



2022

POPULAR ANNUAL
FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2022

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2022 POPULAR ANNUAL FINANCIAL REPORT

ABOUT/THIS REPORT

The City of Pearland is excited to present this Popular Annual Financial Report (PAFR). This is a short form report that provides summarized information about the City's financial activities for Fiscal Year 2022 (FY22) beginning October 1st, 2021 and ending September 30th, 2022. It is intended to give readers an overview of the City and its finances. It is derived from but does not provide all the detailed information required by accounting standards (Generally Accepted Accounting Principles or GAAP). The PAFR does not include information on all the City's Funds or Component Units.

Detailed financial information, including the audited financial statements, is available in the City's Annual Comprehensive Financial Report. The Annual Comprehensive Financial Report provides full disclosure of all material events in the notes to the financial statements, as well as required supplementary information and historical statistical information.

The Annual Comprehensive Financial Reports are available online at: pearlandtx.gov/finance.



ABOUT THE CITY



A LETTER FROM THE CITY MANAGER

Mayor, Council and Citizens of Pearland!

I am pleased to present to you, the Popular Annual Financial Report (PAFR) for the Fiscal Year Ended September 30, 2022. The report provides additional transparency and accountability of City financial information by conveying financial information in a less complex summary form.

The original format of this PAFR was prepared through a partnership with the City of Pearland Finance staff, Engaging Local Government Leaders (ELGL) and the Government Finance Officers Association of the United States and Canada (GFOA).

The City of Pearland is a proud recipient of the three GFOA awards for local government finance to date, making the City a GFOA "Triple Crown" recipient.

- Distinguished Budget Presentation Award - 36 consecutive years
- Certificate of Achievement for Excellence in Financial Reporting - 46 consecutive years
- Popular Annual Financial Reporting Award - three time recipient

Our City Finance Department is outstanding. We believe that participation in the GFOA award programs enhances our citizens' understanding of the city's finances. Earning these awards demonstrates our belief that sharing financial information in formats consistent with the highest standards in governmental financial reporting is the best way to achieve financial transparency. We have earned the State of Texas Comptroller transparency stars for years. Moreover, in combination with the budget document, Annual Comprehensive Financial Report, the City's website transparency page and the interactive budget tool using Microsoft Office Power BI, this PAFR continues us on path for the highest level of openness and sharing.

The PAFR is a high-level report that provides a summary of the financial activities of the City. The information in this report can be found in the Annual Comprehensive Financial Report in greater detail. The City of Pearland welcomes thoughts and opinions from the citizens. If you have any questions about this document, please email either me or Deputy Director, Kendra Murphy at kmurphy@pearlandtx.gov.

Sincerely,

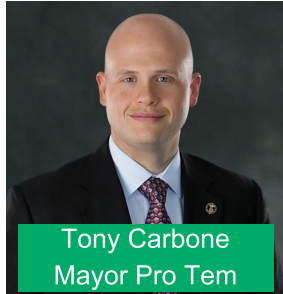
Trent Epperson
City Manager
Tepperson@pearlandtx.gov



CITY OF PEARLAND GOVERNMENT



Kevin Cole
Mayor



Tony Carbone
Mayor Pro Tem



Joseph Koza
Council Position 1



Alex Kamkar
Council Position 2



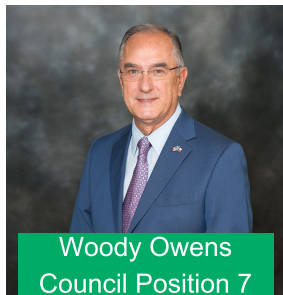
Adrian Hernandez
Council Position 4



Layni Cad
Council Position 5



Jeffrey Barry
Council Position 6



Woody Owens
Council Position 7

THE CITY COUNCIL

The Mayor and Council members are elected at-large (meaning they represent every resident), 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 limit on the office held by the Mayor. The City Manager is appointed by Council and is responsible for implementation of Council priorities and day-to-day management of all City operations. The Mayor and Council provide community leadership, develop policies to guide the city in delivering services and achieving community goals, and encourage citizen awareness and involvement. Elected members of the City Council serve part-time as part of their commitment to the community and serving Pearland.

As of September 30, 2022

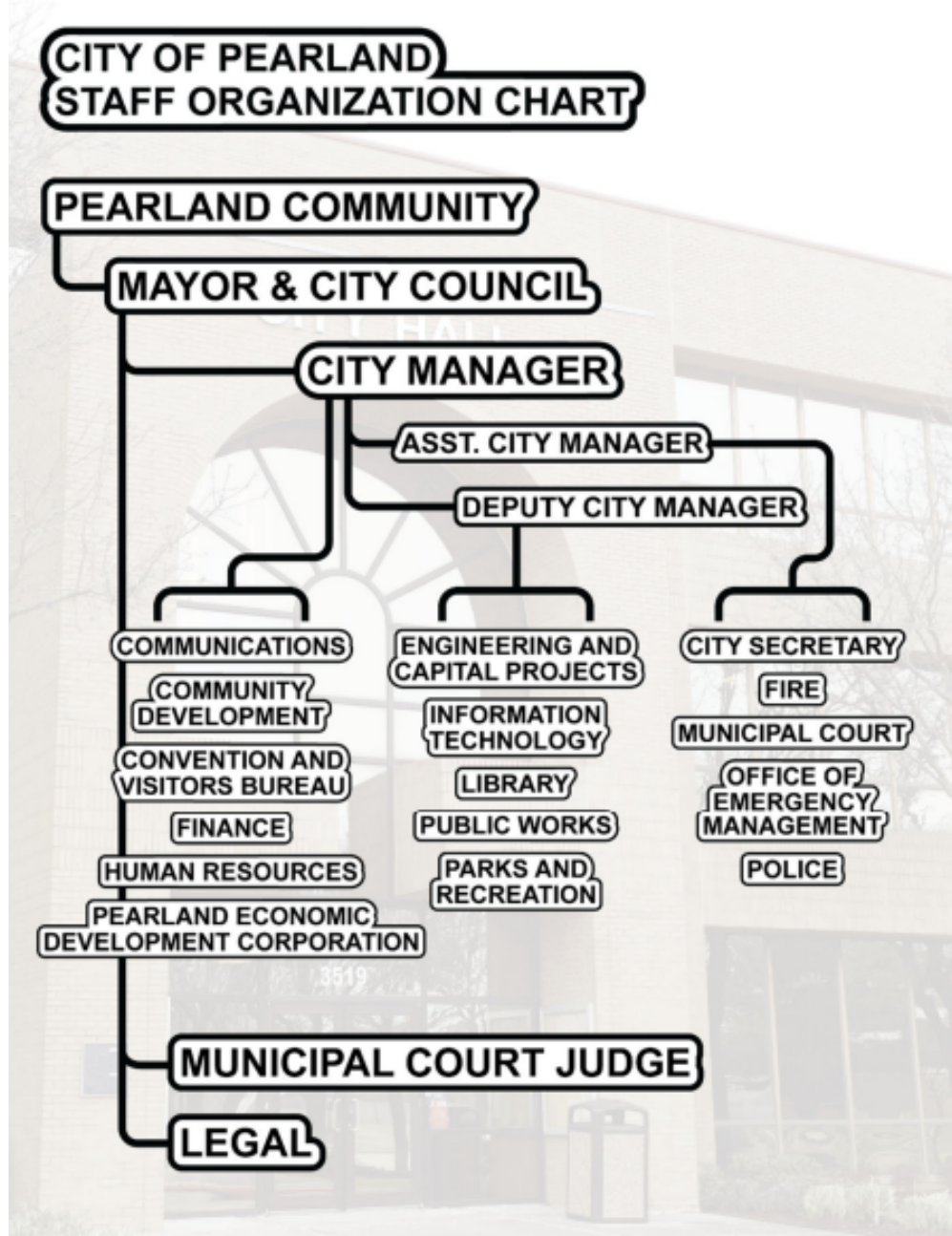
ORGANIZATIONAL VALUES

We are committed to a purpose greater than ourselves. What we do makes a positive difference and leaves a proud legacy. We serve together through these values:

- Trust: We build trust by providing excellent service, honoring it through accountability and effective communication.
- Respect: We act with kindness and empathy; embracing diversity and inclusion.
- Integrity: We are honest, ethical and do the right things for the right reasons.
- Teamwork: We are a caring workplace made up of a team working towards a shared purpose. We collaborate and support each other.
- Ownership: This is our city, we are invested and dedicated to its continuous success. We take pride in all we do.
- Innovation: We are progressive thinkers who embrace the challenge of continuous improvement.



ORGANIZATIONAL STRUCTURE



PEARLAND IN CONTEXT



General Areas

- Downtown: 17 minutes
- Energy Corridor: 27 minutes
- Galleria / Uptown Park: 18 minutes
- Galveston: 32 minutes
- Medical Center: 13 minutes
- Museum District: 12 minutes

Transportation

- George Bush Intercontinental (IAH): 33 minutes
- Ellington Field (EFD): 6 minutes
- Metro Light Rail: 9 minutes
- Pearland Regional (LVJ): in Pearland
- Port of Freeport: 58 minutes
- Port of Houston Authority: 20 minutes
- Port of Houston: 29 minutes
- William P. Hobby (HOU): 11 minutes

Attractions

1. Battleship Texas: 23 minutes
2. BBVA Compass Stadium: 14 minutes
3. George R. Brown Convention Center: 14 minutes
4. Kemah Boardwalk: 26 minutes
5. Minute Maid Park: 14 minutes
6. Moody Gardens: 37 minutes

7. NASA Johnson Space Center: 16 minutes
8. NRG Stadium: 9 minutes
9. San Jacinto Monument: 22 minutes
10. Toyota Center: 13 minutes

Universities

11. Rice University: 20 minutes
12. University of Houston: 13 minutes
13. University of Houston Clear Lake - Main Campus: 17 minutes



PEARLAND QUICK FACTS

INCORPORATED

DEC. 1959

GEOGRAPHY

48.82
SQ. MILES

EDUCATION

28,568
ENROLLED IN
SCHOOL



DEMOGRAPHICS

\$44,430
PER CAPITA
PERSONAL INCOME

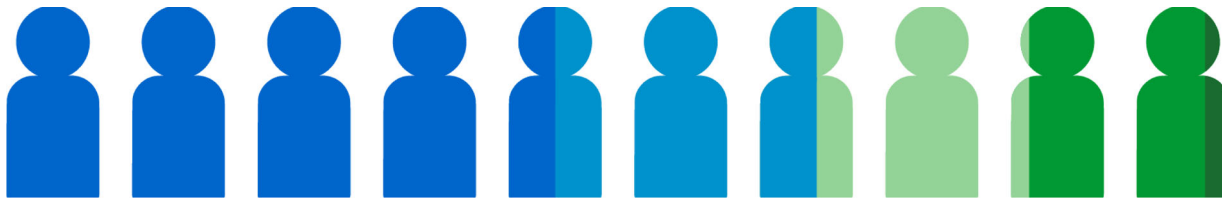


35
MEDIAN
AGE



129,600
NUMBER OF
RESIDENTS

RACE AND ETHNICITY*



45%
WHITE

20%
HISPANIC
OR LATINO

16%
BLACK OR
AFRICAN
AMERICAN

12%
ASIAN

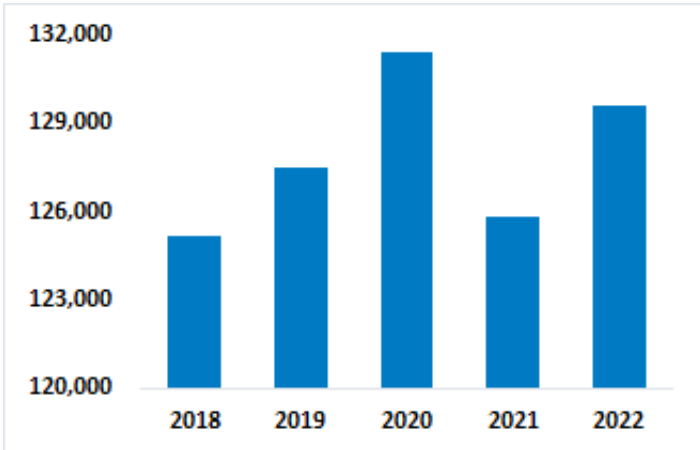
7%
OTHER

PEARLAND BY THE NUMBERS



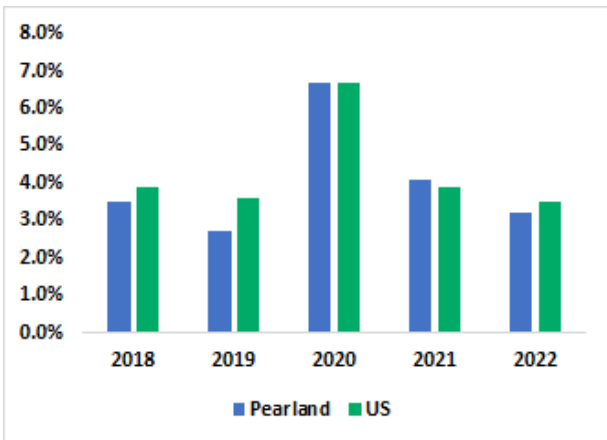
		FY 2019	FY 2020	FY 2021	FY 2022
Police	Police Stations	1	1	1	1
	Police Vehicles	211	210	201	202
	Arrests	4,604	2,613	3,018	3,903
Fire	Fire Stations	5	6	6	6
	Fire Vehicles	61	56	55	41
	Ambulances	10	9	9	10
	Patients Treated	7,181	7,618	8,891	7,788
Public Works	Streets (miles)	978	978	971	971
	Street Sweeping (miles)	497	564	453	671
Parks and Recreation	Parkland (acres)	547	547	547	547
	Outdoor Basketball Courts	8	8	8	8
	Soccer Fields	12	12	11	13
	Baseball/Softball Fields	16	16	16	17
Water and Sewer	Water Mains (miles)	553	553	538	545
	Sanitary Sewers (miles)	459	459	453	455
	Water produced (millions of gallons)	5,087	6,791	4,717	5,472
	Wastewater Treated (millions of gallons)	3,775	3,577	3,737	3,380

STATISTICS



POPULATION RATE

The Pearland economy is directly 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 development. The community is fast-growing increasing from 18,000 residents in 1990 to 125,828 residents as of the 2020 census with an estimated growth of an additional 58,000 residents by 2032.



UNEMPLOYMENT RATES

The City of Pearland has seen a steady decline in the unemployment rate since 2016, until the COVID-19 pandemic in 2020. The City's unemployment rate has declined on the recovery side in 2021 and continues to decline in 2022.

PRINCIPAL EMPLOYERS*

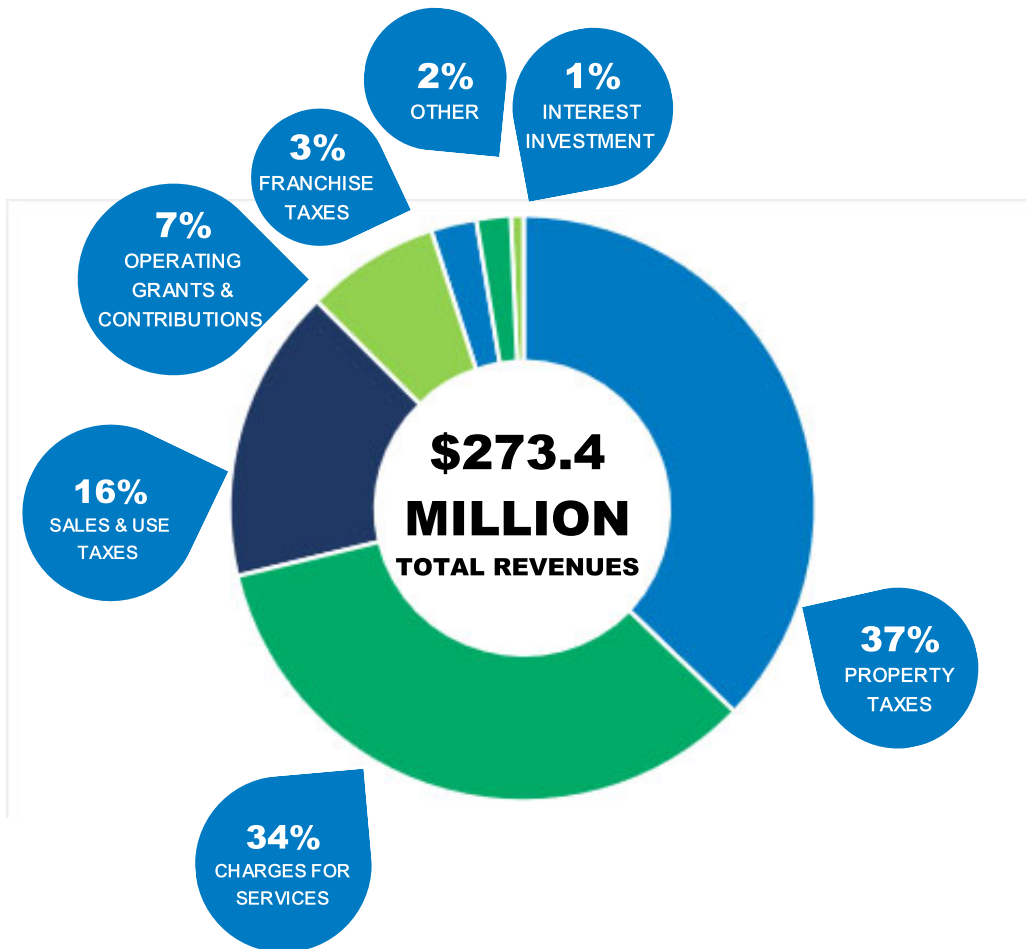
Employer	Business Type	% of Total City Employment
Pearland ISD	Education Services	4.26%
Kelsey Seybold	Health Care Services	2.23%
Lonza	Health Care Services	1.34%
Alvin ISD	Education Services	1.19%
City of Pearland	Government	1.21%
Memorial Hermann	Health Care Services	0.82%
HCA	Health Care Services	0.71%
Dover Energy	Manufacturing	0.40%
Merit Medical	Health Care Services	0.38%
Kemlon	Manufacturing	0.36%
Total		12.92%



CITY FINANCES

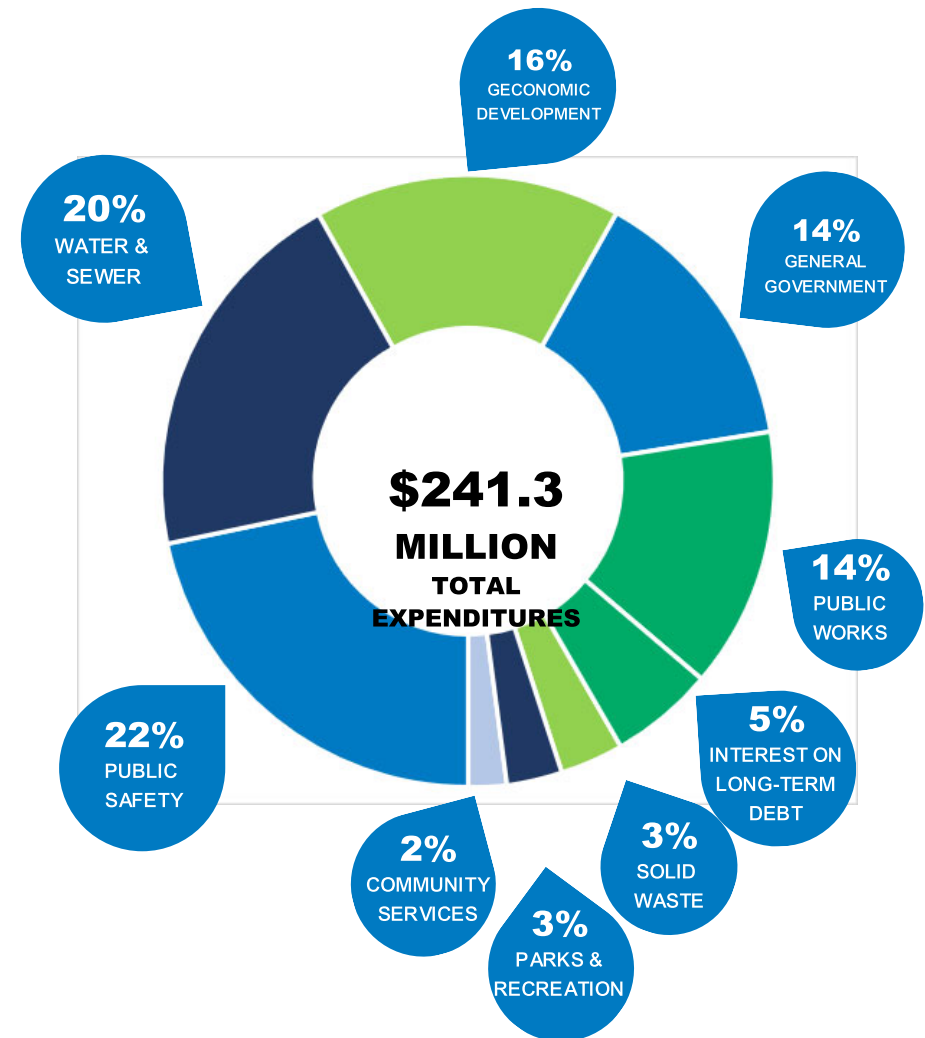


REVENUES & EXPENDITURES



Total City Revenues for FY22 totaled approximately \$273 million, an increase of \$9.2 million or 3.48% compared to FY21.

These amounts come from the Net Position and are different from the General Fund. This accounts for everything the City receives and everything the City owes across multiple funds.



Total City Expenditures for FY22 totaled approximately \$241.3 million, an increase of \$3.8 million or 1.63% compared to FY21.

NET POSITION

STATEMENT OF NET POSITION (IN THOUSANDS)

	Governmental Activities	Business-Type Activities	Total 2022	Total 2021
Current Assets	\$ 234,272	\$ 194,614	\$ 428,886	\$ 463,654
Capital Assets	905,348	560,499	1,465,847	1,362,292
Total Assets	1,139,620	755,113	1,894,733	1,825,946
Deferred Outflows of Resources	14,005	2,075	16,080	15,975
Current Liabilities	27,047	33,633	60,680	54,004
Long-Term Liabilities Outstanding	494,120	452,854	946,974	919,109
Total Liabilities	521,167	486,487	1,007,654	973,113
Deferred Inflows of Resources	12,661	1,751	14,412	4,773
Net Investment in Capital Assets	511,377	139,301	650,678	654,828
Restricted Net Position	48,792	30,064	78,856	75,226
Unrestricted Net Position	59,628	99,585	159,213	133,981
Total Net Position	\$ 619,797	\$ 268,950	\$ 888,747	\$ 864,035

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. Positive net position indicates financial stability. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$903.2 million at the end of FY22. The increase in total net-position from the prior year is \$24.7 million.

The City’s financial activities also include Component Units which are legally separate organizations for which the City is financially responsible for. Financial information for these component units is reported together with the financial information presented for the primary government (the City).



CAPITAL ASSETS & DEBT

CAPITAL ASSETS (IN THOUSANDS)

	Governmental Activities	Business-Type Activities	Total 2021	Total 2022
Land	\$ 40,401	\$ 3,877	\$ 38,407	\$ 44,278
Construction in Progress	133,024	229,919	365,863	362,943
Infrastructure	585,023	289,874	822,469	874,897
Buildings and Improvements	136,291	21,363	105,492	157,654
Machinery and Equipment	8,940	619	11,355	9,559
Furniture and Fixtures	1,669	12	2,496	1,681
Contractual Water Rights	-	14,835	16,210	14,835
Total Capital Assets	\$ 905,348	\$ 560,499	\$ 1,362,292	\$ 1,465,847

The City's governmental activities and business-type activities had invested \$905.3 million and \$560.4 million, respectively, in a variety of capital assets and infrastructure. This represents a net increase of \$103.6 million. Construction in progress at year-end represents numerous ongoing projects, the largest of which relate to street, parks, and water/sewer projects.

LONG-TERM DEBT (IN THOUSANDS)

	Governmental Activities	Business-Type Activities	Total 2021	Total 2022
General Obligation Bonds	\$ 265,615	\$ 2,710	\$ 263,860	\$ 268,325
Certificate of Obligation	101,660	45,710	86,220	147,370
Revenue Bonds	64,810	382,785	474,075	447,595
Unamortized Issuance Premium (Discount)	36,212	18,575	55,627	54,787
Capital Leases Payable	131	-	381	\$ 131
Total Outstanding Debt	468,428	449,780	880,163	918,208

DEBT RATING

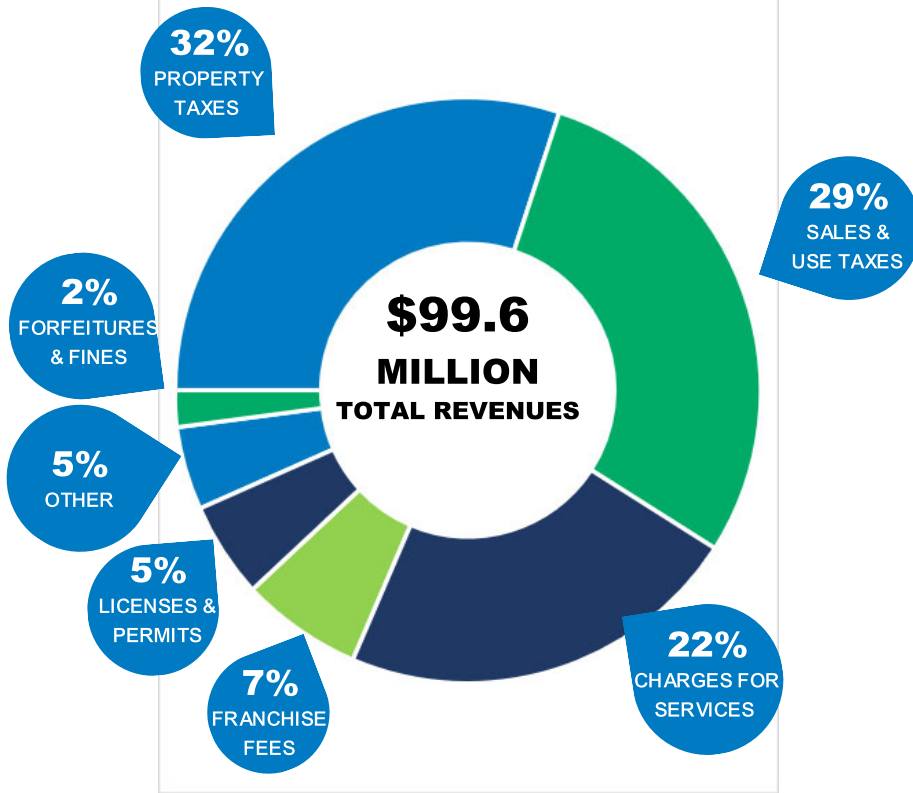
	Standard and Poor's	Fitch	Moody's Investor Services
General Obligation Bonds	AA	AA	Aa2
Certificate of Obligation	AA	AA	Aa2
Revenue Bonds	AA-	AA-	Aa3
PEDC Bonds	-	-	A1
DAP Bonds	A-	-	-

Just as individuals have credit ratings, bond issuers (like the City, Pearland Economic Development Corporation and Development Authority of Pearland) are also rated. Having such good credit ratings allows the City to issue debt at lower interest rates due to the high level of safety for investors.

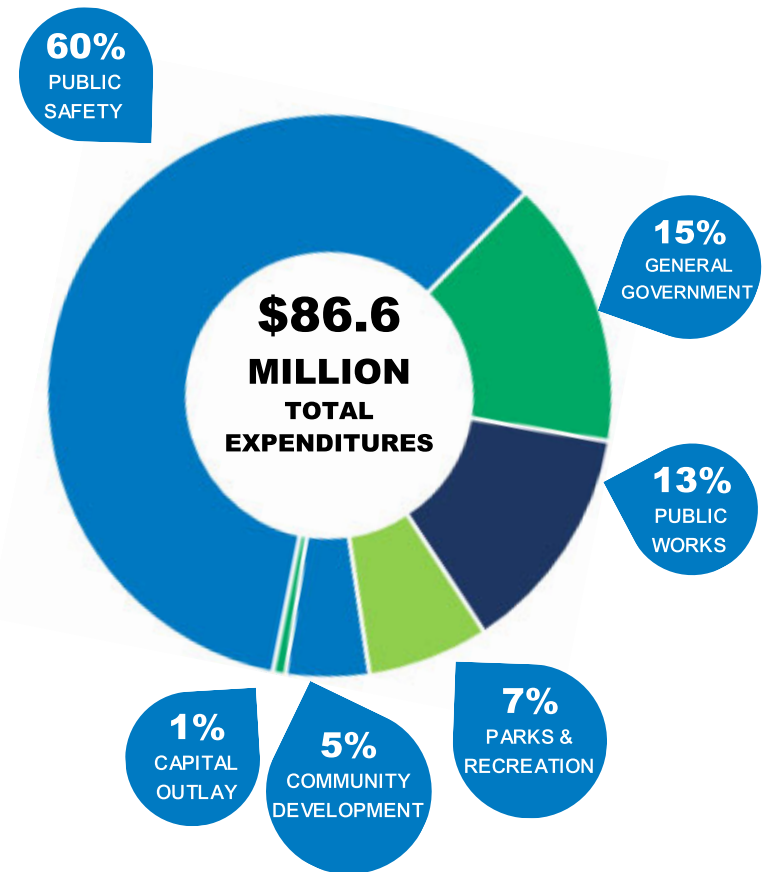
At the end of FY21, the City had total bonds, certificates of obligation, and capital leases outstanding of \$918.2 million. This 4.4% increase is a result of new debt issued offset by scheduled principal payments.

GENERAL FUND

WHERE THE MONEY COMES FROM



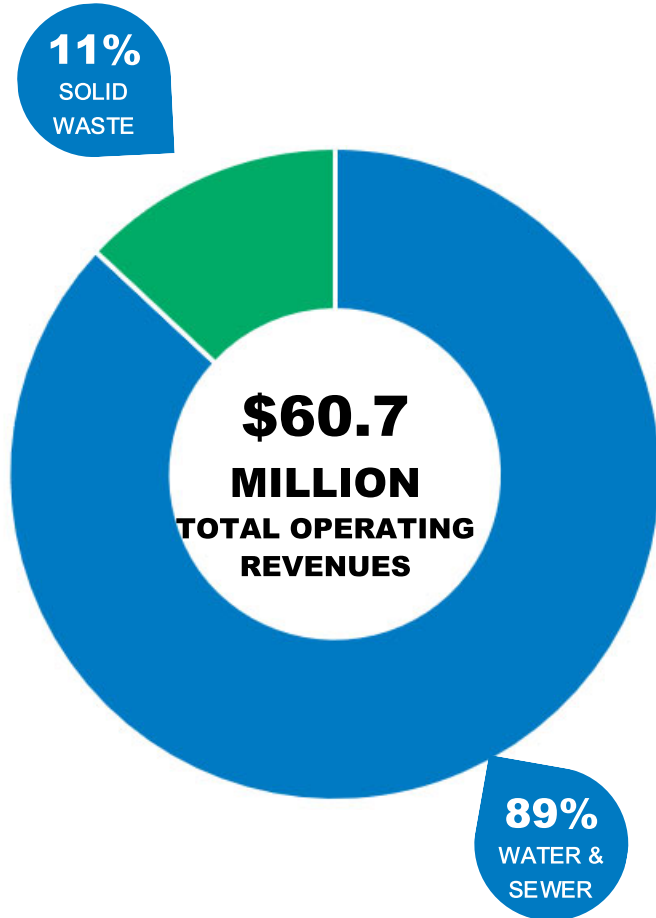
WHERE THE MONEY GOES



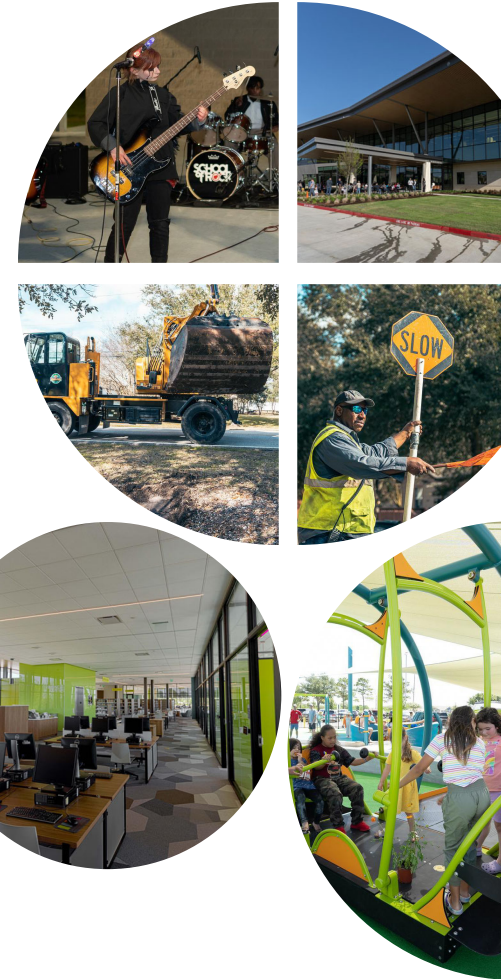
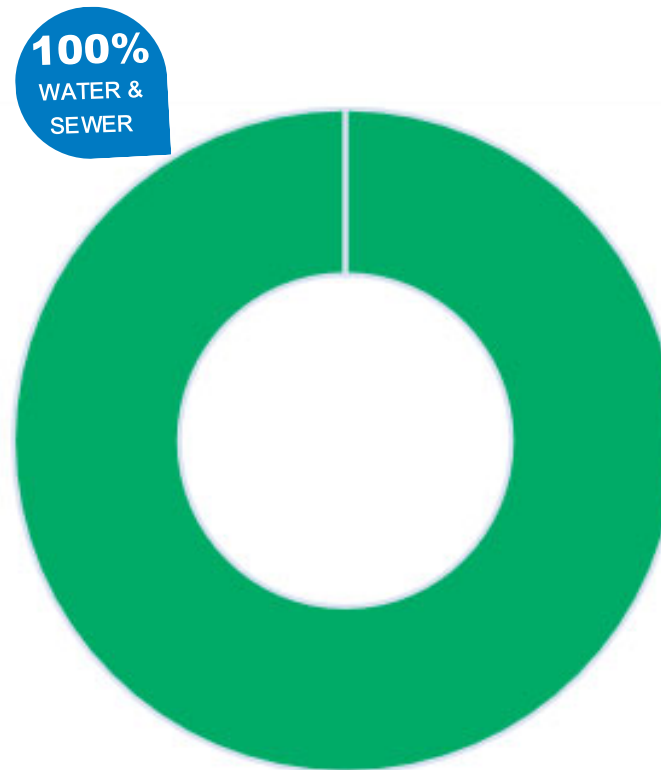
During the year, there was a \$4.9 million increase in appropriations between the adopted and amended budget. The increase in appropriations is attributable to motor pool equipment and vehicle replacement, purchase of an ambulance, replacement of Capital Project software, cameras, and additional allocation for street and sidewalk repairs to the city's generators. Actual revenues of \$99.6 million were \$4.2 million over the amended budget mainly in intergovernmental revenue due to COVID-19 related grant funding applied to public safety expenses. Actual expenditures of \$97.5 million were under the amended budget, resulting in a year-end fund balance of \$34.7 million, in excess of budget by \$4.1 million.

ENTERPRISE FUND

WHERE THE MONEY COMES FROM

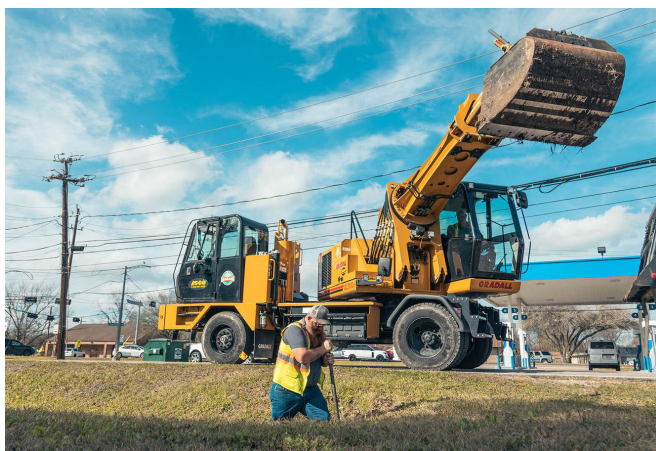
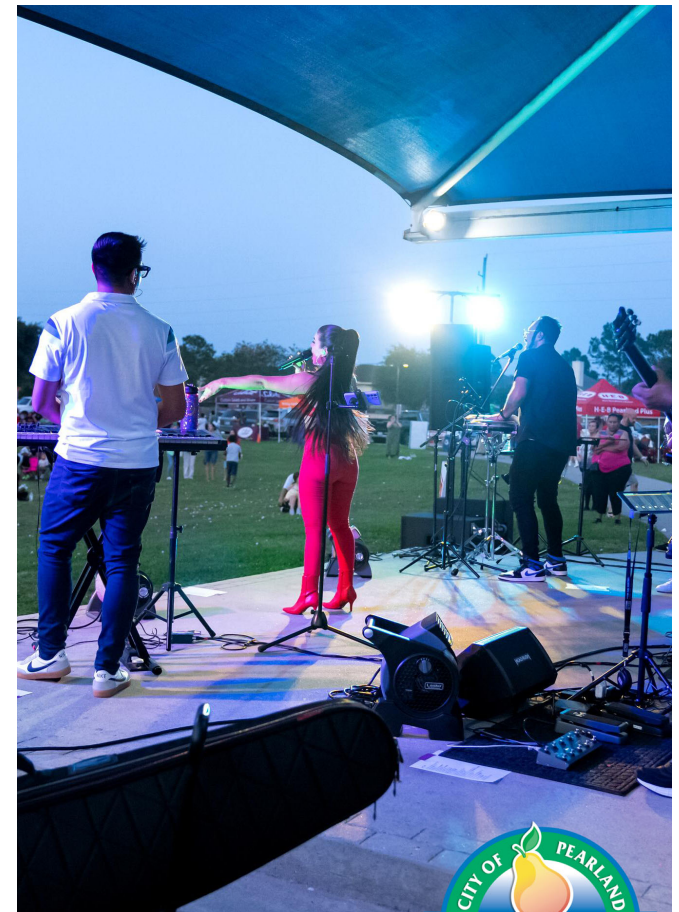


WHERE THE MONEY GOES



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. These totals do not include nonoperating revenues or expenses such as interest earnings, interest on debt, or transfers to other funds for capital projects for the water/wastewater system.

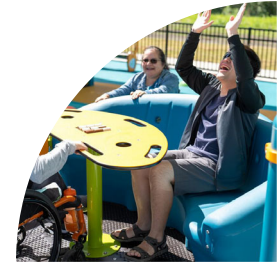
CITY ACCOMPLISHMENTS & BEYOND



MAJOR INITIATIVES

PUBLIC SAFETY

- In 2021, the Pearland Police Department established its own Policy Academy, and in early 2022, they proudly celebrated the graduation of the inaugural group of cadets from the program.
- The Animal Shelter successfully upheld their no-kill status throughout the fiscal year 2022, maintaining the achievement they initially attained in FY 2021. They accomplished this by prioritizing adoption and rescue initiatives.
- The new Shari D. Coleman Animal Shelter and Adoption Center opened in November 2022.
- In FY 2022, the fire department received approval for the acquisition of one ladder truck, two fire engines, and four ambulances. This allocation was granted to replace the aging fleet and to advance the implementation of a comprehensive apparatus replacement program.



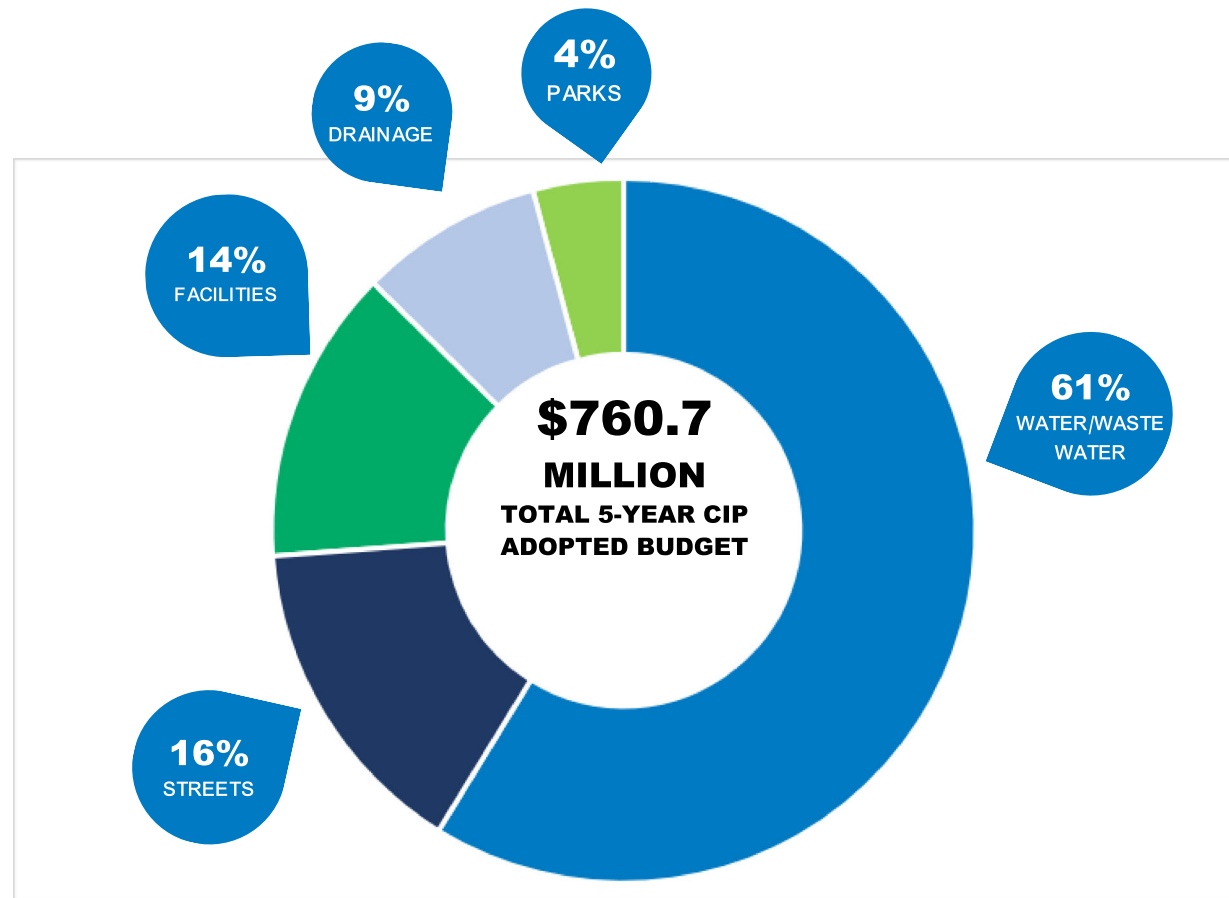
ECONOMIC DEVELOPMENT BY THE PEDC

- Syzygy Plasmonics has leased a 44,800 sf building in Pearland for its new headquarters, R&D, and manufacturing facility. The PEDC and city officials began recruitment efforts for this project with Syzygy in 2021.
- Graham Ventures, a holding company for 11 franchises of FranchiCzar LLC, began construction on two 13,000 square foot new headquarters buildings in early 2022.
- 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 2022, including construction of additional clean rooms, laboratories, and office renovations, and has acquired a 19-acre parcel south of their current facility.
- Three new distribution projects totaling 1,000,000 in square footage were announced in Pearland's Lower Kirby District. Levey Group announced in November that it will be developing Levey Logistics Park which consist of two Class-A industrial buildings, spanning approximately 650,000 sf. Brennan Investment Group is constructing a 216,000 sf Class-A distribution building south of North Spectrum Boulevard and Adkission is constructing a 128,250 sf distribution building at Beltway 8 and Hopper Road.



LOOKING TO THE FUTURE

With continued residential and commercial development, the needs to build new infrastructure and maintain existing infrastructure are a priority and will be implemented through an aggressive capital improvement program. The City's adopted Five-Year Capital Improvement Program for years 2023–2027 totals \$760.7 million



GLOSSARY

ASSETS

- What the City owns

BUSINESS-TYPE ACTIVITY

- These activities intended to recover all or most of their costs through user fees and charges. These activities include water, sewer and solid waste.

DAP

- Development Authority of Pearland

DEFERRED INFLOWS

- Refers to an acquisition of an asset that is applicable to a future reporting period.

DEFERRED OUTFLOWS

- Refers to a consumption of an asset that is applicable to a future reporting period.

DIFFERENCE BETWEEN NET POSITION AND GENERAL FUND

- The General Fund only has financial resources that can be received or paid for now. Net position includes items that can be received later and paid for later.

FUND BALANCE

- The net ending balance of a Fund's financial resources that are spendable or available for appropriation.

GOVERNMENT ACTIVITY

- Activities generally financed through taxes, intergovernmental revenues, and other nonexchange revenues.

LIABILITIES

- What the City owes

NET POSITION

- Difference between assets and liabilities

PEDC

- Pearland Economic Development Corporation

PAFR

- Popular Annual Financial Report





2022 / POPULAR ANNUAL FINANCIAL REPORT

Original format created in Summer 2020 by Breanna Higgins, Texas State University MPA Candidate, for the City of Pearland Finance Department in partnership with the ELGL & GFOA PAFR Fellowship Program. Updated for FY22 by Tenecha Williams, Controller. More information can be found at: pearlandtx.gov/finance

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