for economic development and \$63.2 million for capital projects.
- As of September 30, 2021, the unassigned fund balance for the General Fund was \$32.3 million or 37.3% of total General Fund expenditures. The total fund balance for the General Fund is \$32.5 million or 37.6% of General Fund expenditures.
- The City's long-term liabilities increased by \$77.4 million primarily due to the issuance of new debt.

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 four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information which includes this management's discussion and analysis, information related to the City's pension plan and retiree health plans and budgetary comparison information. This report also contains other supplementary information as listed in the table of contents in addition to the basic financial statements themselves.

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

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

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2021

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, itself (known as the primary government), but also a legally separate Economic Development Corporation 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.

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2021

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 31 of this report, provide separate information for the Water and Sewer and Solid Waste Enterprise Funds since they are considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 31 through 35 of this report.

Fiduciary Fund – The fiduciary fund administered by the City includes the State Court Costs Custodial Fund. This fund includes court costs collected by the City on behalf of the State of Texas, which are remitted to the state quarterly. Funds collected by the City Fiduciary Fund are not presented in the government-wide financial statements as these funds are restricted and are not available to support the programs of the City. The basic fiduciary fund financial statements can be found on pages 36 through 37 of this report.

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 39 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 85 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 \$864.0 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position (75.8%) 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.

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2021

Comparative Statement of Net Position
September 30, 2021 and 2020
Amounts in (000's)

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 206,342	\$ 192,268	\$ 257,312	\$ 231,423	\$ 463,654	\$ 423,691
Capital assets	898,673	863,249	463,619	414,669	1,362,292	1,277,918
Total assets	<u>1,105,015</u>	<u>1,055,517</u>	<u>720,931</u>	<u>646,092</u>	<u>1,825,946</u>	<u>1,701,609</u>
Deferred outflows of resources	<u>13,916</u>	<u>15,134</u>	<u>2,059</u>	<u>2,191</u>	<u>15,975</u>	<u>17,325</u>
Liabilities						
Current	29,360	17,203	24,644	18,633	54,004	35,836
Long-term liabilities outstanding	493,796	480,762	425,313	360,155	919,109	840,917
Total liabilities	<u>523,156</u>	<u>497,965</u>	<u>449,957</u>	<u>378,788</u>	<u>973,113</u>	<u>876,753</u>
Deferred inflows of resources	<u>4,147</u>	<u>4,275</u>	<u>626</u>	<u>622</u>	<u>4,773</u>	<u>4,897</u>
Net position						
Net investment in capital assets	493,670	490,304	161,158	213,081	654,828	703,385
Restricted	45,162	44,928	30,064	16,776	75,226	61,704
Unrestricted	52,796	33,179	81,185	39,016	133,981	72,195
Total net position	<u>\$ 591,628</u>	<u>\$ 568,411</u>	<u>\$ 272,407</u>	<u>\$ 268,873</u>	<u>\$ 864,035</u>	<u>\$ 837,284</u>

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2021

Comparative Statement of Activities
September 30, 2021 and 2020
Amounts in (000's)

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 28,255	\$ 24,861	\$ 60,713	\$ 62,465	\$ 88,968	\$ 87,326
Operating grants and contributions	20,006	20,774	1	225	20,007	20,999
Capital grants and contributions	1,876	7,148	1,007	1,456	2,883	8,604
General revenues						
Property taxes	100,075	97,106	-	-	100,075	97,106
Sales and use taxes	40,248	34,928	-	-	40,248	34,928
Franchise taxes	6,940	7,270	-	-	6,940	7,270
Investment income	209	1,626	94	1,277	303	2,903
Other	4,793	4,865	16	13	4,809	4,878
Total revenues	202,402	198,578	61,831	65,436	264,233	264,014
Expenses						
General government	27,594	25,504	-	-	27,594	25,504
Public safety	53,503	51,031	-	-	53,503	51,031
Public works	48,115	44,862	-	-	48,115	44,862
Community services	4,465	4,383	-	-	4,465	4,383
Parks and recreation	6,799	8,197	-	-	6,799	8,197
Economic development	30,653	28,683	-	-	30,653	28,683
Interest on long-term debt	13,604	14,042	-	-	13,604	14,042
Water and sewer	-	-	44,655	45,054	44,655	45,054
Solid waste	-	-	8,094	7,930	8,094	7,930
Total expenses	184,733	176,702	52,749	52,984	237,482	229,686
Increase in Net Position Before Transfers	17,669	21,876	9,082	12,452	26,751	34,328
Transfers	5,548	5,460	(5,548)	(5,460)	-	-
Change in Net Position	23,217	27,336	3,534	6,992	26,751	34,328
Net Position, Beginning	568,411	541,075	268,873	261,881	837,284	802,956
Net Position, Ending	\$ 591,628	\$ 568,411	\$ 272,407	\$ 268,873	\$ 864,035	\$ 837,284

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2021

The increase in total net position from the prior year is \$26.8 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 \$23.2 million, thereby accounting for 86.7% 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 \$100.1 million, \$40.2 million, and \$6.9 million, respectively. These revenues increased by \$7.9 million from prior year primarily as a result of an increase in taxable assessed values driven by increased local real estate market values and local sales and use taxes.
- Capital grants and contributions totaled \$1.9 million as a result of infrastructure contributed by developers.
- The revenues were offset by expenses for general government, public safety, public works, economic development of \$27.6 million, \$53.5 million, \$48.1 million, and \$30.7 million, respectively.

Business-type activities – Business-type activities increased the City's net position by \$3.5 million, thereby accounting for 13.3% of the total increase in the net position of the City. Key elements of this increase are as follows:

- Program revenues of \$61.8 million decreased approximately \$3.6 million from the prior year primarily due to decreases in charges for services and capital grants.
- Operating grants and contributions of \$1 thousand decreased by \$0.7 thousand from the prior year due to decreases in grant funding from federal and state agencies.
- Capital grants and contributions of \$1.0 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 \$44.7 million and \$8.1 million, respectively, for Water and Sewer and Solid Waste, respectively. Expenses decreased from the prior year by \$235 thousand.

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.

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2021

The City's governmental funds reflect a combined fund balance of \$163.5 million. A portion of the combined fund balance, or \$27.5 million, is unassigned and available for day-to-day operations of the City; \$63.2 million is restricted for capital projects; \$37.3 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 \$1.5 million from the prior year. The increase in fund balance includes increases in the General Fund of \$3.4 million, Pearland Economic Development Corporation of \$14.8 million, and the Tax Increment Reinvestment Zone #2 of \$208 thousand. These increases in fund balance were partially offset by decreases in fund balance in the Debt Service Fund of \$275 thousand, Capital Projects Fund of \$10.0 million, Development Authority of Pearland of \$1.8 million. The General Fund's fund balance totaled \$32.5 million at year-end.

Tax Increment Reinvestment Zone #2 had expenditures totaling \$12.7 million, leaving an ending restricted fund balance of \$7.1 million.

The Pearland Economic Development Corporation and Development Authority of Pearland, the City's blended component units, had expenditures totaling \$28.3 million, leaving an ending fund balance of \$37.3 million, and \$12.9 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 statement business-type activities. Total net position in the Internal Service Funds was \$14.0 million at year-end, a \$4.7 million increase from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, there was a \$4.4 million increase in appropriations between the adopted and amended budget. The increase in appropriations is attributable to Winter Storm Uri and repairs to two fire stations.

Actual revenues of \$87.3 million were \$1.9 million over the amended budget mainly in sales and uses taxes. Actual expenditures of \$86.6 million were under the amended budget, resulting in a year-end fund balance of \$32.5 million, in excess of budget by \$5.7 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of fiscal year 2021, the City's governmental activities and business-type activities had invested \$898.7 million and \$463.6 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net increase of \$35.4 million, or 4.1% over the end of last fiscal year for the governmental activities of \$49.0 million or 11.8% over the end of last fiscal year for business-type activities.

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2021

	Capital Assets					
	Amounts in (000's)					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 34,530	\$31,212	\$ 3,877	\$3,796	\$ 38,407	\$ 35,008
Construction in progress	180,206	162,308	185,657	148,246	365,863	310,554
Infrastructure	587,723	583,556	234,746	220,811	822,469	804,367
Buildings and improvements	83,394	75,115	22,098	22,833	105,492	97,948
Machinery and equipment	10,345	9,161	1,010	1,366	11,355	10,527
Furniture and fixtures	2,475	1,897	21	32	2,496	1,929
Contractual water rights	-	-	16,210	17,585	16,210	17,585
Total capital assets	<u>\$ 898,673</u>	<u>\$ 863,249</u>	<u>\$ 463,619</u>	<u>\$ 414,669</u>	<u>\$ 1,362,292</u>	<u>\$ 1,277,918</u>

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

Long-Term Debt – At the end of the current fiscal year, the City had total bonds, certificates of obligation, and capital leases outstanding of \$880.1 million. Of this amount, \$263.9 million is composed of general obligation bonds, \$86.2 million is composed of certificates of obligation, and \$474.1 million represents revenue bonds secured solely by specified revenue sources.

	Outstanding Debt					
	Amounts in (000's)					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 260,840	\$ 268,680	\$ 3,020	\$ 4,110	\$ 263,860	\$ 272,790
Certificates of obligation	86,220	66,405	-	-	86,220	66,405
Revenue bonds	73,235	81,445	400,840	335,435	474,075	416,880
Unamortized issuance premium	38,710	29,963	16,917	16,168	55,627	46,131
Capital leases payable	381	541	-	-	381	541
Total outstanding debt	<u>\$ 459,386</u>	<u>\$ 447,034</u>	<u>\$ 420,777</u>	<u>\$ 355,713</u>	<u>\$ 880,163</u>	<u>\$ 802,747</u>

The City's general obligation bonds and certificates of obligation debt for governmental activities increased to \$347.1 million, a net increase of \$12.0 million from the previous year. The increase is due to new debt issued offset by scheduled principal payments. The City's debt for business-type activities increased to \$403.9 million, a net increase of \$64.3 million from the previous year, which was a result of new debt issued offset by scheduled principal payments.

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2021

Current credit ratings on debt issues are as follows:

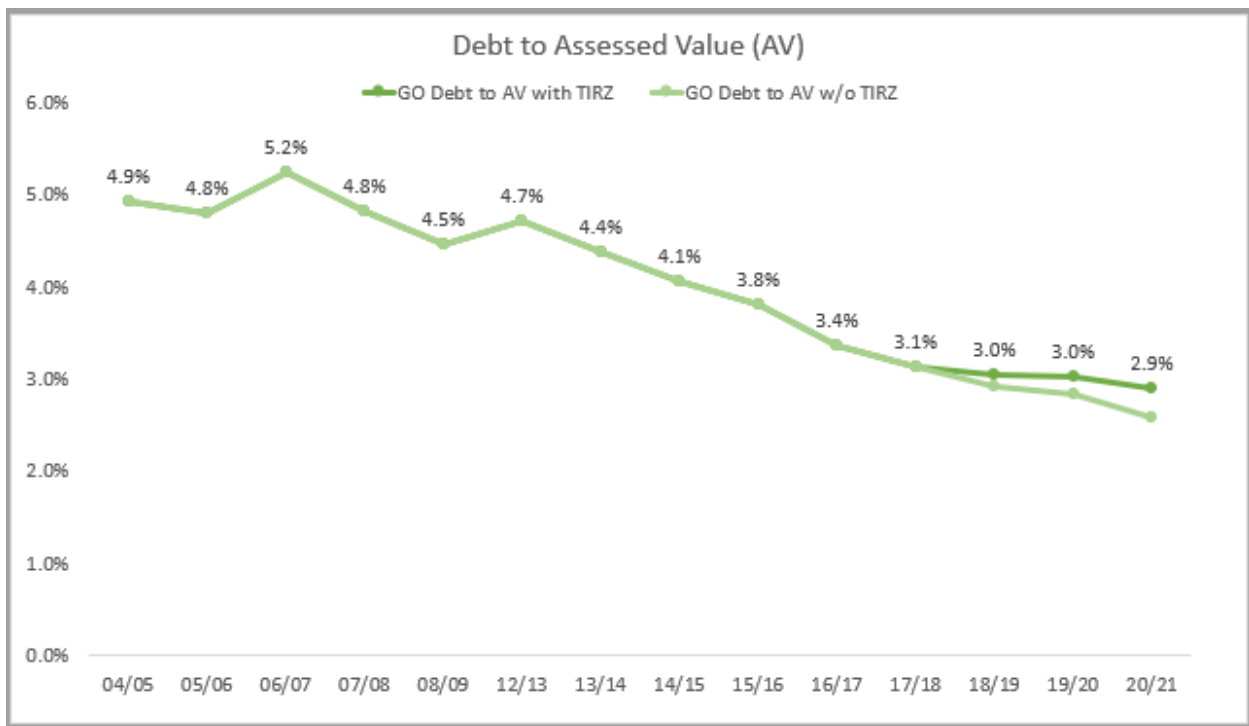
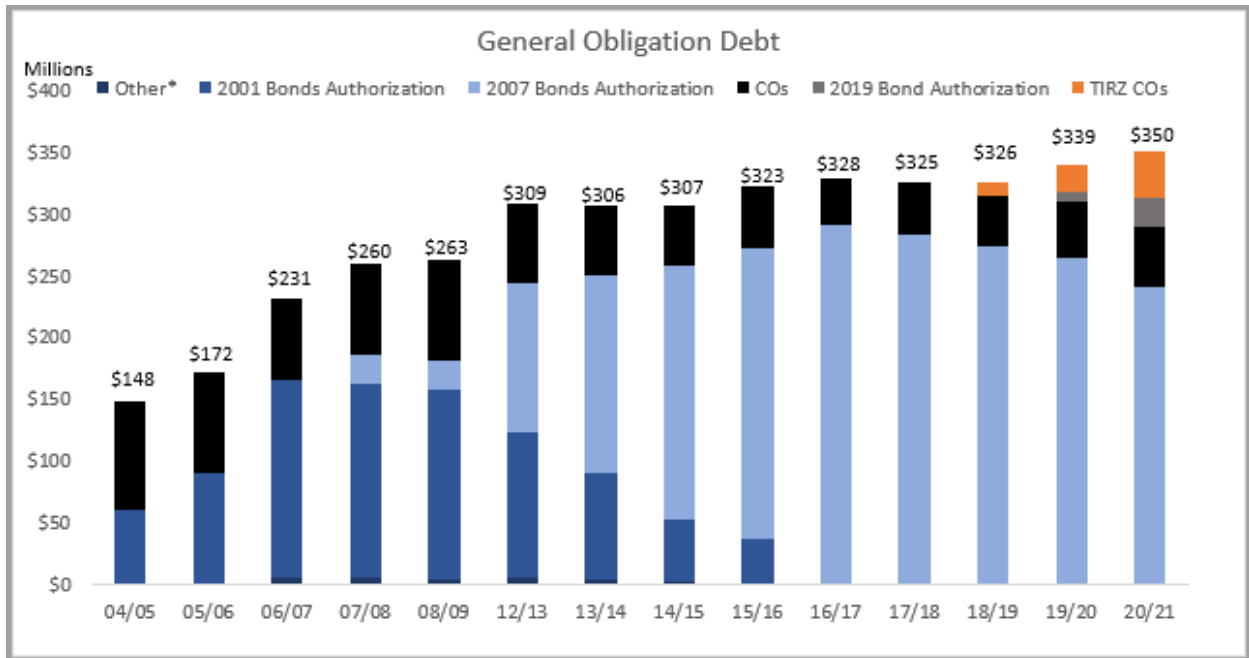
	Standard & Poor's	Fitch	Moody's Investor Services
General obligation bonds	AA	AA	Aa2
Certificates of obligation	AA	AA	Aa2
Revenue bonds	AA-	AA-	Aa3

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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Pearland continues with its forward momentum in FY 2022, less in terms of population and more in terms of growing value. The City's sales tax revenue is expected to continue strongly, providing \$24.6 million in FY 2022. Sales tax revenue actually provides substantially to General Fund operations as well as being the funding source for our Pearland Economic Development Corporation for another \$11.8 million in FY 2022. The City also saw an estimated \$437 million, or 3.6%, increase in added taxable value in FY 2022. The combination of rooftops and retailers in Pearland helps provide the local economy with jobs and investments 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 2021 bond issuances. The City's Permanent Improvement Bonds Series 2021 for \$14.905 million, the City's Certificates of Obligation Series 2021A and 2021B for \$7.01 million and \$15.605 million, respectively, were assigned a rating of 'AA' by Fitch and 'Aa2' by Moody's. Separately, our enterprise fund Water and Sewer System Revenue and Refunding Bonds Series 2021B for \$10.37 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.



CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2021

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 decreased over two cents from \$0.4150 in 2021 to \$0.3920 in 2022. 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, 2021, the City had \$350 million in General Obligation and Certificates of Obligation outstanding principal 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.

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 \$91,541,723 in FY 2021 to \$100,353,728 in FY 2022, an increase of \$9,062,005, or 9.9%, mainly due to an increase in property tax, sales tax, and charges for services. Property tax revenues increased in FY 2022 by 11.7% over FY 2021 year-end amended revenue, resulting in steady property tax revenue as a percent of total revenues, remaining flat at 31% of the FY 2021 and FY 2022 budgets, and just under two cent decrease in the overall property tax rate from \$0.7200 to \$0.701416 per \$100 valuation.

FY 2022 total expenditures are \$99,624,052, 6.2% more than the FY 2021 Amended Budget. Salaries and benefits remain the major expenditure for FY 2021, at 70.0% of the total. The FY 2022 budget incorporated an updated compensation and classification study completed in FY 2021. At least a 2% increase in salary is included for all personnel, to support recruitment and retention efforts, with higher increases for personnel brought up to current market.

The City adopted a new fund balance policy in FY 2021 which requires a fund balance equal to three months of recurring operating expenses. The General Fund meets reserve requirements and the fund is structurally in balance for FY 2022 whereby operating revenues are greater than expenditures. The adopted FY 2022 fund balance over policy is \$2,268,114, with the adopted ending fund balance of \$26,820,128.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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 Kristen Woolley, Deputy Director of Finance, at 3523 Liberty Drive, Pearland, Texas 77581, or 652-1698. The report and general information can be found on the City's website at www.pearlandtx.gov.



Basic Financial Statements



CITY OF PEARLAND, TEXAS
Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 52,037,246	\$ 54,969,452	\$ 107,006,698
Investments	121,657,570	26,693,342	148,350,912
Receivables (net of allowance for uncollectibles, where applicable)	36,458,581	12,906,892	49,365,473
Internal balances	(3,924,417)	3,924,417	-
Inventories	110,554	-	110,554
Prepays	3,431	-	3,431
Restricted cash and cash equivalents	-	152,998,768	152,998,768
Restricted investments	-	5,819,175	5,819,175
Capital assets			
Nondepreciable	214,735,696	189,533,548	404,269,244
Depreciable, net	683,936,806	274,085,785	958,022,591
Total capital assets	<u>898,672,502</u>	<u>463,619,333</u>	<u>1,362,291,835</u>
Total Assets	<u>1,105,015,467</u>	<u>720,931,379</u>	<u>1,825,946,846</u>
Deferred Outflows of Resources			
Deferred charge on refunding	6,253,360	873,637	7,126,997
OPEB	1,509,454	268,701	1,778,155
Pension	6,153,166	916,181	7,069,347
Total Deferred Outflows of Resources	<u>13,915,980</u>	<u>2,058,519</u>	<u>15,974,499</u>
Liabilities			
Accounts payable and other accrued liabilities	19,024,349	19,842,090	38,866,439
Accrued interest payable	1,429,699	667,523	2,097,222
Unearned revenues	7,764,314	-	7,764,314
Customer deposits	1,141,652	4,134,484	5,276,136
Noncurrent liabilities			
Due within one year: Bonds, certificates of obligation, leases, compensated absences	32,356,228	18,663,234	51,019,462
Due in more than one year:			
Bonds, certificates of obligation, leases, compensated absences	436,128,619	403,097,761	839,226,380
Total OPEB liability	7,204,119	1,248,094	8,452,213
Net pension liability	18,106,634	2,304,094	20,410,728
Total Liabilities	<u>523,155,614</u>	<u>449,957,280</u>	<u>973,112,894</u>
Deferred Inflows of Resources			
OPEB	410,405	69,864	480,269
Pension	3,736,534	556,355	4,292,889
Total Deferred Inflows of Resources	<u>4,146,939</u>	<u>626,219</u>	<u>4,773,158</u>
Net Position			
Net investment in capital assets	493,670,517	161,157,349	654,827,866
Restricted for			
Debt service	-	13,087,664	13,087,664
Capital projects	-	16,975,931	16,975,931
Community development programs	7,338,762	-	7,338,762
Public safety	547,246	-	547,246
Economic development	37,276,472	-	37,276,472
Unrestricted	52,795,897	81,185,455	133,981,352
Total Net Position	<u>\$ 591,628,894</u>	<u>\$ 272,406,399</u>	<u>\$ 864,035,293</u>

See Notes to Financial Statements

CITY OF PEARLAND, TEXAS
Statement of Activities
Year Ended September 30, 2021

Functions/Programs:	<u>Program Revenues</u>			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 27,596,156	\$ 15,425,359	\$ 1,692,907	\$ -
Public safety	53,502,615	5,048,130	-	-
Public works	48,115,099	156,760	17,584,491	1,875,761
Community services	4,464,698	6,090,084	728,515	-
Parks and recreation	6,798,930	1,089,835	-	-
Economic development	30,652,723	445,288	-	-
Interest on long-term debt	13,604,125	-	-	-
Total Governmental Activities	<u>184,734,346</u>	<u>28,255,456</u>	<u>20,005,913</u>	<u>1,875,761</u>
Business-type Activities				
Water and sewer	44,653,892	52,648,763	-	1,006,508
Solid waste	8,093,617	8,064,182	1,022	-
Total Business-type Activities	<u>52,747,509</u>	<u>60,712,945</u>	<u>1,022</u>	<u>1,006,508</u>
Total Primary Government	<u>\$ 237,481,855</u>	<u>\$ 88,968,401</u>	<u>\$ 20,006,935</u>	<u>\$ 2,882,269</u>

General Revenues

Property taxes
Sales and use taxes
Franchise fees
Unrestricted investment earnings
Miscellaneous

Transfers

Total General Revenues And Transfers

Change In Net Position
Net Position, Beginning
Net Position, Ending

CITY OF PEARLAND, TEXAS
Statement of Activities (Continued)
Year Ended September 30, 2021

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (10,477,890)	\$ -	\$ (10,477,890)
(48,454,485)	-	(48,454,485)
(28,498,087)	-	(28,498,087)
2,353,901	-	2,353,901
(5,709,095)	-	(5,709,095)
(30,207,435)	-	(30,207,435)
<u>(13,604,125)</u>	<u>-</u>	<u>(13,604,125)</u>
<u>(134,597,216)</u>	<u>-</u>	<u>(134,597,216)</u>
-	9,001,379	9,001,379
-	(28,413)	(28,413)
-	<u>8,972,966</u>	<u>8,972,966</u>
<u>(134,597,216)</u>	<u>8,972,966</u>	<u>(125,624,250)</u>
100,074,901	-	100,074,901
40,248,440	-	40,248,440
6,939,859	-	6,939,859
209,431	93,593	303,024
4,793,320	15,556	4,808,876
5,548,428	(5,548,428)	-
<u>157,814,379</u>	<u>(5,439,279)</u>	<u>152,375,100</u>
<u>23,217,163</u>	<u>3,533,687</u>	<u>26,750,850</u>
<u>568,411,731</u>	<u>268,872,712</u>	<u>837,284,443</u>
<u>\$ 591,628,894</u>	<u>\$ 272,406,399</u>	<u>\$ 864,035,293</u>

CITY OF PEARLAND, TEXAS
Balance Sheet – Governmental Funds
September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Pearland Economic Development Corporation
Assets				
Cash and cash equivalents	\$ 429,993	\$ 2,363,306	\$ 3,370,836	\$ 12,305,224
Investments	31,137,093	3,651,716	59,273,563	23,062,754
Receivables (net of allowance for uncollectibles, where applicable)	7,139,158	5,981,513	14,859,545	5,176,698
Prepays	3,102	-	-	310
Total Assets	\$ 38,709,346	\$ 11,996,535	\$ 77,503,944	\$ 40,544,986
Liabilities				
Accounts payable	\$ 2,360,975	\$ -	\$ 10,106,750	\$ 263,301
Accrued expenditures	2,100,599	132,080	2,590,427	123,303
Customer deposits	1,139,802	-	1,850	-
Unearned revenue	105,808	91,507	1,622,513	-
Total Liabilities	5,707,184	223,587	14,321,540	386,604
Deferred Inflows of Resources				
Unavailable revenue	477,761	5,885,717	-	2,881,600
Total Deferred Inflows of Resources	477,761	5,885,717	-	2,881,600
Fund Balances				
Nonspendable	3,102	-	-	310
Restricted	-	5,887,231	63,182,404	37,276,472
Assigned	215,885	-	-	-
Unassigned	32,305,414	-	-	-
Total Fund Balances	32,524,401	5,887,231	63,182,404	37,276,782
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 38,709,346	\$ 11,996,535	\$ 77,503,944	\$ 40,544,986

CITY OF PEARLAND, TEXAS
Balance Sheet – Governmental Funds (Continued)
September 30, 2021

Tax Increment Reinvestment Zone #2	Development Authority of Pearland	Other Governmental Funds	Total Governmental Funds
\$ 7,104,630	\$ 12,869,906	\$ 4,952,555	\$ 43,396,450
-	-	4,532,444	121,657,570
-	-	3,009,264	36,166,178
-	-	-	3,412
<u>\$ 7,104,630</u>	<u>\$ 12,869,906</u>	<u>\$ 12,494,263</u>	<u>\$ 201,223,610</u>
\$ 16,362	\$ -	\$ 393,051	\$ 13,140,439
-	-	15,645	4,962,054
-	-	-	1,141,652
-	-	5,944,486	7,764,314
<u>16,362</u>	<u>-</u>	<u>6,353,182</u>	<u>27,008,459</u>
-	-	1,486,878	10,731,956
-	-	1,486,878	10,731,956
-	-	-	3,412
7,088,268	12,869,906	9,450,568	135,754,849
-	-	-	215,885
-	-	(4,796,365)	27,509,049
<u>7,088,268</u>	<u>12,869,906</u>	<u>4,654,203</u>	<u>163,483,195</u>
<u>\$ 7,104,630</u>	<u>\$ 12,869,906</u>	<u>\$ 12,494,263</u>	<u>\$ 201,223,610</u>

CITY OF PEARLAND, TEXAS
Reconciliation of the Balance Sheet – Governmental Funds to the
Government-wide Statement of Net Position
Year Ended September 30, 2021

Total Fund Balances - Governmental Funds \$ 163,483,195

Amounts reported for the 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. 892,640,481

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

Deferred charge on refunding 6,253,360
Deferred outflows relating to OPEB activities 1,488,471
Deferred outflows relating to pension activities 6,094,202

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

Bonds and capital leases payable (459,385,833)
Compensated absences (9,099,014)
Accrued interest governmental activity debt (1,429,699)
Total OPEB liability (7,168,153)
Net pension liability (17,973,294)

Deferred inflows represent an acquisition of net position that applies to future reporting periods and therefore will not be recognized as an inflow of resources until then.

Deferred inflows relating to OPEB activities (405,378)
Deferred inflows relating to pension activities (3,694,644)
Deferred inflows relating to unavailable revenue 10,731,956

Internal service funds are used by management to charge the cost of certain activities to individual funds. A portion of the assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

10,093,244

Net Position of Governmental Activities \$ 591,628,894



CITY OF PEARLAND, TEXAS
Statement of Revenues, Expenditures and Changes
in Fund Balances – Governmental Funds
Year Ended September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Pearland Economic Development Corporation
Revenues				
Property taxes	\$ 28,319,667	\$ 38,374,498	\$ -	\$ -
Sales and use taxes	26,138,991	-	-	12,877,864
Franchise fees	6,719,483	-	-	-
Licenses and permits	4,257,527	-	-	-
Fines and forfeitures	1,754,717	-	-	-
Charges for services	19,428,409	-	-	429,331
Investment earnings	22,321	8,425	116,614	35,327
Intergovernmental	550,140	-	16,449,841	12,000
Other	70,906	755,469	1,878,426	6,000
Total Revenues	87,262,161	39,138,392	18,444,881	13,360,522
Expenditures				
Current				
General government	13,378,761	-	-	-
Public safety	51,097,863	-	-	-
Public works	11,369,557	-	1,113,038	-
Community services	4,098,950	-	-	-
Parks and recreation	6,075,729	-	-	-
Economic development	-	-	-	3,880,652
Debt service				
Principal	268,266	21,030,000	-	250,000
Interest and other charges	6,047	14,685,250	446,467	35,400
Capital outlay	275,566	-	74,232,429	1,384,450
Intergovernmental	-	7,116,216	-	-
Total Expenditures	86,570,739	42,831,466	75,791,934	5,550,502
Excess (Deficiency) of Revenues Over Expenditures	691,422	(3,693,074)	(57,347,053)	7,810,020
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	-	7,173,996
Proceeds from issuance of debt	177,135	27,220,000	37,520,000	-
Premium on debt issued	-	5,402,641	7,977,121	-
Payment to escrow agent	-	(31,735,000)	-	-
Transfers in	6,261,713	2,530,075	3,552,158	-
Transfers out	(3,682,166)	-	(1,718,724)	(181,628)
Total Other Financing Sources (Uses)	2,756,682	3,417,716	47,330,555	6,992,368
Net Change in Fund Balances	3,448,104	(275,358)	(10,016,498)	14,802,388
Fund Balances, Beginning of Year	29,076,297	6,162,589	73,198,902	22,474,394
Fund Balances, End of Year	\$ 32,524,401	\$ 5,887,231	\$ 63,182,404	\$ 37,276,782

CITY OF PEARLAND, TEXAS
Statement of Revenues, Expenditures and Changes
in Fund Balances – Governmental Funds (Continued)
Year Ended September 30, 2021

Tax Increment Reinvestment Zone #2	Development Authority of Pearland	Other Governmental Funds	Total Governmental Funds
\$ 33,833,900	\$ -	\$ -	\$ 100,528,065
-	-	1,231,585	40,248,440
-	-	220,376	6,939,859
-	-	-	4,257,527
-	-	113,323	1,868,040
-	-	-	19,857,740
17,188	3,245	4,860	207,980
-	-	2,868,262	19,880,243
-	-	496,175	3,206,976
<u>33,851,088</u>	<u>3,245</u>	<u>4,934,581</u>	<u>196,994,870</u>
56,841	-	6,024,017	19,459,619
-	-	1,093,293	52,191,156
-	-	-	12,482,595
-	-	149,759	4,248,709
-	-	25,784	6,101,513
12,668,546	12,626,300	-	29,175,498
-	7,960,000	68,501	29,576,767
-	2,178,446	5,253	17,356,863
-	-	1,221,848	77,114,293
-	-	-	7,116,216
<u>12,725,387</u>	<u>22,764,746</u>	<u>8,588,455</u>	<u>254,823,229</u>
<u>21,125,701</u>	<u>(22,761,501)</u>	<u>(3,653,874)</u>	<u>(57,828,359)</u>
-	-	-	7,173,996
-	-	-	64,917,135
-	-	-	13,379,762
-	-	-	(31,735,000)
-	20,917,299	-	33,261,245
<u>(20,917,299)</u>	<u>-</u>	<u>(1,213,000)</u>	<u>(27,712,817)</u>
<u>(20,917,299)</u>	<u>20,917,299</u>	<u>(1,213,000)</u>	<u>59,284,321</u>
208,402	(1,844,202)	(4,866,874)	1,455,962
<u>6,879,866</u>	<u>14,714,108</u>	<u>9,521,077</u>	<u>162,027,233</u>
<u>\$ 7,088,268</u>	<u>\$ 12,869,906</u>	<u>\$ 4,654,203</u>	<u>\$ 163,483,195</u>

CITY OF PEARLAND, TEXAS
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds to the
Government-wide Statement of Activities
Year Ended September 30, 2021

Net Change In Fund Balances – Total Governmental Funds \$ 1,455,962

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$77,114,293 exceeded depreciation expense of \$41,540,678 and loss on sale of property of \$4,680,208 in the current period.

30,893,407

Capital assets acquired through city development recognized as capital contributions in the statement of activities

1,875,761

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

Proceeds from issuance of long term debt	(64,917,135)
Payment to escrow agent	31,735,000
Repayment of long-term debt	29,576,767
Premiums on bonds payable	(8,746,941)
Deferred loss on refunding	(1,551,541)

Current year changes in other long-term liabilities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. The effect of these differences in the treatment of other long-term liabilities was:

Compensated absences	(404,534)
----------------------	-----------

Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as an expenditure in the governmental funds.

(38,807)

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.

(407,207)

The net change in the OPEB-related deferred outflows and inflows of resources and total OPEB liability do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds.

(841,210)

The net change in the pension-related deferred outflows and inflows of resources and net pension liability do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds.

1,110,803

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

3,476,838

Change In Net Position of Governmental Activities

\$ 23,217,163

CITY OF PEARLAND, TEXAS
Statement of Net Position – Proprietary Funds
Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds			Governmental
	Water and	Solid Waste	Total	Activities
	Sewer Fund	Fund		Internal
			Service Funds	
Assets				
Current Assets				
Cash and cash equivalents	\$ 54,647,608	\$ 321,844	\$ 54,969,452	\$ 8,640,796
Investments	26,693,342	-	26,693,342	-
Receivables (net of allowance for uncollectibles, where applicable)	11,858,353	1,048,539	12,906,892	292,403
Inventories	-	-	-	110,554
Prepays	-	-	-	19
Restricted cash and cash equivalents	152,998,768	-	152,998,768	-
Restricted investments	5,819,175	-	5,819,175	-
Total Current Assets	252,017,246	1,370,383	253,387,629	9,043,772
Noncurrent Assets				
Capital assets				
Land and improvements	3,877,031	-	3,877,031	-
Construction in progress	185,656,517	-	185,656,517	-
Contractual rights to water supply	34,511,428	-	34,511,428	-
Infrastructure	391,239,811	-	391,239,811	-
Buildings	32,042,833	-	32,042,833	-
Machinery and equipment	5,644,358	-	5,644,358	6,877,836
Less accumulated depreciation	(189,352,645)	-	(189,352,645)	(845,815)
Total Noncurrent Assets	463,619,333	-	463,619,333	6,032,021
Total Assets	715,636,579	1,370,383	717,006,962	15,075,793
Deferred Outflows of Resources				
Deferred charge on refunding	873,637	-	873,637	-
OPEB	268,701	-	268,701	20,983
Pension	916,181	-	916,181	58,964
Total Deferred Outflows of Resources	2,058,519	-	2,058,519	79,947
Current Liabilities				
Accounts payable and accrued expenses	19,137,134	704,956	19,842,090	333,243
Claims payable	-	-	-	588,613
Accrued interest payable	667,523	-	667,523	-
Customer deposits	4,134,484	-	4,134,484	-
Current portion of long-term liabilities:				
Compensated absences	298,234	-	298,234	-
Bonds and permanent improvement bonds payable	18,365,000	-	18,365,000	-
Total Current Liabilities	42,602,375	704,956	43,307,331	921,856

CITY OF PEARLAND, TEXAS
Statement of Net Position – Proprietary Funds (Continued)
Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer Fund	Solid Waste Fund	Total	Activities Internal Service Funds
Noncurrent Liabilities				
Compensated absences	685,620	-	685,620	-
Total OPEB liability	1,248,094	-	1,248,094	35,966
Net pension liability	2,304,094	-	2,304,094	133,340
Bonds and permanent improvement bonds payable	402,412,141	-	402,412,141	-
Total Noncurrent Liabilities	406,649,949	-	406,649,949	169,306
Total Liabilities	449,252,324	704,956	449,957,280	1,091,162
Deferred Inflows of Resources				
OPEB	69,864	-	69,864	5,027
Pension	556,355	-	556,355	41,890
Total Deferred Inflows of Resources	626,219	-	626,219	46,917
Net Position				
Net investment in capital assets	161,157,349	-	161,157,349	6,032,021
Restricted for debt service	13,087,664	-	13,087,664	-
Restricted for capital projects	16,975,931	-	16,975,931	-
Unrestricted	76,595,611	665,427	77,261,038	7,985,640
Total Net Position	\$ 267,816,555	\$ 665,427	268,481,982	\$ 14,017,661
Adjustment to reflect the consolidation of internal services fund activities related to enterprise funds			3,924,417	
Net Position of Business-type Activities			\$ 272,406,399	

CITY OF PEARLAND, TEXAS
Statement of Revenues, Expenses and Changes
in Net Position – Proprietary Funds
Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Operating Revenues				
Charges for sales and services	\$ 52,648,763	\$ 8,064,163	\$ 60,712,926	\$ 18,517,647
Total Operating Revenues	<u>52,648,763</u>	<u>8,064,163</u>	<u>60,712,926</u>	<u>18,517,647</u>
Operating Expenses				
Personnel services	10,321,360	-	10,321,360	712,133
Supplies and materials	5,389,395	-	5,389,395	24,386
Contractual services	6,608,532	8,093,617	14,702,149	11,495,937
Repairs and maintenance	3,230,652	-	3,230,652	1,237,654
Other expenses	-	-	-	40,993
Depreciation and amortization	13,273,524	-	13,273,524	666,360
Total Operating Expenses	<u>38,823,463</u>	<u>8,093,617</u>	<u>46,917,080</u>	<u>14,177,463</u>
Operating Income (Loss)	<u>13,825,300</u>	<u>(29,454)</u>	<u>13,795,846</u>	<u>4,340,184</u>
Nonoperating Revenues (Expenses)				
Intergovernmental	-	-	-	-
Earnings on investments	93,564	29	93,593	1,498
Gain (loss) on sale of capital assets	(76,423)	-	(76,423)	397,715
Miscellaneous revenue	15,556	1,041	16,597	-
Debt issuance costs	(1,548,514)	-	(1,548,514)	-
Interest expenses	(5,468,051)	-	(5,468,051)	-
Net Nonoperating Revenues	<u>(6,983,868)</u>	<u>1,070</u>	<u>(6,982,798)</u>	<u>399,213</u>
Income (Loss) Before Transfers and Capital Contributions	6,841,432	(28,384)	6,813,048	4,739,397
Capital contributions	1,006,508	-	1,006,508	-
Transfers in	190,970,560	-	190,970,560	-
Transfers out	(196,518,988)	-	(196,518,988)	-
Change in Net Position	<u>2,299,512</u>	<u>(28,384)</u>	<u>2,271,128</u>	<u>4,739,397</u>
Net Position, Beginning	<u>265,517,043</u>	<u>693,811</u>	<u>266,210,854</u>	<u>9,278,264</u>
Net Position, Ending	<u>\$ 267,816,555</u>	<u>\$ 665,427</u>	<u>\$ 268,481,982</u>	<u>\$ 14,017,661</u>
Reconciliation to government-wide statement of activities				
Change in Net Position of enterprise funds			\$ 2,271,128	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds			<u>1,262,559</u>	
Change in Net Position of Business-type Activities			<u>\$ 3,533,687</u>	

CITY OF PEARLAND, TEXAS
Statement of Cash Flows – Proprietary Funds
Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 55,655,901	\$ 8,143,454	\$ 63,799,355	\$ 4,616,738
Receipts from interfund charges for services	-	-	-	13,616,575
Payments to employees for salaries and benefits	(10,271,006)	-	(10,271,006)	(710,249)
Payments for interfund services used	(3,296,621)	-	(3,296,621)	-
Payments to suppliers and service providers	(6,062,521)	(8,029,498)	(14,092,019)	(12,936,621)
Net Cash Provided By Operating Activities	<u>36,025,753</u>	<u>113,956</u>	<u>36,139,709</u>	<u>4,586,443</u>
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	190,970,560	-	190,970,560	-
Transfers to other funds	(196,518,988)	-	(196,518,988)	-
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(5,548,428)</u>	<u>-</u>	<u>(5,548,428)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(61,217,748)	-	(61,217,748)	(3,152,108)
Proceeds from sale of assets	(76,423)	-	(76,423)	397,715
Proceeds from issuance of debt	87,188,114	-	87,188,114	-
Debt issuance costs	(1,548,514)	-	(1,548,514)	-
Principal paid on capital debt	(22,123,702)	-	(22,123,702)	-
Interest paid on capital debt	(5,210,178)	-	(5,210,178)	-
Net Cash Used In Capital and Related Financing Activities	<u>(2,988,451)</u>	<u>-</u>	<u>(2,988,451)</u>	<u>(2,754,393)</u>
Cash Flows from Investing Activities				
Interest on investments	93,564	29	93,593	1,498
Investment maturities	(5,164,167)	-	(5,164,167)	-
Net Cash Provided By (Used In) Investing Activities	<u>(5,070,603)</u>	<u>29</u>	<u>(5,070,574)</u>	<u>1,498</u>
Increase in Cash and Cash Equivalents	<u>22,418,271</u>	<u>113,985</u>	<u>22,532,256</u>	<u>1,833,548</u>
Cash and Cash Equivalents, Beginning of Year	<u>185,228,105</u>	<u>207,859</u>	<u>185,435,964</u>	<u>6,807,248</u>
Cash and Cash Equivalents, End of Year	<u>\$ 207,646,376</u>	<u>\$ 321,844</u>	<u>\$ 207,968,220</u>	<u>\$ 8,640,796</u>
Reconciliation to the Statement of Net Position - Proprietary Funds				
Unrestricted cash and cash equivalents	\$ 54,647,608	\$ 321,844	\$ 54,969,452	\$ 8,640,796
Restricted cash and cash equivalents	152,998,768	-	152,998,768	-
	<u>\$ 207,646,376</u>	<u>\$ 321,844</u>	<u>\$ 207,968,220</u>	<u>\$ 8,640,796</u>

CITY OF PEARLAND, TEXAS
Statement of Cash Flows – Proprietary Funds (Continued)
Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ 13,825,300	\$ (29,454)	\$ 13,795,846	\$ 4,340,184
Items not requiring cash				
Depreciation and amortization	13,273,524	-	13,273,524	666,360
Changes in				
Receivables, net	3,007,138	79,291	3,086,429	(284,334)
Prepays	-	-	-	(26,308)
Inventories	-	-	-	(35,624)
Accounts payable and accrued liabilities	5,962,664	64,119	6,026,783	(75,719)
Deposits payable	(93,261)	-	(93,261)	-
Compensated absences	59,910	-	59,910	-
Total OPEB liability	107,711	-	107,711	15,885
Net pension liability	(73,580)	-	(73,580)	(7,868)
Deferred outflows - OPEB	27,806	-	27,806	(5,734)
Deferred inflows - OPEB	24,830	-	24,830	2,666
Deferred outflows - Pension	(75,327)	-	(75,327)	(14,267)
Deferred inflows - Pension	(20,962)	-	(20,962)	11,202
Net Cash Provided By Operating Activities	\$ 36,025,753	\$ 113,956	\$ 36,139,709	\$ 4,586,443
Summary of Non-cash Transactions				
Contributed capital assets	\$ 1,006,508	\$ -	\$ 1,006,508	\$ -
Capital asset acquisitions in accounts payable	12,697,177	-	12,697,177	-

CITY OF PEARLAND, TEXAS
Statement of Fiduciary Net Position – Fiduciary Fund
Year Ended September 30, 2021

	Custodial Fund
	State Court Costs Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 165,623
Total Current Assets	<u>165,623</u>
Total Assets	<u>165,623</u>
Current Liabilities	
Due to State of Texas	165,623
Total Current Liabilities	<u>165,623</u>
Total Liabilities	<u>165,623</u>
Net Position	
Restricted	-
Total Net Position	<u>\$ -</u>

CITY OF PEARLAND, TEXAS
Statement of Changes in Fiduciary Net Position – Fiduciary Fund
Year Ended September 30, 2021

	Custodial Fund
	State Court Costs Fund
Additions	
State court costs	\$ 676,339
Total Additions	<u>676,339</u>
Deductions	
Court costs distributed to state	<u>676,339</u>
Total Deductions	<u>676,339</u>
Net increase in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>



CITY OF PEARLAND, TEXAS
Notes to Financial Statements
September 30, 2021

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) 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.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

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.

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: Each 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.

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.

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

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 statement 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. Grant revenues are recognized when reimbursable expenditures are made, all other eligibility requirements imposed by the provider have been met, and the City receives reimbursement within one year of the current fiscal period. 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.

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

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

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

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

The City'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.

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.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
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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.

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as a custodian for other governmental agencies. The City reports the following Fiduciary Fund:

The *State Court Costs Custodial Fund* is used to account for the portion of municipal court fees and fines collected by the City that are due to the State of Texas. These fees and fines are remitted quarterly to the Texas Comptroller.

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.

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.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
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Assigned – Amounts that are intended to be used for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City’s policy, amounts can be assigned by the City’s Chief Financial Officer.

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

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

General Fund Unassigned Fund Balance

The City shall maintain the General Fund unassigned fund balance equivalent to three months of recurring operating expenditures, based on current year expenditures. If the fund balance exceeds this amount, funding non-recurring expenditures in the following fiscal year may be used to draw down the balance.

Water/Sewer Unreserved Working Capital

The City shall maintain a working capital sufficient to provide for reserves for emergencies and revenue shortfalls. A cash equivalent operating reserve will be established and maintained at 25% of the current year’s budget appropriation for recurring operating expenses.

The cash equivalent operating reserve is derived by dividing the total cash equivalents balance by recurring operating expenses.

Use of Fund Balance/Working Capital

Fund balance/working capital shall only be used for emergencies, non-recurring expenditures/expenses or major capital purchases that cannot be accommodated through current year savings. Should such use reduce balances below the level established as the objective for that fund, restoration recommendations will accompany the request/decision to utilize said balances.

Debt Service Fund Total Fund Balance

The City shall maintain the debt service fund balance at 10% of annual debt service requirements OR a fund balance reserve as required by bond ordinances, whichever is greater.

Property Liability Insurance Fund Unrestricted Net Position

The Property Liability Insurance Fund accounts for uninsured and deductible claims for the City’s property and liability insurance. Claims cannot be reasonably predicted and budgeted for; therefore, the fund will maintain a balance that approximates the prior average annual expense for the last three years, excluding extra-ordinary expenses in the fund.

Employee Benefits Fund and Health Claims Fund

The Employee Benefits Fund and Health Claims Fund are funded through City and employee contributions. Estimated costs shall be determined during each budget year and the contributions adjusted accordingly. There is no minimum balance for this fund as it relates to employee benefits.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
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Water/Sewer Revenue Debt Coverage Reserves

Revenues shall be maintained at 1.15 times coverage in a fiscal year where the water/sewer fund is not issuing additional debt and 1.4 times coverage in a year where debt is anticipated to be issued.

Bond Issuance Reserves

Debt service reserves should be maintained for each bond issue as required by bond covenants.

Contingency Fund

Pursuant to the City Charter, a provision shall be made within the annual budget for a contingency fund in an amount not more than 7% 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 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.

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 Net Asset Value (NAV), 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 observable inputs other those in Level 1; Level 3 inputs are unobservable inputs. The City's local government investment pools are recorded at NAV as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants* and are exempt from reporting in the fair value hierarchy.

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.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

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 Prepays

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.

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 greater than one year. 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:

Infrastructure	10-50
Water and sewer system	30-50
Buildings and improvements	10-45
Machinery and equipment	3-15
Furniture and fixtures	3-10
Intangible Assets - Contractual 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.

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

City 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.

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources 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 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.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
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- 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) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences. 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 postemployment 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.

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 from differences between projected and actual earnings on pension plan investments. 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 from 1) differences between expected and actual experience and 2) 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.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Q. 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 amended by GASB Statement No. 71*.

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

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

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

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

T. New Accounting Standards

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

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.

GASB Statement No. 91, *Conduit Debt Obligations*. This statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.

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GASB Statement No. 92, *Omnibus 2020*. This statement will enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This statement will address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

The City has not fully determined the effects that implementation of these statements will have on the City's financial statements.

The City adopted new accounting guidance Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* and Governmental Accounting Standards Board Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32* during 2021. As a result, the State Court Costs Fund is reported as a custodial fund within the fiduciary fund financial statements.

The City adopted new accounting guidance Governmental Accounting Standards Board Statement No. 90, *Majority Equity Interests*. This statement is an amendment of GASB Statements No. 14 and No. 6, will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The City does not hold equity interest in legally separate organizations. This Statement had no impact to the City in fiscal year 2021.

GASB Statement No. 98, *The Annual Comprehensive Financial Report* establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The City modified all applicable areas of the financial statements accordingly.

Note 2 – Deposits (Cash) and Investments

Authorization for Deposits and Investments

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
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The Council has adopted a written investment policy regarding the investment of City funds as required by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the City's investment policy. The City's investment policy is more restrictive than the PFIA requires. It is the City's policy to restrict its direct investments to obligations of the U.S. government or U.S. government agencies, obligations of states, counties, and cities, fully collateralized certificates of deposit, bankers' acceptances, mutual funds, repurchase agreements and local government investment pools. The maximum maturity allowed is five years from date of purchase. The City's investment policy does not allow investments in collateralized mortgage obligations. As of September 30, 2021, the City's investment portfolio contains certificates of deposit, government investment pools, and obligations of U.S. government agencies. Each of the City's investments are in compliance with the PFIA.

In accordance with applicable statutes, the City has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the City incurs for banking services received. The City may place funds with the depository in interest and non-interest-bearing accounts. State law provides that collateral pledged as security for bank deposits must have a fair value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. City policy requires the collateralization level to be at least 102% of fair value of principal and accrued interest.

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

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.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
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The following schedule shows the City's recorded cash and cash equivalents and investments at year-end:

	<u>Total Cash and Investments</u>
Cash and cash equivalents	\$ 260,171,089
Temporary Investments	
Texas CLASS	141,872,409
TexSTAR	9,281,642
FAMC discount note	2,016,036
Certificates of deposit	<u>1,000,000</u>
	<u>\$ 414,341,176</u>

At September 30, 2021, the City's demand deposits of \$51,634,436 were covered by \$2,250,000 of federal depository insurance, and \$18,867,039 of pledged collateral held by the City's agent in the City's name. The remaining \$30,517,397 of cash deposits were uncollateralized. Additional collateral was pledged on October 1, 2021 to cover the uncollateralized balances remaining from the previous day.

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

Interest income	\$ 400,422
Net unrealized loss on temporary investments	<u>(97,398)</u>
	<u>\$ 303,024</u>

The City's investments' fair value measurements are as follows at September 30, 2021:

	<u>Fair Value Measurements Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level:				
FAMC discount note	\$ 2,016,036	\$ -	\$ 2,016,036	\$ -

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

TexSTAR was created in April 2002 pursuant to the Interlocal Cooperation Act of the State of Texas, chapter 791 of the Texas Government Code and the Public Funds Investment Act, chapter 2256 of the Texas Government Code. TexSTAR policies require that local government deposits

CITY OF PEARLAND, TEXAS
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September 30, 2021

be used to purchase investments authorized by the Texas Public Funds Investment Act. The State Comptroller of Public Accounts exercises responsibility over TexSTAR. TexSTAR is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management. J.P. Morgan Investment Management, Inc. provides investment advisory services.

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

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>Investments</u>	<u>Weighted Average Maturity (days)</u>
Temporary Investments		
Texas CLASS	\$ 141,872,409	41
TexSTAR	9,281,642	62
FAMC discount note	2,016,036	146
Certificates of deposit	1,000,000	154
	<u>\$ 154,170,087</u>	
Portfolio weighted average maturity		<u>44</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 90 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.

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% of the City's total investment portfolio will be invested in a single security type. If the City elects to participate in more than one investment pool, the total percent invested in all pools shall not exceed the maximum percent allowed.

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Notes to Financial Statements (Continued)
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As of September 30, 2021, the City’s investment portfolio consisted of investment pools representing 36%, FAMC discount note representing 1%, certificates of deposits representing 0%, and sweep accounts representing 63% of the City’s investment portfolio.

Credit Risk

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

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

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

Restricted Assets

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

Revenue bond debt service	\$ 13,087,664
Customer deposits	4,007,081
Capital improvements	<u>141,723,198</u>
Total	<u><u>\$ 158,817,943</u></u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Note 3 – Receivables

Receivables at September 30, 2021, consisted of the following:

Primary Government:

Governmental Funds:

	General Fund	Debt Service Fund	Capital Projects Fund	Pearland Economic Development Fund	Tax Increment Reinvestment Zone #2	Non-Major Governmental Funds	Total
Receivables							
Property taxes, including penalties and interest	\$ 494,045	\$ 782,560	\$ -	\$ -	\$ -	\$ -	\$ 1,276,605
Lease receivable	-	5,219,157	-	-	-	-	5,219,157
Sales and other taxes	5,945,333	-	-	2,311,963	-	383,515	8,640,811
Interest	-	-	-	15,536	-	-	15,536
Grants	-	-	12,237,032	-	-	1,048,924	13,285,956
Other	713,355	-	2,622,513	2,849,199	-	1,576,825	7,761,892
Gross receivable	7,152,733	6,001,717	14,859,545	5,176,698	-	3,009,264	36,199,957
Less allowance for uncollectibles	(13,575)	(20,204)	-	-	-	-	(33,779)
Net receivable	<u>\$ 7,139,158</u>	<u>\$ 5,981,513</u>	<u>\$ 14,859,545</u>	<u>\$ 5,176,698</u>	<u>\$ -</u>	<u>\$ 3,009,264</u>	<u>\$ 36,166,178</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:

	Unavailable	Unearned
Delinquent property taxes receivable - general fund	\$ 477,761	\$ -
Delinquent property taxes receivable - debt service fund	758,067	-
Lease revenues - principal	5,127,650	-
Street assessments	1,486,878	-
Other	2,881,600	1,622,513
Lease interest revenues	-	91,507
Grants and revenues prior to meeting all eligibility requirements	-	6,050,294
	<u>\$ 10,731,956</u>	<u>\$ 7,764,314</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Proprietary Funds:

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water and</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Activities</u>
	<u>Sewer Fund</u>	<u>Fund</u>		<u>Internal</u>
				<u>Service Fund</u>
Receivables				
Customer accounts				
Billed	\$ 2,900,170	\$ 616,462	\$ 3,516,632	\$ 292,403
Unbilled	9,669,202	666,379	10,335,581	-
Allowance for uncollectibles	(711,019)	(234,302)	(945,321)	-
	<u>\$ 11,858,353</u>	<u>\$ 1,048,539</u>	<u>\$ 12,906,892</u>	<u>\$ 292,403</u>

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

Property Taxes

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Note 4 – Capital Assets

A summary of changes in the primary government’s capital assets for the year ended September 30, 2021, follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 31,212,398	\$ 382,942	\$ -	\$ 2,934,563	\$ 34,529,903
Construction in progress	162,307,604	75,549,191	-	(57,651,002)	180,205,793
Total capital assets, not being depreciated	193,520,002	75,932,133	-	(54,716,439)	214,735,696
Capital assets, being depreciated					
Infrastructure	1,050,165,484	1,915,173	-	36,498,410	1,088,579,067
Buildings and improvements	123,307,311	567,922	(6,901,520)	16,981,218	133,954,931
Machinery and equipment	27,460,586	4,116,109	(1,562,132)	-	30,014,563
Furniture and fixtures	8,754,377	60,254	-	1,236,811	10,051,442
Total capital assets, being depreciated	1,209,687,758	6,659,458	(8,463,652)	54,716,439	1,262,600,003
Less accumulated depreciation					
Infrastructure	(466,610,214)	(34,246,179)	-	-	(500,856,393)
Buildings and improvements	(48,191,961)	(4,671,919)	2,302,642	-	(50,561,238)
Machinery and equipment	(18,299,548)	(2,569,500)	1,199,819	-	(19,669,229)
Furniture and fixtures	(6,856,897)	(719,440)	-	-	(7,576,337)
Total accumulated depreciation	(539,958,620)	(42,207,038)	3,502,461	-	(578,663,197)
Total capital assets being depreciated, net	669,729,138	(35,547,580)	(4,961,191)	54,716,439	683,936,806
Governmental activities capital assets, net	\$ 863,249,140	\$ 40,384,553	\$ (4,961,191)	\$ -	\$ 898,672,502

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Business-type activities:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 3,796,382	\$ 80,649	\$ -	\$ -	\$ 3,877,031
Construction in progress	148,245,611	61,607,434	-	(24,196,528)	185,656,517
Total capital assets, not being depreciated	152,041,993	61,688,083	-	(24,196,528)	189,533,548
Capital assets, being depreciated					
Water and sewer system	366,628,617	-	414,666	24,196,528	391,239,811
Buildings and improvements	32,042,833	-	-	-	32,042,833
Machinery and equipment	5,783,065	129,553	(421,310)	-	5,491,308
Furniture and fixtures	153,050	-	-	-	153,050
Contractual water rights	34,511,428	-	-	-	34,511,428
Total capital assets, being depreciated	439,118,993	129,553	(6,644)	24,196,528	463,438,430
Less accumulated depreciation					
Water and sewer system	(145,818,635)	(10,675,848)	964	-	(156,493,519)
Buildings and improvements	(9,210,175)	(734,928)	-	-	(9,945,103)
Machinery and equipment	(4,416,630)	(476,698)	412,300	-	(4,481,028)
Furniture and fixtures	(120,883)	(10,982)	-	-	(131,865)
Contractual water rights	(16,926,062)	(1,375,068)	-	-	(18,301,130)
Total accumulated depreciation	(176,492,385)	(13,273,524)	413,264	-	(189,352,645)
Total capital assets being depreciated, net	262,626,608	(13,143,971)	406,620	24,196,528	274,085,785
Business-type activities capital assets, net	\$ 414,668,601	\$ 48,544,112	\$ 406,620	\$ -	\$ 463,619,333

Depreciation was charged to programs as follows:

Governmental activities	
General government	\$ 3,367,635
Public safety	2,005,221
Public works	35,410,864
Community services	118,203
Parks and recreation	1,305,115
	<u>42,207,038</u>
Business-type activities	
Water and sewer	<u>13,273,524</u>
Total depreciation expense, primary government	<u>\$ 55,480,562</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

The City had active construction projects as of September 30, 2021. The projects included various improvements to streets, drainage and facilities and water and sewer improvements. At year-end, the City's contractual commitments on projects were as follows:

Project Description	Contract	Total In Progress	Remaining Commitment
Governmental activities			
Drainage Improvement	\$ 37,741,333	\$ 13,176,809	\$ 24,564,524
Building Improvements	91,790,147	49,669,498	42,120,649
Street Improvement	195,718,587	96,551,666	99,166,921
Park Improvements	43,882,256	20,807,820	23,074,436
Total governmental activities	<u>369,132,323</u>	<u>180,205,793</u>	<u>188,926,530</u>
Business-type activities			
Water and Sewer Improvements	436,310,445	185,656,517	250,653,928
Total business-type activities	<u>436,310,445</u>	<u>185,656,517</u>	<u>250,653,928</u>
Total Primary Government	<u>\$ 805,442,768</u>	<u>\$ 365,862,310</u>	<u>\$ 439,580,458</u>

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 Permanent Improvement Refunding Bonds, Series 2020 were issued in December 2020 in the amount of \$30,240,000 for the refunding of certain outstanding obligations of the City. The bonds bear interest from 3.00% to 5.00% and are due in annual installments ranging from \$45,000 to \$5,710,000 through March 1, 2036.

The Permanent Improvement Bonds, Series 2021 were issued in August 2021 in the amount of \$14,905,000 for construction and improvements to City streets, construction and improvements to City drainage system, construction and improvements to City parks, construction and improvements to City facilities, and construction of a fire training facility. The bonds bear interest from 2.00% to 5.00% and are due in annual installments ranging from \$265,000 to \$1,585,000 through March 1, 2041.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

The Certificates of Obligation, Series 2021A were issued in August 2021 in the amount of \$7,010,000 for construction and improvements to the Hillhouse Annex Phase II, certain improvements to Fire Station #4, construction and improvements to Police Training Center, acquisition and improvements to Cowarts Creek Detention Pump Generator, and construction and improvements to Clear Creek Trail. The bonds bear interest from 2.00% to 5.00% and are due in annual installments ranging from \$160,000 to \$895,000 through March 1, 2041.

The Certificates of Obligation, Series 2021B were issued in August 2021 in the amount of \$15,605,000 for improvements to Shadow Creek Library, improvements to certain road and street intersections in Shadow Creek Ranch, and improvements and extensions to certain sidewalks in Shadow Creek Ranch. The bonds bear interest of 5.00% and is due in one installment of \$15,605,000 in on March 1, 2041.

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended September 30, 2021. 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.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due in One Year
Governmental Activities					
Bonds payable					
General obligation bonds	\$ 268,680,000	\$ 42,125,000	\$ (49,965,000)	\$ 260,840,000	\$ 18,755,000
Certificates of obligation	66,405,000	22,615,000	(2,800,000)	86,220,000	2,750,000
Sales tax revenue bonds	1,500,000	-	(250,000)	1,250,000	250,000
Tax increment revenue bonds	79,945,000	-	(7,960,000)	71,985,000	7,900,000
Unamortized discount/premium	29,962,676	13,379,762	(4,632,821)	38,709,617	-
Total bonds payable	<u>446,492,676</u>	<u>78,119,762</u>	<u>(65,607,821)</u>	<u>459,004,617</u>	<u>29,655,000</u>
Other liabilities					
Obligations under capital lease	540,848	184,518	(344,150)	381,216	261,678
Compensated absences	8,611,373	11,861,857	(11,374,216)	9,099,014	2,439,550
Total governmental activities long-term liabilities	<u>\$ 455,644,897</u>	<u>\$ 90,166,137</u>	<u>\$ (77,326,187)</u>	<u>\$ 468,484,847</u>	<u>\$ 32,356,228</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)
September 30, 2021

A summary of the terms of general obligation bonds and certificates of obligation, as of September 30, 2021, follows:

	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
General Obligation Bonds				
Permanent Improvement Bonds, Series 2013	\$ 9,315,000	2038	3.00-4.625	\$ 6,870,000
Permanent Improvement & Refunding Bonds, Series 2014	40,410,000	2034	2.00-5.00	30,070,000
Permanent Improvement Refunding Bonds, Series 2015	47,165,000	2032	2.00-5.00	5,760,000
Permanent Improvement Bonds, Series 2015	8,495,000	2035	2.00-4.00	5,945,000
Permanent Improvement Refunding Bonds, Series 2015A	10,210,000	2029	2.00-3.00	36,295,000
Permanent Improvement & Refunding Bonds, Series 2016A	33,275,000	2036	2.00-5.00	28,705,000
Permanent Improvement Refunding Bonds, Series 2016B	29,840,000	2031	2.00-5.00	19,415,000
Permanent Improvement & Refunding Bonds, Series 2017	59,600,000	2037	2.00-5.00	50,155,000
Permanent Improvement Bonds, Series 2018	7,440,000	2038	2.00-5.00	6,320,000
Permanent Improvement & Refunding Bonds, Series 2019	15,755,000	2039	4.00-5.00	14,635,000
Permanent Improvement Bonds, Series 2020	15,310,000	2040	3.00-5.00	14,545,000
Permanent Improvement Refunding Bonds, Series 2020	27,220,000	2036	3.00-5.00	27,220,000
Permanent Improvement Bonds, Series 2021	14,905,000	2041	2.00-5.00	14,905,000
				<u>\$ 260,840,000</u>
Certificates Of Obligation				
Certificates of Obligation, Series 2013	\$ 2,745,000	2038	3.00-4.625	\$ 2,040,000
Certificates of Obligation, Series 2014	4,625,000	2034	2.00-4.00	3,010,000
Certificates of Obligation, Series 2015	4,860,000	2035	2.00-4.00	3,400,000
Certificates of Obligation, Series 2016	13,995,000	2036	2.00-4.00	10,495,000
Certificates of Obligation, Series 2017	6,205,000	2037	2.00-4.00	4,960,000
Certificates of Obligation, Series 2018	7,085,000	2038	2.00-5.00	6,020,000
Certificates of Obligation, Series 2019A	4,465,000	2039	3.00-4.00	4,015,000
Certificates of Obligation, Series 2019B	11,980,000	2030	5.00	11,980,000
Certificates of Obligation, Series 2020A	8,540,000	2040	3.00-5.00	8,110,000
Certificates of Obligation, Series 2020B	9,575,000	2030	5.00	9,575,000
Certificates of Obligation, Series 2021A	7,010,000	2041	2.00 - 5.00	7,010,000
Certificates of Obligation, Series 2021B	15,605,000	2041	5.00	15,605,000
				<u>\$ 86,220,000</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

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, 2021, is as follows:

	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Pearland Economic Development Corporation				
Sales Tax Revenue Refunding Bonds, Series 2016	\$ 14,640,000	2026	2.36	<u>\$ 1,250,000</u>
Development Authority of Pearland				
Tax Increment Revenue Bonds, Series 2013	\$ 9,150,000	2029	3.77	\$ 5,855,000
Tax Increment Revenue Bonds, Series 2014	8,060,000	2029	2.72	4,435,000
Tax Increment Revenue Bonds, Series 2015	66,030,000	2029	3.00	39,435,000
Tax Increment Revenue Bonds, Series 2016	12,320,000	2029	2.22	8,125,000
Tax Increment Revenue Bonds, Series 2017	8,555,000	2029	2.30	6,070,000
Tax Increment Revenue Bonds, Series 2018	5,835,000	2029	3.41	4,495,000
Tax Increment Revenue Bonds, Series 2019	4,255,000	2029	1.91	3,570,000
				<u>\$ 71,985,000</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, 2021, the City did not have any previously refunded bonds outstanding or outstanding refunding escrows.

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:

Fiscal Year	Obligations
2022	\$ 260,595
2023	<u>133,869</u>
Total	394,464
Less: Interest	<u>(13,248)</u>
Obligations under capital leases	<u>\$ 381,216</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

The annual requirements to amortize governmental activity general obligation bonds and certificates of obligation outstanding at September 30, 2021, were as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 31,212,398	\$ 382,942	\$ -	\$ 2,934,563	\$ 34,529,903
Construction in progress	162,307,604	75,549,191	-	(57,651,002)	180,205,793
Total capital assets, not being depreciated	193,520,002	75,932,133	-	(54,716,439)	214,735,696
Capital assets, being depreciated					
Infrastructure	1,050,165,484	1,915,173	-	36,498,410	1,088,579,067
Buildings and improvements	123,307,311	567,922	(6,901,520)	16,981,218	133,954,931
Machinery and equipment	27,460,586	4,116,109	(1,562,132)	-	30,014,563
Furniture and fixtures	8,754,377	60,254	-	1,236,811	10,051,442
Total capital assets, being depreciated	1,209,687,758	6,659,458	(8,463,652)	54,716,439	1,262,600,003
Less accumulated depreciation					
Infrastructure	(466,610,214)	(34,246,179)	-	-	(500,856,393)
Buildings and improvements	(48,191,961)	(4,671,919)	2,302,642	-	(50,561,238)
Machinery and equipment	(18,299,548)	(2,569,500)	1,199,819	-	(19,669,229)
Furniture and fixtures	(6,856,897)	(719,440)	-	-	(7,576,337)
Total accumulated depreciation	(539,958,620)	(42,207,038)	3,502,461	-	(578,663,197)
Total capital assets being depreciated, net	669,729,138	(35,547,580)	(4,961,191)	54,716,439	683,936,806
Governmental activities capital assets, net	\$ 863,249,140	\$ 40,384,553	\$ (4,961,191)	\$ -	\$ 898,672,502

The annual requirements to amortize blended component unit revenue bonds outstanding at September 30, 2021, were as follows:

Fiscal Year	Governmental Activities			
	Sales Tax Revenue Bonds		Tax Increment Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 250,000	\$ 29,500	\$ 8,175,000	\$ 1,963,336
2023	250,000	23,600	8,400,000	1,739,934
2024	250,000	17,700	8,625,000	1,512,321
2025	250,000	11,800	8,860,000	1,278,086
2026	250,000	5,900	9,100,000	1,037,023
2027-2031	-	-	28,825,000	1,593,151
	<u>\$ 1,250,000</u>	<u>\$ 88,500</u>	<u>\$ 71,985,000</u>	<u>\$ 9,123,851</u>

B. Business-type Activity Debt

The Water and Sewer System Revenue Bonds, Series 2021A were issued in April 2021 in the amount of \$75,000,000. The bonds bear interest from 0.60% to 2.08%, due to the Texas Water Development Board subsidy and are due in annual installments ranging from \$1,725,000 to \$2,530,000 through September 1, 2051.

The Water and Sewer System Revenue & Refunding Bonds, Series 2021B were issued in August 2021 in the amount of \$10,370,000. The bonds bear interest from 3.00% to 5.00% and are due in annual installments ranging from \$345,000 to \$670,000 through September 1, 2041. Proceeds of the bonds will be used for waterworks and sanitary sewer system improvements.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

The following is a summary of changes in the City's total business-type long-term liabilities for the year ended September 30, 2021.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due in One Year
Business-type Activities					
Bonds payable:					
Permanent Improvement Bonds	\$ 4,110,000	\$ 3,020,000	\$ (4,110,000)	\$ 3,020,000	\$ 310,000
Water and sewer revenue bonds	335,435,000	85,370,000	(19,965,000)	400,840,000	18,055,000
Unamortized discount/premium	16,167,729	2,828,114	(2,078,702)	16,917,141	-
Total bonds payable	355,712,729	91,218,114	(26,153,702)	420,777,141	18,365,000
Other liabilities:					
Compensated absences	923,978	1,310,520	(1,250,644)	983,854	298,234
Total business-type activities long-term liabilities	\$ 356,636,707	\$ 92,528,634	\$ (27,404,346)	\$ 421,760,995	\$ 18,663,234

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, 2021, is as follows:

	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Water and Wastewater Fund				
Permanent Improvement Refunding Bonds, Series 2020	\$ 3,020,000	2036	3.00-5.00	\$ 3,020,000
Water & Sewer System Revenue Bonds, Series 2014	9,210,000	2039	2.00-4.00	\$ 7,710,000
Water & Sewer System Revenue Bonds, Series 2016A	8,880,000	2036	2.00-4.00	6,655,000
Water & Sewer System Revenue Bonds, Series 2016B	11,100,000	2025	0.00-0.32	4,935,000
Water & Sewer System Revenue Bonds, Series 2016C	50,100,000	2045	0.00-1.12	40,805,000
Water & Sewer System Revenue Bonds, Series 2017A	10,225,000	2027	0.00-1.29	6,190,000
Water & Sewer System Revenue Bonds, Series 2017B	12,025,000	2047	0.00-2.10	10,665,000
Water & Sewer System Revenue & Refunding Bonds, Series 2017C	60,970,000	2037	2.00-5.00	52,790,000
Water & Sewer System Revenue Bonds, Series 2018A	8,650,000	2048	0.47-2.07	7,780,000
Water & Sewer System Revenue Bonds, Series 2018B	19,050,000	2038	2.00-5.00	16,185,000
Water & Sewer System Revenue Bonds, Series 2019A	21,000,000	2049	0.00-1.14	19,600,000
Water & Sewer System Revenue & Refunding Bonds, Series 2019B	34,590,000	2039	4.00-5.00	31,315,000
Water & Sewer System Revenue Bonds, Series 2020A	107,600,000	2050	0.00-0.63	104,010,000
Water & Sewer System Revenue Bonds, Series 2020B	7,190,000	2040	2.00-5.00	6,830,000
Water & Sewer System Revenue Bonds, Series 2021A	75,000,000	2051	0.60-2.08	75,000,000
Water & Sewer System Revenue & Refunding Bonds, Series 2021B	10,370,000	2041	3.00-5.00	10,370,000
				<u>\$ 400,840,000</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

The annual requirements to amortize Enterprise Fund revenue bonds and permanent improvement bonds outstanding at September 30, 2021, were as follows:

Fiscal Year	Business-Type Activities			
	Revenue Bonds		Permanent Improvement bonds	
	Principal	Interest	Principal	Interest
2022	\$ 18,055,000	\$ 9,743,037	\$ 310,000	\$ 143,250
2023	19,700,000	10,186,642	330,000	127,250
2024	18,895,000	9,790,156	1,135,000	90,625
2025	19,165,000	9,427,433	1,245,000	31,125
2026	19,660,000	9,025,526	-	-
2027-2031	97,505,000	37,551,860	-	-
2032-2036	77,050,000	26,776,104	-	-
2037-2041	55,935,000	20,663,786	-	-
2042-2046	44,720,000	17,526,260	-	-
2047-2050	30,155,000	14,262,669	-	-
	<u>\$ 400,840,000</u>	<u>\$ 164,953,473</u>	<u>\$ 3,020,000</u>	<u>\$ 392,250</u>

Note 6 – Interfund Transactions

A summary of interfund transfers, the purpose of which is to cover operational expenses/expenditures, for the year ended September 30, 2021, is as follows:

	Transfers in	Transfers out
General Fund	\$ 6,261,713	\$ 3,682,166
Debt Service Fund	2,530,075	-
Capital Projects Fund	3,552,158	1,718,724
Pearland Economic Development Corporation	-	181,628
Tax Increment Reinvestment Zone #2	-	20,917,299
Development Authority of Pearland	20,917,299	-
Other Governmental Funds	-	1,213,000
Water and Sewer Fund	190,970,560	196,518,988
	<u>\$ 224,231,805</u>	<u>\$ 224,231,805</u>

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:

General Fund – assigned \$215,885

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Fund Balance Deficits

The following funds reported deficit fund balances as of September 30, 2021:

Nonmajor Governmental Funds:

Grant Fund	\$4,769,066
U of H Fund	\$ 27,299

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

Note 9 – Employee Retirement System

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a partial lump-sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

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.

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

	Plan Year 2020
Employee deposit rate	7.00%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service requirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	271
Inactive employees entitled to but not yet receiving benefits	339
Active employees	<u>763</u>
Total	<u><u>1,373</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the 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 2021, the City's contribution rate was 13.14% for the months in 2020 and 13.10% for the months in 2021. The City's contributions to TMRS for the year ended September 30, 2021 were \$7,545,831 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Actuarial Assumptions

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the 4-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The postretirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the plan's actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	30.00%	5.30%
Core fixed income	10.00%	1.25%
Non-core fixed income	20.00%	4.14%
Real return	10.00%	3.85%
Real estate	10.00%	4.00%
Absolute return	10.00%	3.48%
Private equity	10.00%	7.75%
Total	<u>100.00%</u>	

Discount Rate

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

Changes in the Net Pension Liability

	TPL (a)	Plan Fiduciary Net Position (b)	NPL (a) - (b)
Balances at October 1, 2020	\$ 173,230,668	\$ 152,220,264	\$ 21,010,404
Changes for the year			
Service cost	9,324,466	-	9,324,466
Interest	11,845,518	-	11,845,518
Difference between expected and actual experience	847,255	-	847,255
Contributions – employer	-	7,258,507	(7,258,507)
Contributions – employee	-	3,866,781	(3,866,781)
Net investment income	-	11,569,310	(11,569,310)
Benefit payments, including refunds of employee contributions	(4,807,485)	(4,807,485)	-
Administrative expenses	-	(74,766)	74,766
Other changes	-	(2,917)	2,917
Net changes	<u>17,209,754</u>	<u>17,809,430</u>	<u>(599,676)</u>
Balances at September 30, 2021	<u>\$ 190,440,422</u>	<u>\$ 170,029,694</u>	<u>\$ 20,410,728</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

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

	1% Decrease (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	\$ 53,515,665	\$ 20,410,728	\$ (6,137,879)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2021, the City recognized pension expense of \$6,235,104.

At September 30, 2021, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 986,615	\$ -
Changes in actuarial assumptions	600,263	-
Difference between projected and actual pension plan investment earnings	-	4,292,889
Contributions subsequent to the measurement date	5,482,469	-
Total	<u>\$ 7,069,347</u>	<u>\$ 4,292,889</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$5,482,469 will be recognized as a reduction of the net pension liability for the measurement year ended December 31, 2021 (*i.e.* recognized in the City's financial statements at September 30, 2022). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	
2022	\$ (1,026,928)
2023	382,301
2024	(2,107,394)
2025	(9,420)
2026	55,430
Total	<u>\$ (2,706,011)</u>

Note 10 – Other Postemployment Benefits

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

	TMRS - Supplemental Death Benefits Fund	Retiree Health Care Plan	Total
Total OPEB Liability	\$ 1,963,865	\$ 6,488,348	\$ 8,452,213
Deferred outflows of resources	582,011	1,196,144	1,778,155
Deferred inflows of resources	241,653	238,616	480,269
OPEB expense	222,196	835,202	1,057,398

TMRS Supplemental Death Benefits Fund

Benefit Plan Description

The City also participates in the single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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 postemployment 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).

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Membership in the plan as of the measurement date of December 31, 2020 was as follows:

Inactive employees currently receiving benefits	204
Inactive employees entitled to but not yet receiving benefits	101
Active employees	763
	<u>1,068</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 0.11% 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 2.0% based on the 20-Year Municipal GO AA Index rate published by bondbuyer.com is used as of the measurement date of December 31, 2020.

Actuarial Assumptions

The City's total OPEB liability was measured at December 31, 2020 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Valuation Date:	December 31, 2020
Methods and Assumptions:	
Inflation:	2.50%
Salary Increases:	3.50% to 11.50%, including inflation
Discount rate:	2.00%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.
Retirees' share of benefit related costs:	\$0
Administrative expenses:	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees:	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Mortality rates – disabled retirees:

2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of October 1, 2020	<u>\$ 1,550,183</u>
Changes for the year	
Service cost	110,479
Interest on total OPEB liability	44,073
Differences between expected and actual experience	(27,031)
Change of assumptions	291,685
Benefit payments	(5,524)
Balance as of September 30, 2021	<u><u>\$ 1,963,865</u></u>

Sensitivity Analysis

The following presents the total OPEB liability of the employer, calculated using the discount rate of 3.0%, 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 (2.0%) or 1-percentage-point higher (3.0%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease in Discount Rate (1.00%)	Current Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
Total OPEB liability	\$ 2,458,228	\$ 1,963,865	\$ 1,587,807

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

For the year ended September 30, 2021, the City recognized OPEB expense of \$222,196. As of September 30, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 83,681	\$ 183,509
Changes of assumptions	496,139	58,144
Benefit payments subsequent to the measurement date	2,191	-
Total	<u>\$ 582,011</u>	<u>\$ 241,653</u>

The \$2,191 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, 2022. Amounts currently reported as deferred outflows and deferred inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year Ending September 30

2022	\$ 67,644
2023	67,644
2024	67,644
2025	55,097
2026	47,224
Thereafter	32,914
	<u>\$ 338,167</u>

Retiree Health Care Plan (RHCP)

Plan Description

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

Benefits provided

Retirees who are entitled to receive retirement benefits under the City's retirement plan may purchase continued health benefits coverage for the retiree and the retiree's dependents, but shall pay 100% 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.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Employees covered by benefit terms. At October 1, 2019, the actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>687</u>
Total	<u><u>693</u></u>

Total OPEB Liability

The City's total OPEB liability of \$6,488,348 was measured as of September 30, 2021, and was determined by an actuarial valuation as of October 1, 2019.

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, 2019
Measurement Date:	September 30, 2021
Methods and Assumptions:	
Discount Rate:	2.43% per annum, which includes inflation
Inflation:	2.25% per annum
Salary Increases:	3.00% average which includes inflation
Healthcare cost trend rates:	11.87% initial medical trend rate for retirees decreasing to an ultimate rate of 4.60% in the year 2041

Mortality rates were updated and are based upon the sex distinct PUB-210 headcount weighted mortality improvement scale MP-2019.

Discount Rate

The discount rate of 2.43% is based upon the yield of 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The other financial assumptions for long-term inflation, payroll growth, and salary scale were taken from the TMRS actuary study. The per capita claims costs and how these costs are expected to escalate in the future were set by HUB International who develops the funding rates.

Plan Assets

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balance as of October 1, 2020	<u>\$ 6,074,955</u>
Changes for the year	
Service cost	515,331
Interest on total OPEB liability	140,612
Differences between expected and actual experience	-
Change of assumptions	(203,273)
Benefit payments	(39,277)
Balance as of September 30, 2021	<u><u>\$ 6,488,348</u></u>

Assumption Changes. For the fiscal year ended September 30, 2021, the discount rate increased from 2.14% to 2.43%.

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

The following presents the plan's total OPEB liability, calculated using a discount rate of 2.43%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.43%) or 1-percentage-point higher (3.43%) than the current rate:

	1% Decrease in Discount Rate (1.43%)	Current Discount Rate (2.43%)	1% Increase in Discount Rate (3.43%)
Total OPEB liability	\$ 7,212,005	\$ 6,488,348	\$ 5,835,186

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

The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower (10.87%) or 1-percentage-point higher (12.87%) than the current rate:

	1% Decrease (10.87%)	Current Healthcare Cost Trend Rates Assumption (11.87%)	1% Increase (12.87%)
Total OPEB liability	\$ 5,478,337	\$ 6,488,348	\$ 7,580,881

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$835,202. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 155,071	\$ 57,929
Changes of assumptions	1,041,073	180,687
	<u>\$ 1,196,144</u>	<u>\$ 238,616</u>

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

Year Ending September 30

2022	\$ 179,259
2023	179,259
2024	179,260
2025	121,422
2026	106,971
Thereafter	191,357
Total	<u>\$ 957,528</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Note 11 – Fund Balance Classifications

In accordance with the guidance in GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City has classified ending fund balance based on the availability of funds for expenditure on programs and services. As of September 30, 2021, the following balances were reported in the governmental fund balances:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
Prepays	\$ 3,412	\$ -	\$ -	\$ -
General obligation bonds	-	5,887,231	-	-
Capital projects	-	63,182,404	-	-
Economic development	-	50,146,378	-	-
TIRZ development	-	7,088,268	-	-
Tourism	-	5,917,730	-	-
Court security	-	48,975	-	-
Public safety	-	171,212	-	-
Court technology	-	7,725	-	-
Parks and recreation	-	522,216	-	-
Law enforcement (seized funds)	-	363,121	-	-
Park development	-	898,932	-	-
Sidewalks	-	46,635	-	-
Regional detention	-	1,000	-	-
Traffic improvements	-	617,993	-	-
Juvenile case management	-	5,188	-	-
Public-access television broadcasting	-	849,841	-	-
Subsequent year's budget	-	-	215,885	-
Unassigned	-	-	-	27,509,049
	<u>\$ 3,412</u>	<u>\$ 135,754,849</u>	<u>\$ 215,885</u>	<u>\$ 27,509,049</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Note 12 – Commitments and Contingencies

Litigation and Other Contingencies

The City was involved in various lawsuits and arbitration proceedings at September 30, 2021. The City and its legal counsel believe that any amounts which the City might ultimately be required to pay will not exceed underlying insurance coverage.

Reimbursements due to Developers/Business Assistance

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

Current Incentives	Original Amount	Amounts Paid		Outstanding Balance
		Prior Years	Current Year	
Adient Medical	\$ 40,000	\$ 10,000	\$ -	\$ 30,000
Base Pair 2017	60,000	45,000	-	15,000
Coastal Swim	54,200	-	-	54,200
Endress+Hauser	525,000	-	301,000	224,000
Graham Ventures - Code Ninja	638,000	-	-	638,000
H-Town HealthCare	70,000	17,500	17,500	35,000
Keystone	189,000	-	-	189,000
KS Management-Grant	2,663,000	1,775,340	295,890	591,770
KS Management-Sales Tax	600,000	127,025	29,814	443,161
Lonza Phase 2	750,000	-	750,000	-
MHI	250,000	-	250,000	-
Multalloy (FloWorks Intl/Shale-Inland)	350,000	210,000	-	140,000
Ref-Chem	880,000	-	-	880,000
Tool Flo	1,152,000	748,000	-	404,000
Wilmar	116,000	-	76,000	40,000
	<u>\$ 8,337,200</u>	<u>\$ 2,932,865</u>	<u>\$ 1,720,204</u>	<u>\$ 3,684,131</u>

Lower Kirby Urban Center Master Plan

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

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, 2021 of \$3,465,780 relating to these LFA's.

	Cost		Lower Kirby Pearland Management District		Pearland Municipal Management District #1
3/10/2014					
Detention Pond	\$ 1,947,753	0.00%	\$ -	27.70%	\$ 539,528
Master Drainage Plan	\$ 127,410	0.00%	-	30.80%	39,268
Regional Drainage Plan	\$ 183,031	0.00%	-	23.90%	43,717
			Subtotal	-	622,513
8/24/2015					
South Spectrum PER	\$ 214,137	57.40%	-	40.20%	86,124
4/26/2016					
TxDOT Ditch Acquisition	\$ 400,000	73.00%	-	27.00%	128,508
2/28/2017					
South Spectrum West	\$ 5,755,789	0.00%	-	21.30%	1,228,378
5/8/2017					
West Conveyance Pond	\$ 277,000	0.00%	-	88.80%	246,044
7/10/2017					
288 Waterline & LK Park Improvements	\$ 1,189,000	100.00%	1,000,000	0.00%	-
5/8/2019					
LK Regional Detention Property Acquisition	\$ 32,097	0.00%	-	100.00%	154,214
			<u>\$ 1,000,000</u>		<u>\$ 2,465,781</u>

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

Chapter 380 Economic Development Agreements

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

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

The City of Pearland and the Pearland Economic Development Corporation (PEDC) each have a 10-year sales tax incentive agreement with Kelsey that allows Kelsey to receive an incentive of 60% of the sales tax remitted by Kelsey and its vendors. The agreements with the City and the PEDC require Kelsey to maintain a minimum of 600 jobs to be in place as an eligibility factor. To date the City and the PEDC have paid \$558,766 in sales tax incentives.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Note 13 – 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, 2021, the City believed the amounts paid on Workers’ Compensation would not change significantly from the amounts recorded.

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

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

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

	Employee Health Insurance
Liability - September 30, 2019	\$ 487,017
Claims incurred	6,883,700
Claims payments	(6,871,489)
Liability - September 30, 2020	<u>499,228</u>
Claims incurred	8,007,351
Claims payments	(7,917,966)
Liability - September 30, 2021	<u><u>\$ 588,613</u></u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2021

Note 14 – 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 the Debt Service Fund (a governmental fund), the revenue 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 61st day preceding the 20th anniversary of the commencement date.

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, 2021, the future minimum debt service lease payments to be received under the lease are as follows:

Fiscal year ending September 30,	Payment
2022	\$ 737,205
2023	716,401
2024	695,169
2025	669,142
2026	651,309
2027-2029	1,811,528
	<u>\$ 5,280,754</u>

**Required Supplementary Information
(Unaudited)**



CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances – Budget and Actual
General Fund
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	\$ 28,420,428	\$ 28,457,983	\$ 28,319,667	\$ (138,316)
Sales and use taxes	22,452,153	24,268,440	26,138,991	1,870,551
Franchise and other	6,922,658	6,709,754	6,719,483	9,729
License and permits	4,150,000	4,305,336	4,257,527	(47,809)
Fines and forfeitures	2,392,706	1,866,192	1,754,717	(111,475)
Charges for services	19,502,964	18,961,315	19,428,409	467,094
Investment earnings	456,568	48,000	22,321	(25,679)
Intergovernmental	-	-	550,140	550,140
Other	754,433	697,933	70,906	(627,027)
Total Revenues	85,051,910	85,314,953	87,262,161	1,947,208
Expenditures				
Current				
General government	11,781,597	12,926,665	13,378,761	(452,096)
Public safety	50,876,948	52,510,149	51,097,863	1,412,286
Public works	12,555,837	12,209,422	11,369,557	839,865
Community services	4,254,227	4,552,628	4,098,950	453,678
Parks and recreation	6,681,968	6,367,480	6,075,729	291,751
Debt Service				
Principal	206,760	206,760	268,266	(61,506)
Interest and other charges	6,047	6,047	6,047	-
Capital Outlay	223,590	285,001	275,566	9,435
Total Expenditures	86,586,974	89,064,152	86,570,739	2,493,413
Excess (Deficiency) of Revenues Over Expenditures	(1,535,064)	(3,749,199)	691,422	4,440,621
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	-	177,135	177,135
Transfers in	5,226,770	6,226,770	6,261,713	34,943
Transfers out	(2,887,081)	(4,763,768)	(3,682,166)	1,081,602
Total Other Financing Sources (Uses)	2,339,689	1,463,002	2,756,682	1,293,680
Net Change in Fund Balances	\$ 804,625	\$ (2,286,197)	3,448,104	\$ 5,734,301
Fund Balances, Beginning of Year			29,076,297	
Fund Balances, End of Year			\$ 32,524,401	

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances – Budget and Actual
Pearland Economic Development Corporation
For the Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Sales and use taxes	\$ 11,017,128	\$ 11,567,984	\$ 12,877,864	\$ 1,309,880	\$ 11,217,696
Charges for services	230,000	310,500	429,331	118,831	459,996
Investment earnings	200,000	81,000	35,327	(45,673)	259,866
Intergovernmental	-	-	12,000	12,000	707,623
Other	31,000	31,000	6,000	(25,000)	59,132
Total Revenues	11,478,128	11,990,484	13,360,522	1,370,038	12,704,313
Expenditures					
Current					
Economic development	22,994,094	6,811,640	3,880,652	2,930,988	3,095,628
Debt Service					
Principal	250,000	250,000	250,000	-	250,000
Interest and other charges	35,400	35,400	35,400	-	41,300
Capital Outlay	515,000	716,791	1,384,450	(667,659)	3,405,448
Total Expenditures	23,794,494	7,813,831	5,550,502	2,263,329	6,792,376
Excess (Deficiency) of Revenues Over Expenditures	(12,316,366)	4,176,653	7,810,020	3,633,367	5,911,937
Other Financing Sources (Uses)					
Proceeds from sale of assets	-	-	7,173,996	7,173,996	-
Transfers out	(181,628)	(181,628)	(181,628)	-	(172,979)
Total Other Financing Sources (Uses)	(181,628)	(181,628)	6,992,368	7,173,996	(172,979)
Net Change in Fund Balance	(12,497,994)	3,995,025	14,802,388	10,807,363	5,738,958
Fund Balance, Beginning of Year	22,474,394	22,474,394	22,474,394	-	16,735,436
Fund Balance, End of Year	\$ 9,976,400	\$ 26,469,419	\$ 37,276,782	\$ 10,807,363	\$ 22,474,394

CITY OF PEARLAND, TEXAS
Notes to Required Supplementary Budget Information
For the Year Ended September 30, 2021

Budgetary Compliance

The City has complied with all material budget requirements for the year ended September 30, 2021.

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. The City does not legally adopt an annual appropriated budget for the Development Authority of Pearland or TIRZ #2.

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

Because City Council adopts the budget at the fund level, management has the authority to transfer available funds allocated by the budget from one function/department or activity to another function or activity within the same department. In cooperation with the directors and department heads of the City, the Budget Officer, the Chief Financial Officer and the City Manager prepare an annual budget for the General Fund, Special Revenue Funds and Debt Service Fund for the ensuing fiscal year, in a form and style as deemed desirable by the City Manager. The City Manager shall submit to the Council, for its review, consideration, and revision, both a letter describing the proposed new budget, as well as a balanced budget for the forthcoming fiscal year, between 60 (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 Six Measurement Years

	Measurement Year						
	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost	\$ 5,118,873	\$ 6,035,636	\$ 6,756,543	\$ 7,548,267	\$ 7,869,363	\$ 8,361,735	\$ 9,324,466
Interest	7,010,813	7,680,048	8,166,924	9,064,733	9,914,570	10,784,493	11,845,518
Difference between expected and actual experience	241,450	846,833	1,159,738	33,887	41,404	249,817	847,255
Change of assumptions	-	(304,820)	-	-	-	952,323	-
Benefit payments, including refunds of employee contributions	(2,729,973)	(3,808,062)	(2,875,256)	(3,481,143)	(4,953,354)	(5,414,199)	(4,807,485)
Net Change in Total Pension Liability	9,641,163	10,449,635	13,207,949	13,165,744	12,871,983	14,934,169	17,209,754
Total pension liability - beginning	98,960,025	108,601,188	119,050,823	132,258,772	145,424,516	158,296,499	173,230,668
Total pension liability - ending (a)	<u>\$ 108,601,188</u>	<u>\$ 119,050,823</u>	<u>\$ 132,258,772</u>	<u>\$ 145,424,516</u>	<u>\$ 158,296,499</u>	<u>\$ 173,230,668</u>	<u>\$ 190,440,422</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 4,339,785	\$ 4,786,602	\$ 5,253,253	\$ 5,991,467	\$ 6,225,163	\$ 6,543,589	\$ 7,258,507
Contributions - employee	2,355,095	2,498,961	2,749,756	3,081,580	3,216,353	3,439,022	3,866,781
Net investment income	4,766,828	135,758	6,458,752	14,836,941	(3,818,135)	19,805,631	11,569,310
Benefit payments, including refunds of employee contributions	(2,729,973)	(3,808,062)	(2,875,256)	(3,481,143)	(4,953,354)	(5,414,199)	(4,807,485)
Administrative expense	(49,756)	(82,673)	(72,899)	(76,869)	(73,737)	(111,780)	(74,766)
Other	(4,091)	(4,083)	(3,927)	(3,896)	(3,853)	(3,359)	(2,917)
Net Change in Plan Fiduciary Net Position	8,677,888	3,526,503	11,509,679	20,348,080	592,437	24,258,904	17,809,430
Plan Fiduciary Net Position, Beginning	83,306,773	91,984,661	95,511,164	107,020,843	127,368,923	127,961,360	152,220,264
Plan Fiduciary Net Position, Ending (b)	<u>\$ 91,984,661</u>	<u>\$ 95,511,164</u>	<u>\$ 107,020,843</u>	<u>\$ 127,368,923</u>	<u>\$ 127,961,360</u>	<u>\$ 152,220,264</u>	<u>\$ 170,029,694</u>
Net Pension Liability, Ending (a) - (b)	\$ 16,616,527	\$ 23,539,659	\$ 25,237,929	\$ 18,055,593	\$ 30,335,139	\$ 21,010,403	\$ 20,410,728
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.70%	80.23%	80.92%	87.58%	80.84%	87.87%	89.28%
Covered Payroll	\$ 33,615,923	\$ 35,545,557	\$ 39,282,225	\$ 44,013,221	\$ 45,939,075	\$ 49,128,879	\$ 55,239,728
Net Pension Liability as a Percentage of Covered Payroll	49.43%	66.22%	64.25%	41.02%	66.03%	42.77%	36.95%

Notes to the Required Supplementary Information

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

CITY OF PEARLAND, TEXAS
Schedule of Contributions (Continued)
Texas Municipal Retirement System
Last Ten Fiscal Years

	Fiscal Year				
	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 5,924,405	\$ 6,072,762	\$ 6,461,150	\$ 6,818,604	\$ 7,545,831
Contributions in relation to the actuarially determined contribution	<u>5,924,405</u>	<u>6,072,762</u>	<u>6,461,150</u>	<u>6,818,604</u>	<u>7,545,831</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 43,703,166	\$ 44,772,623	\$ 48,297,918	\$ 51,414,583	\$ 57,237,508
Contributions as a percentage of covered payroll	13.56%	13.56%	13.38%	13.26%	13.18%

	Fiscal Year				
	2012	2013	2014	2015	2016
Actuarially determined contribution	\$ 3,518,289	\$ 3,780,847	\$ 4,311,811	\$ 4,600,419	\$ 5,295,359
Contributions in relation to the actuarially determined contribution	<u>3,518,289</u>	<u>3,780,847</u>	<u>4,311,811</u>	<u>4,600,419</u>	<u>5,295,359</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 27,756,555	\$ 28,876,260	\$ 30,580,987	\$ 34,650,598	\$ 39,566,838
Contributions as a percentage of covered payroll	12.68%	13.09%	14.10%	13.28%	13.38%

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

CITY OF PEARLAND, TEXAS
Schedule of Contributions (Continued)
Texas Municipal Retirement System
Last Ten Fiscal Years

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 Four Measurement Years

	Measurement Year			
	2017	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 66,020	\$ 82,690	\$ 73,693	\$ 110,479
Interest	39,025	41,463	52,362	44,073
Difference between expected and actual experience	-	143,594	(224,466)	(27,031)
Change of assumptions	111,349	(99,775)	276,531	291,685
Benefit payments, including refunds of employee contributions	(4,401)	(4,594)	(4,913)	(5,524)
Net Change in Total OPEB Liability	<u>211,993</u>	<u>163,378</u>	<u>173,207</u>	<u>413,682</u>
Total OPEB Liability - Beginning	<u>1,001,605</u>	<u>1,213,598</u>	<u>1,376,976</u>	<u>1,550,183</u>
Total OPEB Liability - Ending	<u>\$ 1,213,598</u>	<u>\$ 1,376,976</u>	<u>\$ 1,550,183</u>	<u>\$ 1,963,865</u>
Covered-Employee Payroll	\$ 44,013,221	\$ 45,939,075	\$ 49,128,879	\$ 55,239,728
Total OPEB Liability as a Percentage of Covered-Employee Payroll	2.76%	3.00%	3.16%	3.56%

Notes to the Required Supplementary Information

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

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

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

CITY OF PEARLAND, TEXAS
Schedule of Changes in the Total OPEB Liability and Related Ratios
City of Pearland Retirement Health Care Plan
Last Four Measurement Years

	Measurement Year			
	2018	2019	2020	2021
Total OPEB Liability				
Service cost	\$ 456,161	\$ 295,552	\$ 364,519	\$ 515,331
Interest	240,852	157,119	167,755	140,612
Changes of benefit terms	(2,314,150)	-	-	-
Difference between expected and actual experience	361,831	-	(74,479)	-
Change of assumptions	43,043	101,145	1,240,492	(203,273)
Benefit payments, including refunds of employee contributions	(127,339)	(66,167)	(38,350)	(39,277)
Net Change in Total OPEB Liability	(1,339,602)	487,649	1,659,937	413,393
Total OPEB Liability - Beginning	5,266,971	3,927,369	4,415,018	6,074,955
Total OPEB Liability - Ending	\$ 3,927,369	\$ 4,415,018	\$ 6,074,955	\$ 6,488,348
Covered-Employee Payroll	\$ 44,772,623	\$ 48,297,918	\$ 51,067,300	\$ 54,267,466
Total OPEB Liability as a Percentage of Covered-Employee Payroll	8.77%	9.14%	11.90%	11.96%

Notes to the Required Supplementary Information

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

Ten years of data should be presented in this schedule, but data was unavailable prior to 2018.

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-2018 to the MP-2019 table. Also, the per capita claims costs and trend were updated to reflect recent experience. For the fiscal year ended September 30, 2021, the discount rate increased from 2.14% to 2.43%, the mortality table has been updated to use the new PUB-2010 tables recently published by the Society of Actuaries, and update the per capita costs and how these costs escalate in the future using recent experience. The discount rate used under GASB 75 for unfunded plans must be based upon the yield as of the measurement date of a set of 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Other Supplementary Information



Combining and Individual Fund Statements and Schedules



CITY OF PEARLAND, TEXAS
Nonmajor Governmental Funds
September 30, 2021

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 – 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 – Nonmajor Governmental Funds
September 30, 2021

	Hotel/Motel Tax	Court Security	City-Wide Donation	Court Technology	Street Assessments	Park Donation	Police Seizure
Assets							
Cash and cash equivalents	\$ 1,447,453	\$ 49,723	\$ 171,212	\$ 9,311	\$ -	\$ 522,216	\$ 274,524
Investments	4,146,027	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles, where applicable)	383,515	-	-	-	1,486,878	-	89,947
Total Assets	\$ 5,976,995	\$ 49,723	\$ 171,212	\$ 9,311	\$ 1,486,878	\$ 522,216	\$ 364,471
Liabilities							
Accounts payable	\$ 47,711	\$ -	\$ -	\$ 1,586	\$ -	\$ -	\$ 1,350
Accrued liabilities	11,554	748	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total Liabilities	59,265	748	-	1,586	-	-	1,350
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	-	1,486,878	-	-
Total Deferred Inflows of Resources	-	-	-	-	1,486,878	-	-
Fund Balances							
Restricted for							
Capital improvements	-	-	-	-	-	-	-
Community development programs	5,917,730	48,975	-	-	-	522,216	-
Public safety	-	-	171,212	7,725	-	-	363,121
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	5,917,730	48,975	171,212	7,725	-	522,216	363,121
Total Liabilities and Fund Balances	\$ 5,976,995	\$ 49,723	\$ 171,212	\$ 9,311	\$ 1,486,878	\$ 522,216	\$ 364,471

CITY OF PEARLAND, TEXAS
Combining Balance Sheet – Nonmajor Governmental Funds (Continued)
September 30, 2021

Park and Recreation Development	Sidewalk	Grant	Traffic Impact Improvement	Juvenile Management	Regional Detention	Educational TV	U of H	Total Nonmajor Governmental Funds
\$ 1,002,212	\$ 46,635	\$ 340,259	\$ 617,993	\$ 6,593	\$ 1,000	\$ 463,424	\$ -	\$ 4,952,555
-	-	-	-	-	-	386,417	-	4,532,444
-	-	1,048,924	-	-	-	-	-	3,009,264
<u>\$ 1,002,212</u>	<u>\$ 46,635</u>	<u>\$ 1,389,183</u>	<u>\$ 617,993</u>	<u>\$ 6,593</u>	<u>\$ 1,000</u>	<u>\$ 849,841</u>	<u>\$ -</u>	<u>\$ 12,494,263</u>
\$ 103,280	\$ -	\$ 210,420	\$ -	\$ 1,405	\$ -	\$ -	\$ 27,299	\$ 393,051
-	-	3,343	-	-	-	-	-	15,645
-	-	5,944,486	-	-	-	-	-	5,944,486
<u>103,280</u>	<u>-</u>	<u>6,158,249</u>	<u>-</u>	<u>1,405</u>	<u>-</u>	<u>-</u>	<u>27,299</u>	<u>6,353,182</u>
-	-	-	-	-	-	-	-	1,486,878
-	-	-	-	-	-	-	-	1,486,878
898,932	46,635	-	617,993	-	1,000	-	-	1,564,560
-	-	-	-	-	-	849,841	-	7,338,762
-	-	-	-	5,188	-	-	-	547,246
-	-	(4,769,066)	-	-	-	-	(27,299)	(4,796,365)
<u>898,932</u>	<u>46,635</u>	<u>(4,769,066)</u>	<u>617,993</u>	<u>5,188</u>	<u>1,000</u>	<u>849,841</u>	<u>(27,299)</u>	<u>4,654,203</u>
<u>\$ 1,002,212</u>	<u>\$ 46,635</u>	<u>\$ 1,389,183</u>	<u>\$ 617,993</u>	<u>\$ 6,593</u>	<u>\$ 1,000</u>	<u>\$ 849,841</u>	<u>\$ -</u>	<u>\$ 12,494,263</u>

CITY OF PEARLAND, TEXAS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Nonmajor Governmental Funds
Year Ended September 30, 2021

	Hotel/Motel Tax	Court Security	City-Wide Donation	Court Technology	Street Assessments	Park Donation	Police Seizure
Revenues							
Sales and use taxes	\$ 1,231,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-	-	-	-
Fines and forfeitures	-	39,118	-	32,721	-	-	-
Investment earnings	3,834	3	15	-	-	53	25
Intergovernmental	-	-	-	-	-	-	-
Other	12,385	-	42,478	-	-	10,988	159,838
Total Revenues	1,247,804	39,121	42,493	32,721	-	11,041	159,863
Expenditures							
Current							
General government	899,417	-	1,500	-	-	-	-
Public safety	-	-	12,543	-	-	-	75,333
Community services	-	28,508	-	31,352	-	-	-
Parks and recreation	-	-	-	-	-	25,784	-
Debt Service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital Outlay							
-	-	-	-	-	-	-	-
Total Expenditures	899,417	28,508	14,043	31,352	-	25,784	75,333
Excess (Deficiency) of Revenues Over Expenditures	348,387	10,613	28,450	1,369	-	(14,743)	84,530
Other Financing Uses							
Transfers out	-	-	-	-	-	-	-
Total Other Financing Uses	-	-	-	-	-	-	-
Net Change in Fund Balances	348,387	10,613	28,450	1,369	-	(14,743)	84,530
Fund Balances, Beginning of Year	5,569,343	38,362	142,762	6,356	-	536,959	278,591
Fund Balances, End of Year	\$ 5,917,730	\$ 48,975	\$ 171,212	\$ 7,725	\$ -	\$ 522,216	\$ 363,121

CITY OF PEARLAND, TEXAS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Nonmajor Governmental Funds (Continued)
Year Ended September 30, 2021

Park and Recreation Development	Sidewalk	Grant	Traffic Impact Improvement	Juvenile Management	Regional Detention	Educational TV	U of H	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,231,585
-	-	-	-	-	-	220,376	-	220,376
-	-	-	-	41,484	-	-	-	113,323
224	5	-	62	1	-	638	-	4,860
-	-	2,868,262	-	-	-	-	-	2,868,262
200,992	-	68,494	-	-	1,000	-	-	496,175
<u>201,216</u>	<u>5</u>	<u>2,936,756</u>	<u>62</u>	<u>41,485</u>	<u>1,000</u>	<u>221,014</u>	<u>-</u>	<u>4,934,581</u>
-	-	5,123,100	-	-	-	-	-	6,024,017
-	-	1,005,417	-	-	-	-	-	1,093,293
-	-	-	-	61,413	-	28,486	-	149,759
-	-	-	-	-	-	-	-	25,784
68,501	-	-	-	-	-	-	-	68,501
5,253	-	-	-	-	-	-	-	5,253
255,982	-	731,179	-	-	-	234,687	-	1,221,848
<u>329,736</u>	<u>-</u>	<u>6,859,696</u>	<u>-</u>	<u>61,413</u>	<u>-</u>	<u>263,173</u>	<u>-</u>	<u>8,588,455</u>
<u>(128,520)</u>	<u>5</u>	<u>(3,922,940)</u>	<u>62</u>	<u>(19,928)</u>	<u>1,000</u>	<u>(42,159)</u>	<u>-</u>	<u>(3,653,874)</u>
<u>(117,000)</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,000)</u>	<u>-</u>	<u>(1,213,000)</u>
<u>(117,000)</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,000)</u>	<u>-</u>	<u>(1,213,000)</u>
(245,520)	5	(4,922,940)	62	(19,928)	1,000	(138,159)	-	(4,866,874)
<u>1,144,452</u>	<u>46,630</u>	<u>153,874</u>	<u>617,931</u>	<u>25,116</u>	<u>-</u>	<u>988,000</u>	<u>(27,299)</u>	<u>9,521,077</u>
<u>\$ 898,932</u>	<u>\$ 46,635</u>	<u>\$ (4,769,066)</u>	<u>\$ 617,993</u>	<u>\$ 5,188</u>	<u>\$ 1,000</u>	<u>\$ 849,841</u>	<u>\$ (27,299)</u>	<u>\$ 4,654,203</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Major Governmental Fund – Debt Service Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Property taxes	\$ 38,592,242	\$ 38,720,616	\$ 38,374,498	\$ (346,118)	\$ 37,924,975
Investment earnings	150,000	10,000	8,425	(1,575)	156,977
Other	757,155	757,155	755,469	(1,686)	770,355
Total Revenues	<u>39,499,397</u>	<u>39,487,771</u>	<u>39,138,392</u>	<u>(349,379)</u>	<u>38,852,307</u>
Expenditures					
Debt service					
Principal	21,115,000	21,030,000	21,030,000	-	19,480,000
Interest and other charges	14,069,944	14,016,199	14,685,250	(669,051)	12,934,251
Intergovernmental	7,964,741	7,116,216	7,116,216	-	7,768,815
Total Expenditures	<u>43,149,685</u>	<u>42,162,415</u>	<u>42,831,466</u>	<u>(669,051)</u>	<u>40,183,066</u>
Deficiency of Revenues Over Expenditures	(3,650,288)	(2,674,644)	(3,693,074)	(1,018,430)	(1,330,759)
Other Financing Sources (Uses)					
Proceeds from issuance of debt	-	-	27,220,000	27,220,000	-
Premium on debt issued	-	-	5,402,641	5,402,641	-
Payment to escrow agent	-	-	(31,735,000)	(31,735,000)	-
Transfers in	2,530,075	2,530,075	2,530,075	-	2,066,739
Total Other Financing Sources	<u>2,530,075</u>	<u>2,530,075</u>	<u>3,417,716</u>	<u>887,641</u>	<u>2,066,739</u>
Net Change in Fund Balance	(1,120,213)	(144,569)	(275,358)	(130,789)	735,980
Fund Balance, Beginning of Year	<u>6,162,589</u>	<u>6,162,589</u>	<u>6,162,589</u>	<u>-</u>	<u>5,426,609</u>
Fund Balance, End of Year	<u>\$ 5,042,376</u>	<u>\$ 6,018,020</u>	<u>\$ 5,887,231</u>	<u>\$ (130,789)</u>	<u>\$ 6,162,589</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – Hotel/Motel Tax Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Sales and use taxes	\$ 921,900	\$ 921,900	\$ 1,231,585	\$ 309,685	\$ 993,985
Investment earnings	10,800	6,000	3,834	(2,166)	64,954
Intergovernmental	-	-	-	-	3,325
Other	-	4,000	12,385	8,385	25,199
Total Revenues	<u>932,700</u>	<u>931,900</u>	<u>1,247,804</u>	<u>315,904</u>	<u>1,087,463</u>
Expenditures					
Current					
General government	<u>1,439,333</u>	<u>1,528,006</u>	<u>899,417</u>	<u>628,589</u>	<u>906,422</u>
Total Expenditures	<u>1,439,333</u>	<u>1,528,006</u>	<u>899,417</u>	<u>628,589</u>	<u>906,422</u>
Net Change in Fund Balance	<u>(506,633)</u>	<u>(596,106)</u>	<u>348,387</u>	<u>944,493</u>	<u>181,041</u>
Fund Balance, Beginning	<u>5,569,343</u>	<u>5,569,343</u>	<u>5,569,343</u>	<u>-</u>	<u>5,388,302</u>
Fund Balance, Ending	<u>\$ 5,062,710</u>	<u>\$ 4,973,237</u>	<u>\$ 5,917,730</u>	<u>\$ 944,493</u>	<u>\$ 5,569,343</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – Court Security Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Fines and forfeitures	\$ 48,000	\$ 39,000	\$ 39,118	\$ 118	\$ 31,919
Investment earnings	350	6	3	(3)	324
Intergovernmental	-	-	-	-	114
Total Revenues	<u>48,350</u>	<u>39,006</u>	<u>39,121</u>	<u>115</u>	<u>32,357</u>
Expenditures					
Current					
Community services	<u>38,476</u>	<u>29,455</u>	<u>28,508</u>	<u>947</u>	<u>30,302</u>
Total Expenditures	<u>38,476</u>	<u>29,455</u>	<u>28,508</u>	<u>947</u>	<u>30,302</u>
Net Change in Fund Balance	9,874	9,551	10,613	1,062	2,055
Fund Balance, Beginning	<u>38,362</u>	<u>38,362</u>	<u>38,362</u>	<u>-</u>	<u>36,307</u>
Fund Balance, Ending	<u>\$ 48,236</u>	<u>\$ 47,913</u>	<u>\$ 48,975</u>	<u>\$ 1,062</u>	<u>\$ 38,362</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – City-Wide Donation Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Investment earnings	\$ 1,000	\$ -	\$ 15	\$ 15	\$ 1,088
Other	29,967	37,100	42,478	5,378	53,016
Total Revenues	<u>30,967</u>	<u>37,100</u>	<u>42,493</u>	<u>5,393</u>	<u>54,104</u>
Expenditures					
Current					
General government	-	1,500	1,500	-	-
Public safety	64,551	54,125	12,543	41,582	23,827
Capital outlay	-	-	-	-	50,000
Total Expenditures	<u>64,551</u>	<u>55,625</u>	<u>14,043</u>	<u>41,582</u>	<u>73,827</u>
Net Change in Fund Balance	(33,584)	(18,525)	28,450	46,975	(19,723)
Fund Balance, Beginning	<u>142,762</u>	<u>142,762</u>	<u>142,762</u>	<u>-</u>	<u>162,485</u>
Fund Balance, Ending	<u>\$ 109,178</u>	<u>\$ 124,237</u>	<u>\$ 171,212</u>	<u>\$ 46,975</u>	<u>\$ 142,762</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – Court Technology Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Fines and forfeitures	\$ 45,000	\$ 34,000	\$ 32,721	\$ (1,279)	\$ 31,154
Investment earnings	100	-	-	-	114
Total Revenues	<u>45,100</u>	<u>34,000</u>	<u>32,721</u>	<u>(1,279)</u>	<u>31,268</u>
Expenditures					
Current					
Parks and Recreation	<u>38,534</u>	<u>34,314</u>	<u>31,352</u>	<u>2,962</u>	<u>51,703</u>
Total Expenditures	<u>38,534</u>	<u>34,314</u>	<u>31,352</u>	<u>2,962</u>	<u>51,703</u>
Net Change in Fund Balance	6,566	(314)	1,369	1,683	(20,435)
Fund Balance, Beginning	<u>6,356</u>	<u>6,356</u>	<u>6,356</u>	<u>-</u>	<u>26,791</u>
Fund Balance, Ending	<u>\$ 12,922</u>	<u>\$ 6,042</u>	<u>\$ 7,725</u>	<u>\$ 1,683</u>	<u>\$ 6,356</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – Street Assessments Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Parks and recreation	-	-	-	-	-
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – Park Donation Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Charges for services	\$ 2,000	\$ -	\$ -	\$ -	\$ 33,450
Investment earnings	5,050	70	53	(17)	4,326
Other	108,050	12,917	10,988	(1,929)	53,828
Total Revenues	<u>115,100</u>	<u>12,987</u>	<u>11,041</u>	<u>(1,946)</u>	<u>91,604</u>
Expenditures					
Current					
Parks and recreation	<u>151,800</u>	<u>96,122</u>	<u>25,784</u>	<u>70,338</u>	<u>84,695</u>
Total Expenditures	<u>151,800</u>	<u>96,122</u>	<u>25,784</u>	<u>70,338</u>	<u>84,695</u>
Net Change in Fund Balance	(36,700)	(83,135)	(14,743)	68,392	6,909
Fund Balance, Beginning	<u>536,959</u>	<u>536,959</u>	<u>536,959</u>	-	<u>530,050</u>
Fund Balance, Ending	<u>\$ 500,259</u>	<u>\$ 453,824</u>	<u>\$ 522,216</u>	<u>\$ 68,392</u>	<u>\$ 536,959</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – Police Seizure Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Investment earnings	\$ 5,200	\$ 20	\$ 25	\$ 5	\$ 1,631
Other	-	15,236	159,838	144,602	218,947
Total Revenues	<u>5,200</u>	<u>15,256</u>	<u>159,863</u>	<u>144,607</u>	<u>220,578</u>
Expenditures					
Current					
Public safety	75,700	92,832	75,333	17,499	31,665
Capital outlay	-	-	-	-	182,869
Total Expenditures	<u>75,700</u>	<u>92,832</u>	<u>75,333</u>	<u>17,499</u>	<u>214,534</u>
Net Change in Fund Balance	(70,500)	(77,576)	84,530	162,106	6,044
Fund Balance, Beginning	<u>278,591</u>	<u>278,591</u>	<u>278,591</u>	<u>-</u>	<u>272,547</u>
Fund Balance, Ending	<u>\$ 208,091</u>	<u>\$ 201,015</u>	<u>\$ 363,121</u>	<u>\$ 162,106</u>	<u>\$ 278,591</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – Parks and Recreation Development Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Investment earnings	\$ 18,000	\$ 3,000	\$ 224	\$ (2,776)	\$ 14,200
Other	302,154	50,000	200,992	150,992	456,169
Total Revenues	<u>320,154</u>	<u>53,000</u>	<u>201,216</u>	<u>148,216</u>	<u>470,369</u>
Expenditures					
Current					
Parks and recreation	-	-	-	-	1,095
Debt service					
Principal	-	68,501	68,501	-	-
Interest and other charges	-	5,253	5,253	-	-
Capital outlay	118,754	395,276	255,982	139,294	265,820
Total Expenditures	<u>118,754</u>	<u>469,030</u>	<u>329,736</u>	<u>139,294</u>	<u>266,915</u>
Excess (Deficiency) of Revenues Over Expenditures	201,400	(416,030)	(128,520)	287,510	203,454
Other Financing Uses					
Transfers out	-	-	(117,000)	(117,000)	-
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(117,000)</u>	<u>(117,000)</u>	<u>-</u>
Net Change in Fund Balance	201,400	(416,030)	(245,520)	170,510	203,454
Fund Balance, Beginning	<u>1,144,452</u>	<u>1,144,452</u>	<u>1,144,452</u>	<u>-</u>	<u>940,998</u>
Fund Balance, Ending	<u>\$ 1,345,852</u>	<u>\$ 728,422</u>	<u>\$ 898,932</u>	<u>\$ 170,510</u>	<u>\$ 1,144,452</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – Sidewalk Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Charges for services	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Investment earnings	200	6	5	(1)	379
Total Revenues	<u>5,200</u>	<u>6</u>	<u>5</u>	<u>(1)</u>	<u>379</u>
Net Change in Fund Balance	5,200	6	5	(1)	379
Fund Balance, Beginning	<u>46,630</u>	<u>46,630</u>	<u>46,630</u>	<u>-</u>	<u>46,251</u>
Fund Balance, Ending	<u>\$ 51,830</u>	<u>\$ 46,636</u>	<u>\$ 46,635</u>	<u>\$ (1)</u>	<u>\$ 46,630</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – Grant Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Investment earnings	\$ 75	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,936,517	23,895,320	2,868,262	(21,027,058)	825,535
Other	-	315,259	68,494	(246,765)	-
Total Revenues	<u>3,936,592</u>	<u>24,210,579</u>	<u>2,936,756</u>	<u>(21,273,823)</u>	<u>825,535</u>
Expenditures					
Current					
General government	1,039,739	7,346,083	5,123,100	2,222,983	-
Public safety	948,028	1,112,329	1,005,417	106,912	553,215
Community service	-	-	-	-	461,512
Capital outlay	2,745,237	9,641,930	731,179	8,910,751	24,112
Total Expenditures	<u>4,733,004</u>	<u>18,100,342</u>	<u>6,859,696</u>	<u>11,240,646</u>	<u>1,038,839</u>
Excess (Deficiency) of Revenues Over Expenditures	(796,412)	6,110,237	(3,922,940)	(10,033,177)	(213,304)
Other Financing Uses					
Transfers out	-	-	(1,000,000)	(1,000,000)	-
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Net Change in Fund Balance	(796,412)	6,110,237	(4,922,940)	(11,033,177)	(213,304)
Fund Balance, Beginning	<u>153,874</u>	<u>153,874</u>	<u>153,874</u>	<u>-</u>	<u>367,178</u>
Fund Balance, Ending	<u>\$ (642,538)</u>	<u>\$ 6,264,111</u>	<u>\$ (4,769,066)</u>	<u>\$ (11,033,177)</u>	<u>\$ 153,874</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – Traffic Impact Improvement Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Investment earnings	\$ 5,000	\$ 90	\$ 62	\$ (28)	\$ 5,028
Total Revenues	<u>5,000</u>	<u>90</u>	<u>62</u>	<u>(28)</u>	<u>5,028</u>
Expenditures					
Capital outlay	214,920	-	-	-	-
Total Expenditures	<u>214,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(209,920)	90	62	(28)	5,028
Fund Balance, Beginning	<u>617,931</u>	<u>617,931</u>	<u>617,931</u>	<u>-</u>	<u>612,903</u>
Fund Balance, Ending	<u>\$ 408,011</u>	<u>\$ 618,021</u>	<u>\$ 617,993</u>	<u>\$ (28)</u>	<u>\$ 617,931</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – Juvenile Management Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Fines and forfeitures	\$ 53,500	\$ 40,300	\$ 41,484	\$ 1,184	\$ 42,769
Investment earnings	225	3	1	(2)	358
Total Revenues	<u>53,725</u>	<u>40,303</u>	<u>41,485</u>	<u>1,182</u>	<u>43,127</u>
Expenditures					
Current					
Community services	<u>66,255</u>	<u>63,864</u>	<u>61,413</u>	<u>2,451</u>	<u>60,108</u>
Total Expenditures	<u>66,255</u>	<u>63,864</u>	<u>61,413</u>	<u>2,451</u>	<u>60,108</u>
Net Change in Fund Balance	(12,530)	(23,561)	(19,928)	3,633	(16,981)
Fund Balance, Beginning	<u>25,116</u>	<u>25,116</u>	<u>25,116</u>	<u>-</u>	<u>42,097</u>
Fund Balance, Ending	<u>\$ 12,586</u>	<u>\$ 1,555</u>	<u>\$ 5,188</u>	<u>\$ 3,633</u>	<u>\$ 25,116</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – Regional Detention Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ 41
Other	-	-	1,000	1,000	30,951
Total Revenues	-	-	1,000	1,000	30,992
Excess of Revenues Over Expenditures	-	-	1,000	1,000	30,992
Other Financing Uses					
Transfers out	-	-	-	-	(30,992)
Total Other Financing Uses	-	-	-	-	(30,992)
Net Change in Fund Balance	-	-	1,000	1,000	-
Fund Balance, Beginning	-	-	-	-	-
Fund Balance, Ending	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ -

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – Educational TV Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Franchise fees	\$ 235,000	\$ 235,000	\$ 220,376	\$ (14,624)	\$ 256,463
Investment earnings	(30,000)	(45,995)	638	46,633	9,939
Total Revenues	<u>205,000</u>	<u>189,005</u>	<u>221,014</u>	<u>32,009</u>	<u>266,402</u>
Expenditures					
Current					
Community services	59,100	56,670	28,486	28,184	49,656
Capital outlay	-	235,387	234,687	700	137,793
Total Expenditures	<u>59,100</u>	<u>292,057</u>	<u>263,173</u>	<u>28,884</u>	<u>187,449</u>
Excess (Deficiency) of Revenues Over Expenditures	145,900	(103,052)	(42,159)	60,893	78,953
Other Financing Uses					
Transfers out	(96,000)	(96,000)	(96,000)	-	-
Total Other Financing Uses	<u>(96,000)</u>	<u>(96,000)</u>	<u>(96,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	49,900	(199,052)	(138,159)	60,893	78,953
Fund Balance, Beginning	<u>988,000</u>	<u>988,000</u>	<u>988,000</u>	<u>-</u>	<u>909,047</u>
Fund Balance, Ending	<u>\$ 1,037,900</u>	<u>\$ 788,948</u>	<u>\$ 849,841</u>	<u>\$ 60,893</u>	<u>\$ 988,000</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund – U of H Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Other Financing Sources					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, Beginning	<u>(27,299)</u>	<u>(27,299)</u>	<u>(27,299)</u>	-	<u>(27,299)</u>
Fund Balance, Ending	<u>\$ (27,299)</u>	<u>\$ (27,299)</u>	<u>\$ (27,299)</u>	<u>\$ -</u>	<u>\$ (27,299)</u>

CITY OF PEARLAND, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Capital Projects Fund
Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Positive / (Negative)	2020
Revenues					
Investment earnings	\$ 1,135,000	\$ 158,406	\$ 116,614	\$ (41,792)	\$ 574,906
Intergovernmental	-	10,866,837	16,449,841	5,583,004	11,518,373
Other	-	2,000,000	1,878,426	(121,574)	9,370
Total Revenues	<u>1,135,000</u>	<u>13,025,243</u>	<u>18,444,881</u>	<u>5,419,638</u>	<u>12,102,649</u>
Expenditures					
Current					
Public works	20,484,493	18,556,328	1,113,038	17,443,290	190,550
Debt service					
Interest and other charges	-	-	446,467	(446,467)	409,229
Capital outlay	57,886,858	(8,751,891)	74,232,429	(82,984,320)	33,681,769
Total Expenditures	<u>78,371,351</u>	<u>9,804,437</u>	<u>75,791,934</u>	<u>(65,987,497)</u>	<u>34,281,548</u>
Excess (Deficiency) of Revenues Over Expenditures	(77,236,351)	3,220,806	(57,347,053)	(60,567,859)	(22,178,899)
Other Financing Sources (Uses)					
Proceeds from issuance of debt	57,928,412	26,566,250	37,520,000	10,953,750	33,425,000
Premium on debt issued	-	-	7,977,121	7,977,121	6,897,046
Transfers in	(328,296)	(328,296)	3,552,158	3,880,454	2,000,663
Transfers out	(696,684)	2,909,952	(1,718,724)	(4,628,676)	(1,402,310)
Total Other Financing Sources	<u>56,903,432</u>	<u>29,147,906</u>	<u>47,330,555</u>	<u>18,182,649</u>	<u>40,920,399</u>
Net Change in Fund Balance	(20,332,919)	32,368,712	(10,016,498)	(42,385,210)	18,741,500
Fund Balance, Beginning of Year	<u>73,198,902</u>	<u>73,198,902</u>	<u>73,198,902</u>	-	<u>54,457,402</u>
Fund Balance, End of Year	<u>\$ 52,865,983</u>	<u>\$ 105,567,614</u>	<u>\$ 63,182,404</u>	<u>\$ (42,385,210)</u>	<u>\$ 73,198,902</u>

CITY OF PEARLAND, TEXAS
Internal Service Funds
September 30, 2021

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

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

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

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

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

CITY OF PEARLAND, TEXAS
Combining Statement of Net Position – Internal Service Funds
September 30, 2021

	Property Liability Insurance Fund	Employee Benefits Fund	Health Claims Fund	Motor Pool Fund	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 1,161,353	\$ 196,300	\$ 3,622,598	\$ 3,660,545	\$ 8,640,796
Accounts receivable, net	11,428	523	4,452	276,000	292,403
Inventories	-	-	-	110,554	110,554
Prepays	-	-	-	19	19
Total current assets	<u>1,172,781</u>	<u>196,823</u>	<u>3,627,050</u>	<u>4,047,118</u>	<u>9,043,772</u>
Noncurrent Assets					
Capital assets					
Machinery and equipment	-	-	-	6,877,836	6,877,836
Less accumulated depreciation	-	-	-	(845,815)	(845,815)
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,032,021</u>	<u>6,032,021</u>
Total assets	<u>\$ 1,172,781</u>	<u>\$ 196,823</u>	<u>\$ 3,627,050</u>	<u>\$ 10,079,139</u>	<u>\$ 15,075,793</u>
Deferred Outflows of Resources					
OPEB	\$ 1,426	\$ -	\$ -	\$ 19,557	\$ 20,983
Pensions	5,483	-	-	53,481	58,964
Total deferred outflows of resources	<u>6,909</u>	<u>-</u>	<u>-</u>	<u>73,038</u>	<u>79,947</u>
Liabilities					
Current Liabilities					
Accounts payable	1,576	160,215	7,536	163,916	333,243
Claims payable	-	-	588,613	-	588,613
	<u>1,576</u>	<u>160,215</u>	<u>596,149</u>	<u>163,916</u>	<u>921,856</u>
Noncurrent Liabilities					
Total OPEB liability	2,528	-	-	33,438	35,966
Net pension liability	10,854	-	-	122,486	133,340
Total noncurrent liabilities	<u>13,382</u>	<u>-</u>	<u>-</u>	<u>155,924</u>	<u>169,306</u>
Total liabilities	<u>14,958</u>	<u>160,215</u>	<u>596,149</u>	<u>319,840</u>	<u>1,091,162</u>
Deferred Inflows of Resources					
OPEB	385	-	-	4,642	5,027
Pensions	9,413	-	-	32,477	41,890
Total deferred inflows of resources	<u>9,798</u>	<u>-</u>	<u>-</u>	<u>37,119</u>	<u>46,917</u>
Net Position					
Net investment in capital assets	-	-	-	6,032,021	6,032,021
Unrestricted	1,154,934	36,608	3,030,901	3,763,197	7,985,640
Total net position	<u>\$ 1,154,934</u>	<u>\$ 36,608</u>	<u>\$ 3,030,901</u>	<u>\$ 9,795,218</u>	<u>\$ 14,017,661</u>

CITY OF PEARLAND, TEXAS
Combining Statement of Revenues, Expenses and
Changes In Net Position – Internal Service Funds
Year Ended September 30, 2021

	Property Liability Insurance Fund	Employee Benefits Fund	Health Claims Fund	Motor Pool Fund	Total
Operating Revenues					
Charges for services	\$ 2,474,844	\$ -	\$ 9,280,896	\$ 6,761,907	\$ 18,517,647
Total operating revenues	<u>2,474,844</u>	<u>-</u>	<u>9,280,896</u>	<u>6,761,907</u>	<u>18,517,647</u>
Operating Expenses					
Personnel services	59,625	-	-	652,508	712,133
Supplies and materials	110	-	-	24,276	24,386
Contractual services	1,853,594	-	9,346,673	295,670	11,495,937
Repairs and maintenance	22	-	-	1,237,632	1,237,654
Other expenses	-	-	40,993	-	40,993
Depreciation and amortization	-	-	-	666,360	666,360
Total operating expenses	<u>1,913,351</u>	<u>-</u>	<u>9,387,666</u>	<u>2,876,446</u>	<u>14,177,463</u>
Operating Income	<u>561,493</u>	<u>-</u>	<u>(106,770)</u>	<u>3,885,461</u>	<u>4,340,184</u>
Nonoperating Revenues					
Investment earnings	-	3	1,103	392	1,498
Gain on disposal of property	-	-	-	397,715	397,715
Total nonoperating revenues	<u>-</u>	<u>3</u>	<u>1,103</u>	<u>398,107</u>	<u>399,213</u>
Change in Net Position	561,493	3	(105,667)	4,283,568	4,739,397
Net Position, Beginning	<u>593,441</u>	<u>36,605</u>	<u>3,136,568</u>	<u>5,511,650</u>	<u>9,278,264</u>
Net Position, Ending	<u>\$ 1,154,934</u>	<u>\$ 36,608</u>	<u>\$ 3,030,901</u>	<u>\$ 9,795,218</u>	<u>\$ 14,017,661</u>

CITY OF PEARLAND, TEXAS
Combining Statement of Cash Flows – Internal Service Funds
Year Ended September 30, 2021

	Property Liability Insurance Fund	Employee Benefits Fund	Health Claims Fund	Motor Pool Fund	Total Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 800,370	\$ -	\$ 1,948,410	\$ 1,867,958	\$ 4,616,738
Receipts from interfund charges for services	1,664,003	(154)	7,334,777	4,617,949	13,616,575
Payments to employees for salaries and benefits	(59,830)	-	-	(650,419)	(710,249)
Payments to suppliers and service providers	(1,855,750)	314,658	(9,427,473)	(1,968,056)	(12,936,621)
Net Cash Provided By (Used In) Operating Activities	<u>548,793</u>	<u>314,504</u>	<u>(144,286)</u>	<u>3,867,432</u>	<u>4,586,443</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	-	-	-	(3,152,108)	(3,152,108)
Proceeds from sale of assets	-	-	-	397,715	397,715
Net Cash Used In Capital And Related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,754,393)</u>	<u>(2,754,393)</u>
Cash Flows from Investing Activities					
Interest on investments	-	3	1,103	392	1,498
Net Cash Provided By Investing Activities	<u>-</u>	<u>3</u>	<u>1,103</u>	<u>392</u>	<u>1,498</u>
Increase (Decrease) in Cash and Cash Equivalents	548,793	314,507	(143,183)	1,113,431	1,833,548
Cash and Cash Equivalents, Beginning of Year	<u>612,560</u>	<u>(118,207)</u>	<u>3,765,781</u>	<u>2,547,114</u>	<u>6,807,248</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,161,353</u>	<u>\$ 196,300</u>	<u>\$ 3,622,598</u>	<u>\$ 3,660,545</u>	<u>\$ 8,640,796</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities					
Operating income (loss)	\$ 561,493	\$ -	\$ (106,770)	\$ 3,885,461	\$ 4,340,184
Items not requiring cash:					
Depreciation	-	-	-	666,360	666,360
Changes in					
Accounts receivable, net	(10,471)	(154)	2,291	(276,000)	(284,334)
Inventories	-	-	-	(26,308)	(26,308)
Prepays	-	4,202	(39,807)	(19)	(35,624)
Accounts payable and accrued liabilities	(2,024)	310,456	-	(384,151)	(75,719)
Total OPEB liability	669	-	-	15,216	15,885
Net pension liability	(6,687)	-	-	(1,181)	(7,868)
Deferred outflows - OPEB	23	-	-	(5,757)	(5,734)
Deferred inflows - OPEB	120	-	-	2,546	2,666
Deferred outflows - Pension	69	-	-	(14,336)	(14,267)
Deferred inflows - Pension	5,601	-	-	5,601	11,202
Net Cash Provided By (Used In) Operating Activities	<u>\$ 548,793</u>	<u>\$ 314,504</u>	<u>\$ (144,286)</u>	<u>\$ 3,867,432</u>	<u>\$ 4,586,443</u>

CITY OF PEARLAND, TEXAS
Statistical Section (Unaudited)
September 30, 2021

This part of the City of Pearland’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 City’s overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the readers understand how the City’s financial performance and well-being have changed over time.	124
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue sources, sales and property tax.	134
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	148
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	154
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the city provides and the activities it performs.	156

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's)
(Accrual Basis of Accounting)

	<u>2012</u> ¹	<u>2013</u> ^{1,2}	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities					
Net investment in capital assets	\$ 353,160	\$ 391,032	\$ 397,346	\$ 423,706	\$ 439,923
Restricted	38,933	43,413	52,209	53,883	60,640
Unrestricted	10,117	14,696	2,477	3,800	3,185
Total governmental activities net position	<u>\$ 402,210</u>	<u>\$ 449,141</u>	<u>\$ 452,032</u>	<u>\$ 481,389</u>	<u>\$ 503,748</u>
Business-type activities					
Net investment in capital assets	\$ 156,888	\$ 165,915	\$ 174,955	\$ 186,819	\$ 187,937
Restricted	9,821	9,542	14,484	13,539	15,852
Unrestricted	12,439	16,704	15,612	12,815	13,351
Total business-type activities net position	<u>\$ 179,148</u>	<u>\$ 192,161</u>	<u>\$ 205,051</u>	<u>\$ 213,173</u>	<u>\$ 217,140</u>
Primary government					
Investment in capital assets	\$ 510,048	\$ 556,947	\$ 572,301	\$ 610,525	\$ 627,860
Restricted	48,754	52,955	66,693	67,422	76,492
Unrestricted	22,556	31,400	18,089	16,615	16,536
Total primary government net position	<u>\$ 581,358</u>	<u>\$ 641,302</u>	<u>\$ 657,083</u>	<u>\$ 694,562</u>	<u>\$ 720,888</u>

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

² 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 (Continued)
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental Activities					
Net investment in capital assets	\$ 449,141	\$ 454,670	\$ 488,077	\$ 490,304	\$ 493,671
Restricted	60,310	67,263	56,491	44,928	45,162
Unrestricted	<u>(5,045)</u>	<u>(2,500)</u>	<u>(734)</u>	<u>33,179</u>	<u>52,796</u>
Total governmental activities net position	<u>\$ 504,406</u>	<u>\$ 519,433</u>	<u>\$ 543,834</u>	<u>\$ 568,411</u>	<u>\$ 591,629</u>
Business-type activities					
Net investment in capital assets	\$ 205,827	\$ 210,674	\$ 214,672	\$ 213,081	\$ 161,157
Restricted	13,972	14,525	15,270	16,776	30,064
Unrestricted	<u>6,972</u>	<u>20,663</u>	<u>29,806</u>	<u>39,015</u>	<u>81,185</u>
Total business-type activities net position	<u>\$ 226,771</u>	<u>\$ 245,862</u>	<u>\$ 259,748</u>	<u>\$ 268,872</u>	<u>\$ 272,406</u>
Primary government					
Investment in capital assets	\$ 654,968	\$ 665,344	\$ 702,749	\$ 703,386	\$ 654,828
Restricted	74,282	81,788	71,761	61,704	75,226
Unrestricted	<u>1,927</u>	<u>18,163</u>	<u>29,072</u>	<u>72,195</u>	<u>133,981</u>
Total primary government net position	<u>\$ 731,177</u>	<u>\$ 765,295</u>	<u>\$ 803,582</u>	<u>\$ 837,283</u>	<u>\$ 864,035</u>

CITY OF PEARLAND, TEXAS
Changes in Net Position
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)

	<u>2012</u> ¹	<u>2013</u> ^{1,2}	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses					
Governmental activities					
General Government	\$ 13,334	\$ 13,358	\$ 12,241	\$ 17,189	\$ 18,015
Public Safety	27,403	28,944	32,130	33,179	38,933
Public Works	28,510	31,690	38,579	45,894	46,449
Community Services	4,267	3,807	4,687	3,641	3,711
Parks and Recreation	9,264	9,524	6,896	3,731	4,820
Economic Development	26,311	17,411	26,498	26,159	31,330
Interest on long-term debt	11,572	10,534	16,225	15,569	15,946
Total governmental activities expenses	<u>120,661</u>	<u>115,268</u>	<u>137,256</u>	<u>145,362</u>	<u>159,204</u>
Business-type activities					
Water and Sewer	29,392	31,289	32,444	34,266	37,941
Solid Waste	7,528	8,324	6,664	6,417	6,833
Total business-type activities	<u>36,920</u>	<u>39,613</u>	<u>39,108</u>	<u>40,683</u>	<u>44,774</u>
Total primary government expenses	<u>\$ 157,581</u>	<u>\$ 154,881</u>	<u>\$ 176,364</u>	<u>\$ 186,045</u>	<u>\$ 203,978</u>
Program Revenue					
Governmental activities:					
Charges for services					
General Government	\$ 7,624	\$ 6,326	\$ 6,637	\$ 7,624	\$ 8,547
Public Safety	4,206	7,410	2,793	4,110	4,276
Public Works	43	3,096	322	338	320
Community Services	5,855	3,264	7,375	7,771	8,520
Parks and Recreation	2,080	2,209	2,290	2,412	2,218
Economic Development	413	414	430	1,209	13
Operating grants and contributions					
General Government	6,045	44	440	747	2,595
Public Safety	711	603	434	294	-
Public Works	53	1,388	7,612	4,589	11,123
Community Services	311	108	337	216	-
Parks and Recreation	542	182	474	1,586	-
Economic Development	-	-	-	-	-
Capital grants and contributions					
General Government	-	180	-	-	-
Public Safety	-	-	-	-	-
Public Works	18,743	52,921	29,269	36,440	24,636
Parks and Recreation	100	-	-	-	-
Total governmental activities program revenues	<u>46,726</u>	<u>78,145</u>	<u>58,413</u>	<u>67,336</u>	<u>62,248</u>
Business-type activities					
Charges for services					
Water and Sewer	27,535	29,008	28,929	30,201	43,677
Solid Waste	7,654	8,175	7,008	6,637	6,945
Operating grants and contributions					
Water and Sewer	205	-	-	2,512	30
Capital grants and contributions					
Water and Sewer	8,118	16,273	17,677	13,177	4,094
Total business-type activities program revenues	<u>43,512</u>	<u>53,456</u>	<u>53,614</u>	<u>52,527</u>	<u>54,746</u>
Total primary government program revenues	<u>\$ 90,238</u>	<u>\$ 131,601</u>	<u>\$ 112,027</u>	<u>\$ 119,863</u>	<u>\$ 116,994</u>

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

² 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 (Continued)
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Expenses					
Governmental activities					
General Government	\$ 20,121	\$ 20,360	\$ 21,249	\$ 25,504	\$ 27,596
Public Safety	44,343	43,275	47,948	51,031	53,503
Public Works	49,221	53,271	46,631	44,862	48,115
Community Services	5,107	4,509	4,616	4,383	4,465
Parks and Recreation	8,823	7,194	7,683	8,197	6,799
Economic Development	31,293	29,521	33,470	28,683	30,653
Interest on long-term debt	14,422	14,441	14,017	14,042	13,604
Total governmental activities expenses	<u>173,330</u>	<u>172,571</u>	<u>175,614</u>	<u>176,702</u>	<u>184,735</u>
Business-type activities					
Water and Sewer	41,475	41,683	39,413	45,055	44,654
Solid Waste	7,059	7,441	7,752	7,930	8,094
Total business-type activities	<u>48,534</u>	<u>49,124</u>	<u>47,165</u>	<u>52,985</u>	<u>52,748</u>
Total primary government expenses	<u>\$ 221,864</u>	<u>\$ 221,695</u>	<u>\$ 222,779</u>	<u>\$ 229,687</u>	<u>\$ 237,483</u>
Program Revenue					
Governmental activities					
Charges for services					
General Government	\$ 9,518	\$ 10,414	\$ 10,826	\$ 12,424	\$ 15,425
Public Safety	3,949	3,777	4,413	4,772	5,048
Public Works	1,395	253	1,379	113	157
Community Services	8,026	6,566	6,888	6,100	6,090
Parks and Recreation	2,001	2,766	2,328	992	1,090
Economic Development	3,886	3,503	1,951	460	445
Operating grants and contributions					
General Government	-	-	-	6,609	1,693
Public Safety	-	11	-	-	-
Public Works	12,459	5,884	8,765	14,164	17,584
Community Services	575	232	239	-	729
Parks and Recreation	-	-	-	-	-
Economic Development	-	-	-	-	-
Capital grants and contributions					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	10,107	19,241	16,678	7,148	1,876
Parks and Recreation	-	-	-	-	-
Total governmental activities program revenues	<u>51,916</u>	<u>52,647</u>	<u>53,467</u>	<u>52,782</u>	<u>50,137</u>
Business-type activities					
Charges for services					
Water and Sewer	51,544	55,593	55,696	54,710	52,649
Solid Waste	6,549	7,842	8,621	7,755	8,064
Operating grants and contributions					
Water and Sewer	-	-	1,497	225	-
Capital grants and contributions					
Water and Sewer	2,027	4,613	4,113	1,456	1,007
Total business-type activities program revenues	<u>60,120</u>	<u>68,048</u>	<u>69,927</u>	<u>64,146</u>	<u>61,720</u>
Total primary government program revenues	<u>\$ 112,036</u>	<u>\$ 120,695</u>	<u>\$ 123,394</u>	<u>\$ 116,928</u>	<u>\$ 111,857</u>

CITY OF PEARLAND, TEXAS
Changes in Net Position (Continued)
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)

	<u>2012</u> ¹	<u>2013</u> ^{1,2}	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (Expense)/Revenue					
Governmental activities	\$ (73,935)	\$ (37,123)	\$ (78,843)	\$ (78,026)	\$ (96,956)
Business-type activities	6,592	13,843	14,506	11,844	9,972
Total primary government net expense	<u>\$ (67,343)</u>	<u>\$ (23,280)</u>	<u>\$ (64,337)</u>	<u>\$ (66,182)</u>	<u>\$ (86,984)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 33,451	\$ 52,230	\$ 57,378	\$ 62,974	\$ 67,644
Sales and use taxes	13,983	22,969	27,295	29,970	31,293
Franchise taxes	5,605	5,670	6,484	6,971	7,228
Unrestricted grants and contributions					
Investment earnings	157	134	254	491	729
Miscellaneous	1,854	1,554	2,399	4,149	5,957
Special item	-	-	-	-	-
Transfers	1,475	2,269	1,607	2,828	6,464
Total governmental activities	<u>56,525</u>	<u>84,826</u>	<u>95,417</u>	<u>107,383</u>	<u>119,315</u>
Business-type activities					
Investment earnings	116	68	95	325	294
Miscellaneous	9	444	682	219	166
Transfers	(1,475)	(2,269)	(1,607)	(2,828)	(6,464)
Total business-type activities	<u>(1,350)</u>	<u>(1,757)</u>	<u>(830)</u>	<u>(2,284)</u>	<u>(6,004)</u>
Total primary government	<u>\$ 55,175</u>	<u>\$ 83,069</u>	<u>\$ 94,587</u>	<u>\$ 105,099</u>	<u>\$ 113,311</u>
Change in Net Position					
Governmental activities	\$ (17,410)	\$ 47,703	\$ 16,574	\$ 29,357	\$ 22,359
Business-type activities	5,242	12,086	13,676	9,560	3,968
Total primary government	<u>\$ (12,168)</u>	<u>\$ 59,789</u>	<u>\$ 30,250</u>	<u>\$ 38,917</u>	<u>\$ 26,327</u>

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² 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 (Continued)
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net (Expense)/Revenue					
Governmental activities	\$ (121,414)	\$ (119,924)	\$ (122,147)	\$ (123,919)	\$ (134,598)
Business-type activities	11,586	18,924	22,762	11,162	8,972
Total primary government net expense	<u>\$ (109,828)</u>	<u>\$ (101,000)</u>	<u>\$ (99,385)</u>	<u>\$ (112,757)</u>	<u>\$ (125,626)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 76,686	\$ 83,803	\$ 89,930	\$ 97,106	\$ 100,075
Sales and use taxes	31,976	35,437	34,872	34,928	40,248
Franchise taxes	7,263	7,358	7,480	7,270	6,940
Unrestricted grants and contributions					
Investment earnings	622	1,651	3,293	1,626	209
Miscellaneous	3,108	4,691	562	4,865	4,793
Special item	-	-	-	-	-
Transfers	2,417	3,103	11,364	5,460	5,548
Total governmental activities	<u>122,072</u>	<u>136,043</u>	<u>147,501</u>	<u>151,256</u>	<u>157,814</u>
Business-type activities					
Investment earnings	396	1,361	2,947	1,277	94
Miscellaneous	66	7	2,361	13	16
Transfers	<u>(2,417)</u>	<u>(3,103)</u>	<u>(11,364)</u>	<u>(5,460)</u>	<u>(5,548)</u>
Total business-type activities	<u>(1,955)</u>	<u>(1,735)</u>	<u>(6,056)</u>	<u>(4,170)</u>	<u>(5,439)</u>
Total primary government	<u>\$ 120,117</u>	<u>\$ 134,308</u>	<u>\$ 141,445</u>	<u>\$ 147,085</u>	<u>\$ 152,375</u>
Change in Net Position					
Governmental activities	\$ 658	\$ 16,117	\$ 25,354	\$ 27,336	\$ 23,216
Business-type activities	9,631	17,189	16,706	6,991	3,533
Total primary government	<u>\$ 10,289</u>	<u>\$ 33,306</u>	<u>\$ 42,060</u>	<u>\$ 34,328</u>	<u>\$ 26,749</u>

CITY OF PEARLAND, TEXAS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
Amounts in (000's)
(Modified Accrual Basis of Accounting)

	<u>2012</u>	<u>2013</u> ¹	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund					
Non-spendable	\$ 182	\$ 158	\$ 202	\$ 293	\$ 151
Restricted	-	-	-	-	-
Assigned	167	1,554	1,394	1,406	3,994
Unassigned	17,222	16,911	17,859	19,655	16,775
Total General Fund	<u>\$ 17,571</u>	<u>\$ 18,623</u>	<u>\$ 19,455</u>	<u>\$ 21,354</u>	<u>\$ 20,919</u>
All other governmental funds					
Non-spendable	\$ -	\$ 183	\$ 209	\$ 173	\$ -
Restricted					
Debt service	4,992	5,192	5,951	5,835	8,276
Capital improvements	13,776	14,536	17,519	22,484	47,361
Public safety	702	715	390	394	342
Economic Development	-	20,777	23,814	24,117	32,844
Community development programs					
Tourism	1,821	2,267	2,994	3,685	4,194
Parks and recreation	968	985	168	105	131
Capital projects - other	797	866	-	-	-
Other	215	638	918	1,149	1,264
Unassigned	-	-	-	-	-
Total other Governmental Funds	<u>\$ 23,271</u>	<u>\$ 46,159</u>	<u>\$ 51,963</u>	<u>\$ 57,940</u>	<u>\$ 94,411</u>

¹ 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 (Continued)
Last Ten Fiscal Years
Amounts in (000's)
(Modified Accrual Basis of Accounting)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General fund					
Non-spendable	\$ 101	\$ 136	\$ 15	\$ 28	\$ 3
Restricted	-	-	-	-	-
Assigned	3,000	1,538	1,521	648	216
Unassigned	11,262	12,314	15,666	28,400	32,305
Total General Fund	<u>\$ 14,363</u>	<u>\$ 13,988</u>	<u>\$ 17,202</u>	<u>\$ 29,076</u>	<u>\$ 32,524</u>
All other governmental funds					
Non-spendable	\$ 4	\$ -	\$ -	\$ -	\$ -
Restricted					
Debt service	5,912	6,797	5,427	6,163	5,887
Capital improvements	59,200	43,912	52,952	73,316	63,182
Public safety	364	506	504	453	591
Economic Development	36,795	44,634	34,659	44,068	57,235
Community development programs					
Tourism	4,604	4,661	5,388	5,569	5,918
Parks and recreation	262	517	530	537	1,421
Capital projects - other	-	-	-	-	-
Other	779	783	1,313	1,180	1,521
Unassigned	<u>(28)</u>	<u>(52)</u>	<u>(28)</u>	<u>(27)</u>	<u>(4,796)</u>
Total other Governmental Funds	<u>\$ 107,892</u>	<u>\$ 101,758</u>	<u>\$ 100,745</u>	<u>\$ 131,259</u>	<u>\$ 130,958</u>

¹ 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)

	<u>2012</u>	<u>2013¹</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues					
Property taxes	34,362	54,475	57,378	62,922	67,569
Sales and use taxes	15,632	24,942	27,295	29,970	31,293
Franchise fees	5,817	5,999	6,484	6,971	7,228
Licenses and permits	2,320	2,989	4,149	4,544	5,677
Fines and forfeitures	3,374	3,534	3,121	3,108	2,931
Charges for services	11,891	12,982	13,078	14,661	15,313
Investment earnings	92	154	254	433	728
Intergovernmental	3,089	4,595	2,541	3,197	15,959
Other	2,541	7,973	4,157	7,076	5,065
Total Revenues	<u>79,118</u>	<u>117,643</u>	<u>118,457</u>	<u>132,882</u>	<u>151,763</u>
Expenditures					
General government	7,784	7,958	8,027	10,470	11,609
Public safety	25,372	26,204	29,171	32,229	36,818
Public works	5,533	7,812	8,121	10,298	13,292
Community services	4,246	3,523	3,960	3,408	4,294
Parks and recreation	7,499	7,244	7,816	5,823	6,458
Economic development		17,414	25,248	25,625	31,051
Debt service:					
Principal	9,373	15,637	15,815	23,790	19,736
Interest and other charges	12,401	15,859	16,373	16,595	15,841
Capital outlay	9,201	22,101	15,536	24,471	31,982
Intergovernmental	3,992	4,058	4,307	4,792	4,847
Total Expenditures	<u>85,401</u>	<u>127,810</u>	<u>134,374</u>	<u>157,501</u>	<u>175,928</u>
Excess of revenues over (under) expenditures	(6,283)	(10,167)	(15,917)	(24,619)	(24,165)
Other Financing Sources (Uses)					
Transfers in	5,909	15,515	16,507	17,043	26,062
Transfers out	(5,096)	(14,583)	(16,967)	(15,233)	(20,844)
Debt issued	49,805	12,060	49,560	81,258	142,701
Payment to Escrow Agent	(54,478)	-	(33,182)	(54,303)	(89,638)
Capital leases	-	1,179	1,853	574	1,918
Other	3,809	331	4,784	3,157	-
Total Other Financing Sources (Uses)	<u>(51)</u>	<u>14,502</u>	<u>22,555</u>	<u>32,496</u>	<u>60,199</u>
Net change in fund balances	<u>\$ (6,334)</u>	<u>\$ 4,335</u>	<u>\$ 6,638</u>	<u>\$ 7,877</u>	<u>\$ 36,034</u>
Debt service as a percentage of noncapital expenditures	28.3%	29.8%	27.0%	29.9%	24.8%

¹ 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 (Continued)
Last Ten Fiscal Years
Amounts in (000's)
(Modified Accrual Basis of Accounting)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues					
Property taxes	\$ 76,562	\$ 83,484	\$ 90,252	\$ 97,106	\$ 100,528
Sales and use taxes	31,976	35,437	34,872	34,928	40,248
Franchise fees	7,263	7,358	7,480	7,270	6,940
Licenses and permits	5,435	4,146	4,198	4,424	4,258
Fines and forfeitures	2,654	2,468	2,712	1,723	1,868
Charges for services	16,015	16,769	17,726	18,714	19,858
Investment earnings	619	1,600	3,186	1,583	208
Intergovernmental	16,010	8,579	10,329	19,480	19,880
Other	5,736	7,200	3,947	2,553	3,207
Total Revenues	<u>162,270</u>	<u>167,041</u>	<u>174,702</u>	<u>187,782</u>	<u>196,995</u>
Expenditures					
General government	11,223	11,300	11,173	12,513	19,460
Public safety	40,858	41,273	42,716	47,218	52,191
Public works	17,365	16,968	12,596	11,693	12,483
Community services	4,837	4,313	4,219	4,452	4,249
Parks and recreation	6,419	5,959	6,065	5,483	6,102
Economic development	29,001	29,195	38,288	25,843	29,175
Debt service:					
Principal	24,341	23,547	38,007	27,796	29,577
Interest and other charges	15,221	15,814	15,646	15,939	17,357
Capital outlay	43,860	43,474	39,541	38,359	77,114
Intergovernmental	6,937	7,168	7,325	7,769	7,116
Total Expenditures	<u>200,062</u>	<u>199,011</u>	<u>215,576</u>	<u>197,065</u>	<u>254,824</u>
Excess of revenues over (under) expenditures	(37,792)	(31,970)	(40,874)	(9,284)	(57,829)
Other Financing Sources (Uses)					
Transfers in	28,466	24,456	34,200	31,561	33,261
Transfers out	(26,860)	(22,266)	(22,866)	(26,101)	(27,713)
Debt issued	115,718	24,223	44,292	44,798	46,562
Payment to Escrow Agent	(72,608)	-	(12,551)	-	-
Capital leases	-	-	-	-	-
Other	-	-	-	-	7,174
Total Other Financing Sources (Uses)	<u>44,716</u>	<u>26,413</u>	<u>43,075</u>	<u>50,258</u>	<u>59,284</u>
Net change in fund balances	<u>\$ 6,924</u>	<u>\$ (5,557)</u>	<u>\$ 2,201</u>	<u>\$ 40,975</u>	<u>\$ 1,455</u>
Debt service as a percentage of noncapital expenditures	25.3%	24.9%	30.3%	27.6%	26.4%

CITY OF PEARLAND, TEXAS
Spending and Growth Analysis – Governmental Funds
Last Ten Fiscal Years
Amounts in (000's)
(Modified Accrual Basis of Accounting)

Expenditures	2012	2013	2014	2015	2016	2017
General Gov't	\$ 7,797	\$ 7,958	\$ 8,027	\$ 10,470	\$ 11,609	\$ 11,223
Public Safety	25,372	26,204	29,171	32,229	36,818	40,858
Public Works	5,533	7,812	8,121	10,298	13,292	17,365
Community Services	4,246	3,523	3,960	3,408	4,294	4,837
Parks & recreation	7,499	7,244	7,816	5,823	6,458	6,419
Economic Development	20,397	17,414	25,248	25,625	31,051	29,001
Debt Service - principal	12,893	15,637	15,815	23,790	19,736	24,341
Debt service - interest	15,534	15,859	16,373	16,595	15,841	15,221
Capital outlay	9,201	22,101	15,536	24,471	31,982	43,860
Intergovernmental	4,158	4,058	4,307	4,792	4,847	6,937
Total	\$ 112,630	\$ 127,810	\$ 134,374	\$ 157,501	\$ 175,928	\$ 200,062

Distribution of Spending

General Gov't	6.9%	6.2%	6.0%	6.6%	6.6%	5.6%
Public Safety	22.5%	20.5%	21.7%	20.5%	20.9%	20.4%
Public Works	4.9%	6.1%	6.0%	6.5%	7.6%	8.7%
Community Services	3.8%	2.8%	2.9%	2.2%	2.4%	2.4%
Parks & recreation	6.7%	5.7%	5.8%	3.7%	3.7%	3.2%
Economic Development	18.1%	13.6%	18.8%	16.3%	17.6%	14.5%
Debt Service - principal	11.4%	12.2%	11.8%	15.1%	11.2%	12.2%
Debt service - interest	13.8%	12.4%	12.2%	10.5%	9.0%	7.6%
Capital outlay	8.2%	17.3%	11.6%	15.5%	18.2%	21.9%
Intergovernmental	3.7%	3.2%	3.2%	3.0%	2.8%	3.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Adjusted for CPI

POPULATION	99,800	104,100	106,900	112,300	117,100	121,500
PER CAPITA	\$ 1,129	\$ 1,228	\$ 1,257	\$ 1,403	\$ 1,502	\$ 1,647
CPI INDEX (NATIONAL)	229.59	232.96	234.75	236.70	241.40	246.37
PER CAPITA ADJ TO 2021	\$ 1,348	\$ 1,446	\$ 1,469	\$ 1,625	\$ 1,707	\$ 1,833
PER CAPITA ADJ TO 2012	\$ 1,129	\$ 1,210	\$ 1,229	\$ 1,360	\$ 1,429	\$ 1,534

CITY OF PEARLAND, TEXAS
Spending and Growth Analysis – Governmental Funds (Continued)
Last Ten Fiscal Years
Amounts in (000's)
(Modified Accrual Basis of Accounting)

Expenditures	2018	2019	2020	2021	Ten Year % CHG	Average Compounded Growth Rate
General Gov't	\$ 11,300	\$ 11,173	\$ 12,513	\$ 19,460	149.6%	10.70%
Public Safety	41,273	42,716	47,218	52,191	105.7%	8.34%
Public Works	16,968	12,596	11,693	12,483	125.6%	9.46%
Community Services	4,313	4,219	4,452	4,249	0.1%	0.01%
Parks & recreation	5,959	6,065	5,483	6,102	-18.6%	-2.26%
Economic Development	29,195	38,288	25,843	29,175	43.0%	4.06%
Debt Service - principal	23,547	38,007	27,796	29,577	129.4%	9.66%
Debt service - interest	15,814	15,646	15,939	17,357	11.7%	1.24%
Capital outlay	43,474	39,541	38,359	77,114	738.1%	26.65%
Intergovernmental	7,168	7,325	7,769	7,116	71.1%	6.15%
Total	\$ 199,011	\$ 215,576	\$ 197,065	\$ 254,824	126.2%	9.50%

Distribution of Spending

General Gov't	5.7%	5.2%	6.3%	7.6%
Public Safety	20.7%	19.8%	24.0%	20.5%
Public Works	8.5%	5.8%	5.9%	4.9%
Community Services	2.2%	2.0%	2.3%	1.7%
Parks & recreation	3.0%	2.8%	2.8%	2.4%
Economic Development	14.7%	17.8%	13.1%	11.4%
Debt Service - principal	11.8%	17.6%	14.1%	11.6%
Debt service - interest	7.9%	7.3%	8.1%	6.8%
Capital outlay	21.8%	18.3%	19.5%	30.3%
Intergovernmental	3.6%	3.4%	3.9%	2.8%
Total	100.0%	100.0%	100.0%	100.0%

Adjusted for CPI

					Average Compounded Growth Rate
POPULATION	125,198	127,500	131,448	125,828	2.61%
PER CAPITA	\$ 1,590	\$ 1,691	\$ 1,499	\$ 2,025	6.71%
CPI INDEX (NATIONAL)	252.44	256.76	260.28	274.31	2.00%
PER CAPITA ADJ TO 2020	\$ 1,727	\$ 1,691	\$ 1,499	\$ 2,025	4.62%
PER CAPITA ADJ TO 2011	\$ 1,446	\$ 1,512	\$ 1,322	\$ 1,695	4.62%

CITY OF PEARLAND, TEXAS
Assessed Value and Estimated Actual Value
of Taxable Property
Last Ten Fiscal Years

Real Property

Fiscal Year	Tax Year	Residential	Commercial	Personal Property	Less Tax Exempt Real Property
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
2020	2019	8,795,872,742	3,632,391,578	1,018,446,748	903,424,894
2021	2020	10,759,083,987	1,941,047,529	865,343,567	974,936,904

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 include the 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 (Continued)
Last Ten Fiscal Years

Fiscal Year	Tax Year	Less Other Exemptions and Abatements	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percent of Actual Taxable Value
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%
2020	2019	1,004,810,809	11,538,475,365	0.7412	11,538,475,365	100%
2021	2020	813,268,531	11,777,269,648	1.0000	11,777,269,648	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 include the 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 of assessed value)

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
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
2020	0.307	0.434	0.741	1.396	1.378	1.398	0.186	0.365	0.445
2021	0.305	0.415	0.720	1.319	1.383	1.398	0.183	0.342	0.436

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

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

CITY OF PEARLAND, TEXAS
Direct and Overlapping Property Tax Rates (Continued)
Last Ten Fiscal Years
(rate per \$100 of assessed value)

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
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
2020	0.407	0.011	0.028	0.166	0.005	0.848	0.360	0.290	0.350
2021	0.391	0.010	0.031	0.167	0.005	0.848	0.340	0.270	0.310

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

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

CITY OF PEARLAND, TEXAS
Direct and Overlapping Property Tax Rates (Continued)
Last Ten Fiscal Years
(rate per \$100 of assessed value)

<u>Overlapping Rates (a)</u>					
<u>Fiscal Year</u>	<u>MUD No. 23</u>	<u>MUD No. 26</u>	<u>MUD No. 28</u>	<u>MUD No. 34</u>	<u>MUD No. 35</u>
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
2020	0.460	0.690	0.820	0.750	1.000
2021	0.460	0.530	0.820	0.730	1.000

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

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

CITY OF PEARLAND, TEXAS
Property Tax Levies and Collections
Last Ten Fiscal Years

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
2012	43,441,562	43,110,373	99.24%	320,658	43,431,031	100.0%
2013	45,850,388	45,509,522	99.26%	302,589	45,812,111	99.9%
2014	49,096,238	48,802,720	99.40%	246,723	49,049,443	99.9%
2015	53,468,069	53,175,174	99.45%	186,651	53,361,825	99.8%
2016	58,834,077	58,545,664	99.51%	136,250	58,681,914	99.7%
2017	64,982,191	64,579,894	99.38%	220,965	64,800,859	99.7%
2018	70,630,574	70,216,601	99.41%	226,461	70,443,062	99.7%
2019	75,672,998	75,276,247	99.48%	222,017	75,498,264	99.8%
2020	83,055,340	82,617,167	99.47%	-	82,617,167	99.5%
2021	86,120,247	85,751,572	99.57%	-	85,751,572	99.6%

Source: Brazoria County Tax Office

Note: Taxes levied based on adjusted tax roll.

CITY OF PEARLAND, TEXAS
Principal Property Taxpayers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2021</u>			<u>2012</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	\$ 82,539,900	1	0.70%	\$ 66,933,820	1	1.06%
Amreit SPF Shadow Creek LP	75,249,010	2	0.64%	41,006,650	2	0.65%
HCA Healthcare Corp	72,689,590	3	0.62%	19,074,620	10	0.30%
Mar Shadow Creek LP	61,000,000	4	0.52%			
MHI Compressor Manufacturer LLC	43,941,476	5	0.37%			
DD Shadow Creek V LLC	43,741,490	6	0.37%			
Goodgarden Owner GP	41,000,000	7	0.35%			
2500 Business Center Owner LP	40,000,000	8	0.34%			
Brazoria-SCR Associates LLC	39,000,000	9	0.33%			
W-F&B 11900 Shadow Creek VIII	38,900,000	10	0.33%			
Pearland Investments Inc.				31,696,920	3	0.50%
Weatherford U.S., Inc.				31,613,080	4	0.50%
Villas Shadow Creek Ranch LP				29,000,460	5	0.46%
Centerpoint Energy Inc				26,536,120	6	0.42%
Walmart Real Estate Bus TR				23,678,280	7	0.37%
Shadow Kirby LTD Partnership				23,114,059	8	0.37%
MRP Shadow Creek LP				21,000,000	9	0.33%
Total	<u>\$ 538,061,466</u>		<u>4.57%</u>	<u>\$ 313,654,009</u>		<u>4.96%</u>

Source: Brazoria County Appraisal District
* Tax Year 2020

CITY OF PEARLAND, TEXAS
Principal Property Taxpayers (Table 8A)
2020 Total Taxes

Taxpayer		Pearland Town Center LP	Amreit SPF Shadow Creek LP	HCA Healthcare Corp
Property Use		Retail mixed use center	Retail	Health Care/Hospital
Taxable Value		\$82,539,900	\$75,249,010	\$72,689,590
Taxing Unit	Tax Rate			
Alvin ISD	1.397700	\$ 1,153,660	\$ 1,051,755	\$ 972,244
Pearland ISD	1.318500	-	-	41,260
Houston ISD	1.136700	-	-	-
City of Pearland	0.720000	594,287	541,793	523,365
Harris County	0.391160	-	-	-
Brazoria County	0.342017	282,300	257,364	248,611
Brazoria County Special Road & Bridge	0.050000	41,270	37,625	36,345
Alvin Community College	0.183443	151,414	138,039	18,021
Harris County Hospital District	0.166710	-	-	-
Brazoria Drainage District 4	0.146000	120,508	109,864	106,127
Brazoria County C&R District	0.150000	-	-	-
Houston Community College System	0.100263	-	-	-
Pearland Municipal Management District #2	0.091750	75,730	69,041	-
Harris County Flood Control District	0.031420	-	-	-
Port of Houston Authority	0.009910	-	-	-
Harris County Dept. of Education	0.004993	-	-	-
Total Tax		\$ 2,419,169	\$ 2,205,481	\$ 1,945,973
% Paid to City of Pearland		24.6%	24.6%	26.9%

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 Taxpayers (Table 8A) (Continued)
2020 Total Taxes

Taxpayer		Mar Shadow Creek LP	MHI Compressor Manufacturer LLC	DD SCR V LLC
Property Use		Multi-Family Housing	Industrial / Manufacturing	Multi-Family Housing
Taxable Value		\$61,000,000	\$43,941,476	\$43,741,490
Taxing Unit	Tax Rate			
Alvin ISD	1.397700	\$852,597.00	\$ -	\$611,375.00
Pearland ISD	1.318500	-	-	-
Houston ISD	1.136700	-	499,483	-
City of Pearland	0.720000	439,200	316,379	314,939
Harris County	0.391160	-	171,881	-
Brazoria County	0.342017	208,630	-	149,603
Brazoria County Special Road & Bridge	0.050000	30,500	-	21,871
Alvin Community College	0.183443	111,900	-	80,241
Harris County Hospital District	0.166710	-	73,255	-
Brazoria Drainage District 4	0.146000	89,060	-	63,863
Brazoria County C&R District	0.150000	-	-	-
Houston Community College System	0.100263	-	44,057	-
Pearland Municipal Management District #2	0.091750	-	-	-
Harris County Flood Control District	0.031420	-	13,806	-
Port of Houston Authority	0.009910	-	4,355	-
Harris County Dept. of Education	0.004993	-	2,194	-
Total Tax		\$ 1,731,887	\$ 1,125,410	\$ 1,241,892
% Paid to City of Pearland		25.4%	28.1%	25.4%

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 Taxpayers (Table 8A) (Continued)
2020 Total Taxes

Taxpayer		Goodgarden Owner GP	2500 Business Center Owner LP	Brazoria-SCR Associates LLC	W-F&B 11900 Shadow Creek VIII
Property Use		Multi-Family Housing	Multi-Family Housing	Multi-Family Housing	Multi-Family Housing
Taxable Value		\$41,000,000	\$ 40,000,000	\$ 39,000,000	\$38,900,000
Taxing Unit	Tax Rate				
Alvin ISD	1.397700	\$ 573,057	\$ -	\$ 545,103	\$ 543,705
Pearland ISD	1.318500	-	631,143	-	-
Houston ISD	1.136700	-	-	-	-
City of Pearland	0.720000	295,200	340,186	280,800	288,331
Harris County	0.391160	-	-	-	-
Brazoria County	0.342017	140,227	177,425	133,387	142,076
Brazoria County Special Road & Bridge	0.050000	20,500	24,289	19,500	19,450
Alvin Community College	0.183443	75,212	-	71,543	72,300
Harris County Hospital District	0.166710	-	-	-	-
Brazoria Drainage District 4	0.146000	59,860	67,008	56,940	56,794
Brazoria County C&R District	0.150000	-	-	-	-
Houston Community College System	0.100263	-	-	-	-
Pearland Municipal Management District #2	0.091750	-	-	-	-
Harris County Flood Control District	0.031420	-	-	-	-
Port of Houston Authority	0.009910	-	-	-	-
Harris County Dept. of Education	0.004993	-	-	-	-
Total Tax		\$ 1,164,056	\$ 1,240,051	\$ 1,107,273	\$ 1,122,656
% Paid to City of Pearland		25.4%	27.4%	25.4%	25.7%

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

CITY OF PEARLAND, TEXAS
Taxable Sales by Category
Last Ten Calendar Years
(in thousands of dollars)

	Calendar Year				
	2012	2013	2014	2015	2016
Retail Trade	\$ 764,460	\$ 828,225	\$ 871,813	\$ 961,565	\$ 999,033
Accommodations & Food Services	198,439	215,705	240,961	272,540	298,860
Real Estate/Rental/Leasing	61,690	55,811	61,392	48,024	32,786
Manufacturing	48,213	34,562	51,274	41,175	40,192
Wholesale Trade	33,566	34,356	42,915	41,491	48,114
Other Services (Except Public Admin)	30,669	34,119	38,539	40,373	40,181
Information	19,194	24,369	29,602	33,614	33,449
Construction	23,181	24,367	26,350	32,168	24,655
Arts, Entertainment & Recreation	12,710	13,569	14,692	15,555	16,020
Mining, Quarrying, Oil and Gas	3,726	12,865	14,520	7,285	8,141
Admin/Support/Waste Mgmt/Remediation	12,696	13,344	12,963	12,808	12,725
Professional/Scientific/Technical	9,037	11,210	10,531	11,307	12,177
Health Care/Social Assistance	351	1,065	3,205	5,007	2,307
Finance, Insurance	1,347	1,246	1,483	2,226	2,182
Agriculture, Forestry, Fishing	468	772	728	1,609	2,112
Transportation/Warehousing	425	318	406	285	372
Educational Services	429	372	350	393	406
Utilities	3	7	7	-	-
Total	\$ 1,220,604	\$ 1,306,282	\$ 1,421,731	\$ 1,527,425	\$ 1,573,712
City direct sales tax rate ^b	1.00%	1.00%	1.00%	1.00%	1.00%

Source: State Comptroller's Office.

^a 2021 taxable sales thru 1st quarter of 2021.

^b 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 (Continued)
Last Ten Calendar Years
(in thousands of dollars)

	Calendar Year				
	2017	2018	2019	2020	2021 ^a
Retail Trade	\$ 1,042,624	\$ 1,056,690	\$ 1,030,791	\$ 1,056,636	\$ 269,165
Accommodations & Food Services	316,070	341,462	375,329	343,407	97,929
Real Estate/Rental/Leasing	44,540	44,467	-	39,671	7,094
Manufacturing	39,860	39,133	32,215	20,889	4,785
Wholesale Trade	49,702	56,347	58,202	47,894	11,591
Other Services (Except Public Admin)	41,711	43,812	42,928	41,106	10,773
Information	35,824	39,187	34,340	22,832	7,155
Construction	21,363	27,310	33,948	31,595	6,825
Arts, Entertainment & Recreation	16,344	17,127	-	15,182	4,069
Mining, Quarrying, Oil and Gas	11,682	11,125	3,794	2,287	543
Admin/Support/Waste Mgmt/Remediation	14,489	16,918	-	17,681	3,991
Professional/Scientific/Technical	6,689	8,371	30,721	8,852	3,209
Health Care/Social Assistance	3,751	3,355	-	4,386	743
Finance, Insurance	2,108	1,906	43,987	1,853	430
Agriculture, Forestry, Fishing	3,471	2,496	-	2,049	776
Transportation/Warehousing	560	678	763	538	55
Educational Services	439	512	5,103	390	122
Utilities	-	-	-	5	-
Total	\$ 1,651,227	\$ 1,710,896	\$ 1,692,121	\$ 1,657,253	\$ 429,255
City direct sales tax rate ^b	1.00%	1.00%	1.00%	1.00%	1.00%

Source: State Comptroller's Office.

^a 2021 taxable sales thru 1st quarter of 2021.

^b 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)

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
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
2020	268,680	66,405	81,445	29,963	541	335,435	4,110
2021	260,840	86,220	73,235	38,710	381	400,840	3,020

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 (Continued)
Last Ten Fiscal Years
(dollars in thousands, except per capita)

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				
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	13.4%	5,490	4,811
2020	16,168	-	802,746	13.3%	6,107	5,487
2020	16,917	-	880,163	13.3%	6,107	5,487

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)

Fiscal Year	Tax Year	General Bonded Debt ^a	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Percentage of Personal Income ^b	Per Capita ^b
2012	2011	311,204	5,160	306,044	4.8%	9.5%	3,067
2013	2012	321,068	4,992	316,076	4.8%	8.9%	3,036
2014	2013	326,283	4,643	321,640	4.6%	8.4%	3,009
2015	2014	339,518	4,536	334,982	4.4%	8.2%	2,983
2016	2015	341,503	5,034	336,469	4.0%	7.3%	2,873
2017	2016	353,837	8,276	345,561	3.6%	8.0%	2,844
2018	2017	348,614	5,911	342,703	3.2%	6.7%	2,737
2019	2018	433,605	6,797	426,808	3.9%	8.0%	3,348
2020	2019	335,085	5,427	329,658	2.9%	5.5%	2,508
2021	2020	347,060	5,427	341,633	2.9%	5.7%	2,715

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

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

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

CITY OF PEARLAND, TEXAS
Direct and Overlapping Governmental Activities Debt
September 30, 2021 and 2020

Taxing Jurisdiction	Debt as of September 30, 2020	Overlapping	
		Percent	Amount
Alvin Community College District	28,625,000	27.55%	\$ 7,886,188
Alvin ISD	906,860,000	31.83%	288,653,538
Brazoria County	139,678,313	20.40%	28,494,376
Brazoria County MUD No. 6	12,620,000	0.31%	39,122
Brazoria County MUD No. 17	19,105,000	100.00%	19,105,000
Brazoria County MUD No. 18	19,515,000	100.00%	19,515,000
Brazoria County MUD No. 19	23,280,000	100.00%	23,280,000
Brazoria County MUD No. 23	12,630,000	100.00%	12,630,000
Brazoria County MUD No. 26	6,790,000	100.00%	6,790,000
Brazoria County MUD No. 28	54,290,000	100.00%	54,290,000
Brazoria County MUD No. 34	36,445,000	100.00%	36,445,000
Brazoria County MUD No. 35	8,170,000	100.00%	8,170,000
Brazoria-Fort Bend County MUD No. 1	63,680,000	100.00%	63,680,000
Fort Bend County	630,766,310	0.78%	4,919,977
Harris County (a)	1,743,427,125	0.24%	4,184,225
Harris County Dept. of Education	6,320,000	0.24%	15,168
Harris County Flood Control District	334,270,000	0.24%	802,248
Harris County Hospital District	86,050,000	0.24%	206,520
Harris-Brazoria Counties	41,975,000	100.00%	41,975,000
Lower Kirby Pearland Man	24,565,000	100.00%	24,565,000
Pasadena ISD	724,005,000	1.79%	12,959,690
Pearland ISD	433,230,000	79.21%	343,161,483
Port of Houston Authority	492,439,397	0.24%	1,181,855
Total estimated Overlapping			<u>1,002,949,390</u>
The City	\$ 335,085,000	100.00%	<u>335,085,000</u>
Total Direct and Estimated			<u><u>\$ 1,338,034,390</u></u>
Population			131,448
Per Capita Debt - Direct and Overlapping Debt			<u><u>\$ 10,179</u></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 (Continued)
September 30, 2021 and 2020

Taxing Jurisdiction	Debt as of September 30, 2021	Overlapping	
		Percent	Amount
Alvin Community College District	\$ 26,515,000	27.55%	\$ 7,304,883
Alvin ISD	879,220,000	31.83%	279,855,726
Brazoria County	56,490,000	20.40%	11,523,960
Brazoria County MUD No. 6	10,290,000	0.31%	31,899
Brazoria County MUD No. 17	17,670,000	100.00%	17,670,000
Brazoria County MUD No. 18	19,435,000	100.00%	19,435,000
Brazoria County MUD No. 19	21,215,000	100.00%	21,215,000
Brazoria County MUD No. 23	11,900,000	100.00%	11,900,000
Brazoria County MUD No. 26	4,530,000	100.00%	4,530,000
Brazoria County MUD No. 28	54,840,000	100.00%	54,840,000
Brazoria County MUD No. 34	34,665,000	100.00%	34,665,000
Brazoria County MUD No. 35	7,780,000	100.00%	7,780,000
Brazoria-Fort Bend County MUD No. 1	56,505,000	100.00%	56,505,000
Fort Bend County	547,784,567	0.78%	4,272,720
Harris County (a)	1,093,033,215	0.24%	2,623,280
Harris County Dept. of Education	6,320,000	0.24%	15,168
Harris County Flood Control District	713,005,000	0.24%	1,711,212
Harris County Hospital District	81,540,000	0.24%	195,696
Harris-Brazoria Counties MUD No. 509	41,165,000	100.00%	41,165,000
Lower Kirby Pearland Management	28,510,000	100.00%	28,510,000
Pasadena ISD	714,955,000	1.79%	12,797,695
Pearland ISD	401,235,000	79.21%	317,818,244
Port of Houston Authority	469,434,000	0.24%	1,126,642
Total estimated Overlapping			<u>937,492,125</u>
The City	\$ 347,060,000	100.00%	<u>347,060,000</u>
Total Direct and Estimated			<u>\$ 1,284,552,125</u>
Population			125,828
Per Capita Debt - Direct and Overlapping Debt			<u>\$ 10,209</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
Pledged Revenue Coverage
Last Ten Fiscal Years
Amounts in (000's)

Water & Sewer Revenue Bonds

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
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	11,634	3,765	4,584	8,349	1.39
2015	30,744	18,767	11,977	3,920	4,622	8,542	1.40
2016	44,163	21,167	22,995	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
2020	56,221	26,128	30,093	15,935	6,867	22,802	1.32
2021	52,681	25,550	30,093	18,055	9,743	22,802	1.32

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

CITY OF PEARLAND, TEXAS
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (A)	Personal Income (in \$000's)	Per Capita Personal Income (B)	Median Age (B)	Education Level in Years of Schooling	School Enrollment (C)	Unemployment Rate (D)
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%
2020	131,448	6,015,060	45,760	36.1	14.2	28,568	6.7%
2021	125,828	6,015,060	45,760	36.1	14.2	28,568	4.1%*

(A) Pearland Economic Development Corporation, 2019 American Community Survey 1-year estimates (November 2020). Note: the 2020 ACS estimates were delayed due to COVID, therefore the 2019 data (same as the previous year) is the most current data available).

(B) Texas Education Agency - Beginning in FY 2018, school enrollment was obtained by surveying each school located in the City limits and ETJ. Data unavailable for FY 2021, therefore FY 2020 is the most current data available.

(C) Local Area Unemployment Statistics (LAUS) Report, *Data as of September 2021

CITY OF PEARLAND, TEXAS
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2021</u>			<u>2012</u>		
	<u>Employees *</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Pearland ISD	2,684	1	4.13%	2,268	1	4.97%
Kelsey Seybold	913	2	1.40%			
Alvin ISD	753	3	1.16%			
City of Pearland	750	4	1.15%	633	3	1.39%
Memorial Hermann	635	5	0.98%			
Lonza	600	6	0.92%			
Merit Medical	720	7	1.11%			
HCA (Pearland Medical Center)	300	8	0.46%			
Third Coast	230	9	0.35%			
Kemlon	228	10	0.35%	390	4	0.86%
Dover Energy	204	11	0.31%			
Mitsubishi Heavy Industries Compressor C	170	12	0.26%			
Tool-Flo	162	13	0.25%			
Endress+Hauser	150	14	0.23%			
Buc-ee's	140	15	0.22%			
Wal-Mart				1,150	2	2.52%
HEB				350	5	0.77%
Davis-Lynch				300	6	0.66%
Sam's Club				230	7	0.50%
Bass Pro Shop				225	8	0.49%
Home Depot				223	9	0.49%
Packaging Service Co Inc				205	10	0.45%
Total	<u>8,639</u>		<u>13.28%</u>	<u>5,974</u>		<u>13.10%</u>

Sources:

Pearland Economic Development Corp.

Retail establishments data not available in 2021.

Labor force participation in 2021 is 65,031 and in 2012 is 53,136.

CITY OF PEARLAND, TEXAS
Full-time Equivalent City Government
Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016
Governmental Activities					
General Government	56	44	45	52	62
Public Safety	286	295	313	339	370
Public Works	31	57	60	67	54
Community Services	56	51	53	40	42
Parks and Recreation	109	101	99	88	89
Business-type Activities					
Water & Sewer	90	99	101	105	106
Component Unit					
Economic Development	5	5	9	5	5
Total	<u>633</u>	<u>652</u>	<u>680</u>	<u>696</u>	<u>728</u>

Source: City Budget

CITY OF PEARLAND, TEXAS
Full-time Equivalent City Government
Employees by Function/Program (Continued)
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental Activities					
General Government	52	54	55	66	64
Public Safety	370	379	390	408	424
Public Works	65	73	85	80	76
Community Services	50	46	46	48	47
Parks and Recreation	84	89	90	94	97
Business-type Activities					
Water & Sewer	109	114	108	117	134
Component Unit					
Economic Development	5	6	6	6	6
Total	<u>735</u>	<u>761</u>	<u>780</u>	<u>819</u>	<u>848</u>

Source: City Budget

CITY OF PEARLAND, TEXAS
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016
GENERAL GOVERNMENT					
Finance					
Number of purchase orders	2,415	2,671	2,640	2,377	2,159
Number of budget transfers	429	465	548	489	362
Number of invoices paid	20,768	23,512	21,486	22,212	26,675
Average number of employees paid per month	1,481	1,527	1,548	1,523	1,536
Human Resources					
Number of hires	112	94	98	131	194
Number of applications received	4,936	7,642	8,507	9,132	10,420
Legal					
Number of resolutions and ordinances prepared	220	254	243	271	279
Information Technology					
Average monthly service requests	832	843	838	854	871
Number of PC's supported	448	454	575	649	680
PUBLIC SAFETY					
Police					
Part 1 Crimes	1,819	2,115	2,098	2,411	2,202
Traffic Crashes	1,465	1,529	1,590	1,761	1,728
Arrests	5,685	6,946	6,705	5,781	5,044
Citizen Calls for Service	27,379	29,242	29,744	31,474	31,744
Traffic Stops	49,531	52,945	43,783	33,472	35,764
Priority 1 Average Response Time	3:50	4:15	3:50	4:16	4:11
Fire					
Total number of arson incidents	2	6	7	1	7
Fires investigated	18	16	25	20	27
Total annual inspections	1,537	1,958	1,644	1,640	1,244
Total code violation cases	1,952	2,244	2,140	4,596	2,560
Total calls for service	10,494	10,789	15,048	17,407	9,904
Patients treated	6,537	6,537	6,936	7,180	6,117

Sources: Various city departments.

CITY OF PEARLAND, TEXAS
Operating Indicators by Function/Program (Continued)
Last Ten Fiscal Years

Function/Program (continued)	2017	2018	2019	2020	2021
GENERAL GOVERNMENT					
Finance					
Number of purchase orders	589	1,811	1,673	1,724	2,090
Number of budget transfers	750	552	509	472	475
Number of invoices paid	24,548	21,547	17,641	16,482	17,387
Average number of employees paid per month	1,704	1,641	1,665	1,713	1,800
Human Resources					
Number of hires	170	163	183	161	212
Number of applications received	13,010	15,452	17,382	16,610	12,226
Legal					
Number of resolutions and ordinances prepared	276	290	340	307	310
Information Technology					
Average monthly service requests	894	325	400	347	380
Number of PC's supported	706	715	732	782	810
PUBLIC SAFETY					
Police					
Part 1 Crimes	2,193	1,962	2,175	1,934	1,876
Traffic Crashes	1,813	2,150	2,150	1,719	1,857
Arrests	4,865	4,844	4,604	2,613	3,018
Citizen Calls for Service	31,945	31,579	32,548	30,341	31,092
Traffic Stops	37,025	33,101	33,559	21,764	26,806
Priority 1 Average Response Time	3:40	4:03	3:53	3:59	4:00
Fire					
Total number of arson incidents	4	2	2	4	9
Fires investigated	19	15	23	60	47
Total annual inspections	2,607	3,123	1,263	1,155	569
Total code violation cases	2,302	2,034	2,387	1,577	1,866
Total calls for service	9,965	10,666	10,720	10,587	12,677
Patients treated	4,610	6,273	7,181	7,618	8,891

Sources: Various city departments.

CITY OF PEARLAND, TEXAS
Operating Indicators by Function/Program (Continued)
Last Ten Fiscal Years

Function/Program (continued)	2012	2013	2014	2015	2016
PUBLIC WORKS					
Fleet Maintenance					
Fleet maintenance jobs completed	3,581	3,817	3,860	3,887	1,452
Preventative maintenance performed	682	611	610	437	750
Other Public Works					
Fuel issued (gallons)	377,754	350,186	353,890	332,745	265,669
Street sweeping (miles)	1,079	1,155	871	648	1,160
Street signs maintained/replaced	1,090	884	993	1,477	1,370
Total work orders completed	17,803	18,346	21,212	25,873	31,163
PARKS AND RECREATION					
All Parks and recreation					
ROW maintained - acres	251	251	251	550	459
Trees maintained	6,157	6,312	6,313	6,430	7,922
Acres of city property mowed	1,380	1,035	1,035	1,116	632
Total number of park work orders received	230	140	180	147	190
Parkland - acres	138	138	138	138	337
Total number of special events held	22	22	20	19	16
Total number of tournaments held	2	1	3	-	26
Number of recreation classes offered ⁽¹⁾	486	281	272	306	384
Average monthly attendance (all locations) ⁽²⁾	18,378	18,980	21,366	14,371	19,636

Sources: Various city departments.

Information not presented was not available at time of publication.

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

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

CITY OF PEARLAND, TEXAS
Operating Indicators by Function/Program (Continued)
Last Ten Fiscal Years

Function/Program (continued)	2017	2018	2019	2020	2021
PUBLIC WORKS					
Fleet Maintenance					
Fleet maintenance jobs completed	1,797	1,382	1,998	1,632	1,704
Preventative maintenance performed	742	663	856	645	721
Other Public Works					
Fuel issued (gallons)	331,005	315,941	323,734	351,123	277,230
Street sweeping (miles)	1,112	1,815	497	564	453
Street signs maintained/replaced	1,179	1,471	1,511	4,638	662
Total work orders completed	25,688	24,529	20,791	17,696	17,431
PARKS AND RECREATION					
All Parks and recreation					
ROW maintained - acres	327	345	404	381	299
Trees maintained	8,355	8,523	8,873	9,223	10,873
Acres of city property mowed	664	443	523	523	561
Total number of park work orders received	114	147	55	19	22
Parkland - acres	388	392	547	547	547
Total number of special events held	19	17	23	13	11
Total number of tournaments held	-	5	12	18	19
Number of recreation classes offered ⁽¹⁾	265	868	908	289	237
Average monthly attendance (all locations) ⁽²⁾	16,814	24,035	19,518	9,661	9,872

Sources: Various city departments.

Information not presented was not available at time of publication.

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

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

CITY OF PEARLAND, TEXAS
Operating Indicators by Function/Program (Continued)
Last Ten Fiscal Years

Function/Program (continued)	2012	2013	2014	2015	2016
COMMUNITY SERVICES					
Animal Control					
Animal Services Calls for Service	4,618	5,167	5,822	5,230	5,484
Animal Shelter Live Release %	42%	42%	48%	53%	54%
Inspection Services					
Total building inspections	22,416	26,274	28,434	36,497	37,206
Total permits issued	8,696	10,630	13,972	18,186	14,612
Number of plans reviewed	1,050	939	1,185	1,584	1,349
Municipal Court					
Number of trials ⁽³⁾	1,116	885	839	856	443
Number of charges ⁽³⁾	30,187	27,439	23,182	19,223	17,611
Warrants cleared ⁽³⁾	10,080	10,328	9,050	7,476	7,525
WATER & SEWER					
Distribution and Collection					
Fire hydrant maintenance and inspections ⁽³⁾	887	1,399	837	612	854
Backed up sewer repairs	275	286	334	305	497
Water mains repaired	283	380	111	189	120
Water Production					
Water produced - wells (in millions of gallons)	2,916	2,859	2,470	1,933	2,190
Surface Water Purchased (in millions of gallons)	1,321	1,816	2,133	2,276	2,517
Billing & Collections					
Annual meter reads	370,755	403,220	414,499	428,265	445,154
Number of bills	359,716	387,997	388,338	400,662	417,312
Wastewater Treatment					
Wastewater treated (in millions of gallons)	2,364	2,530	2,493	3,067	3,367

Sources: Various city departments.

Information not presented was not available at time of publication.

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

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

CITY OF PEARLAND, TEXAS
Operating Indicators by Function/Program (Continued)
Last Ten Fiscal Years

Function/Program (continued)	2017	2018	2019	2020	2021
COMMUNITY SERVICES					
Animal Control					
Animal Services Calls for Service	5,153	4,699	4,582	4,596	5,237
Animal Shelter Live Release %	56%	56%	55%	80%	94%
Inspection Services					
Total building inspections	34,880	36,774	36,481	30,781	29,525
Total permits issued	13,075	8,894	7,270	5,545	11,066
Number of plans reviewed	1,278	1,971	2,419	2,196	1,926
Municipal Court					
Number of trials ⁽³⁾	656	567	664	390	233
Number of charges ⁽³⁾	16,334	15,463	19,020	9,577	11,351
Warrants cleared ⁽³⁾	8,463	5,801	6,095	3,757	3,873
WATER & SEWER					
Distribution and Collection					
Fire hydrant maintenance and inspections ⁽³⁾	186	114	87	2,358	903
Backed up sewer repairs	545	308	196	233	178
Water mains repaired	102	126	125	114	121
Water Production					
Water produced - wells (in millions of gallons)	2,417	3,024	2,333	3,816	2,211
Surface Water Purchased (in millions of gallons)	2,584	2,545	2,754	2,975	2,506
Billing & Collections					
Annual meter reads	461,502	467,910	469,499	469,908	486,717
Number of bills	471,549	445,446	449,933	452,465	460,147
Wastewater Treatment					
Wastewater treated (in millions of gallons)	3,455	3,308	3,775	3,577	3,737

Sources: Various city departments.

Information not presented was not available at time of publication.

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

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

CITY OF PEARLAND, TEXAS
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2012	2013	2014	2015	2016
PUBLIC SAFETY					
Police					
Police stations	1	1	1	1	1
Police vehicles	155	157	161	143	186
Police K9s	-	-	-	2	4
FARO Laser Scanning System ⁽¹⁾	-	-	-	-	1
Pole Camera System ⁽²⁾	-	-	-	-	-
Animal Services					
Animal Services Building (shelter)	1	1	1	1	1
Animal Services Vehicles ⁽²⁾	-	-	-	10	10
Fire					
Fire stations	6	6	6	6	6
Fire vehicles	23	26	26	26	42
Ambulances ⁽³⁾	-	-	9	7	9
EMS					
Ambulances ⁽³⁾	8	9	-	-	-
PUBLIC WORKS					
Other public works					
Streets (miles)	806	839	844	842	936
Vehicle inventory	385	374	375	372	451
Traffic signals	74	81	81	73	87
PARKS AND RECREATION					
Parks and recreation					
Developed acreage	138	138	138	168	334
Pools	3	3	3	3	3
Outdoor basketball courts	6	6	6	6	6
Soccer fields	12	12	12	12	18
Activity buildings	3	3	3	3	3
Baseball/softball fields	4	4	4	4	6
WATER AND SEWER					
Water Production					
Water wells	11	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	5
Lift stations	80	75	76	73	74
Distribution and Collection					
Water mains (miles)	448	469	488	509	537
Sanitary sewers (miles)	382	400	415	433	440

Sources: Various city departments.

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

Information not presented was not available at time of publication.

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

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

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

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

CITY OF PEARLAND, TEXAS
Capital Asset Statistics by Function/Program (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2017	2018	2019	2020	2021
PUBLIC SAFETY					
Police					
Police stations	1	1	1	1	1
Police vehicles	194	209	211	210	201
Police K9s	5	5	5	5	4
FARO Laser Scanning System ⁽¹⁾	1	1	1	1	1
Pole Camera System ⁽²⁾	-	-	-	1	1
Animal Services					
Animal Services Building (shelter)	1	1	1	1	1
Animal Services Vehicles ⁽²⁾	10	11	11	11	11
Fire					
Fire stations	7	6	5	6	6
Fire vehicles	56	60	61	56	55
Ambulances ⁽³⁾	9	10	10	9	9
EMS					
Ambulances ⁽³⁾	-	-	-	-	-
PUBLIC WORKS					
Other public works					
Streets (miles)	928	940	978	978	971
Vehicle inventory	385	338	434	502	443
Traffic signals	91	96	97	100	104
PARKS AND RECREATION					
Parks and recreation					
Developed acreage	388	392	443	458	458
Pools	3	3	2	2	2
Outdoor basketball courts	6	6	8	8	8
Soccer fields	12	14	12	12	11
Activity buildings	3	3	4	4	4
Baseball/softball fields	14	16	16	16	16
WATER AND SEWER					
Water Production					
Water wells	10	10	10	10	10
Pumping stations	3	3	3	3	3
Ground storage tanks	15	15	15	15	16
Elevated towers	6	6	6	6	6
Wastewater					
Treatment plants	5	5	6	5	5
Lift stations	72	78	69	69	68
Distribution and Collection					
Water mains (miles)	546	551	553	553	538
Sanitary sewers (miles)	448	456	459	459	453

Sources: Various city departments.

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

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

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CITY OF PEARLAND
3519 LIBERTY DRIVE | PEARLAND, TEXAS 77581
281.652.1600 | PEARLANDTX.GOV