

CITY OF PEARLAND ANNUAL COMPREHENSIVE FINANCIAL REPORT

“SHAPING THE FUTURE”



FISCAL YEAR ENDING IN SEPT. 30, 2022

CITY OF PEARLAND, TEXAS



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended September 30, 2022

**Prepared by:
Finance Department**

CITY OF PEARLAND, TEXAS

Table of Contents

September 30, 2022

Introductory Section (Unaudited)

Letter of Transmittal i-xix
Principal Officials..... xx
Staff Organizational Chart..... xxi
GFOA Certificate of Achievement xxii

Financial Section

Independent Auditor's Report 1
Management's Discussion and Analysis 4

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position 13
Statement of Activities 14

Fund Financial Statements

Balance Sheet – Governmental Funds 16
Reconciliation of the Balance Sheet – Governmental Funds
to the Government-wide Statement of Net Position 18
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds 19
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances – Governmental Funds to
the Government-wide Statement of Activities..... 21
Statement of Net Position – Proprietary Funds 22
Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds 24
Statement of Cash Flows – Proprietary Funds 25
Statement of Fiduciary Net Position – Fiduciary Fund 27
Statement of Changes in Fiduciary Net Position –
Fiduciary Fund 28

Notes to Financial Statements 29

Required Supplementary Information (Unaudited)

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund 74
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – Pearland Economic Development Corporation 75
Notes to Required Supplementary Budget Information 76
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System 77
Schedule of Contributions – Texas Municipal Retirement System 78
Schedule of Changes in the Total OPEB Liability and Related Ratios –
Texas Municipal Retirement System Supplemental Death Benefits Fund 79
Schedule of Changes in the Total OPEB Liability and Related Ratios –
City of Pearland Retirement Health Care Plan 80

CITY OF PEARLAND, TEXAS
Table of Contents (Continued)
September 30, 2022

Other Supplementary Information

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds	81
Combining Balance Sheet – Nonmajor Governmental Funds.....	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	84
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Major Governmental Fund – Debt Service Fund	86
Special Revenue Fund – Hotel/Motel Tax Fund	87
Special Revenue Fund – Court Security Fund.....	88
Special Revenue Fund – City-wide Donation Fund	89
Special Revenue Fund – Court Technology Fund	90
Special Revenue Fund – Street Assessments Fund	91
Special Revenue Fund – Park Donation Fund.....	92
Special Revenue Fund – Police Seizure Fund	93
Special Revenue Fund – Parks and Recreation Development Fund.....	94
Special Revenue Fund – Sidewalk Fund	95
Special Revenue Fund – Grant Fund	96
Special Revenue Fund – Traffic Impact Improvement Fund.....	97
Special Revenue Fund – Juvenile Management Fund	98
Special Revenue Fund – Regional Detention Fund	99
Special Revenue Fund – Educational TV Fund	100
Special Revenue Fund – U of H Fund	101
Capital Projects Fund.....	102
Internal Service Funds	103
Combining Statement of Net Position – Internal Service Funds	104
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	105
Combining Statement of Cash Flows – Internal Service Funds	106

Statistical Section (Unaudited)107

Financial Trends	
Net Position by Component.....	108
Changes in Net Position.....	110
Fund Balances of Governmental Funds.....	114
Changes in Fund Balances of Governmental Funds.....	116

CITY OF PEARLAND, TEXAS
Table of Contents (Continued)
September 30, 2022

Revenue Capacity	
Spending and Growth Analysis	118
Assessed Value and Estimated Actual Value of Taxable Property	120
Direct and Overlapping Property Tax Rates.....	122
Property Tax Levies and Collections.....	125
Principal Property Taxpayers	126
Principal Property Taxpayers – 2020 Total Taxes	127
Taxable Sales by Category	130
Debt Capacity	
Outstanding Debt by Type.....	132
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	134
Direct and Overlapping Governmental Activities Debt	135
Pledged Revenue Coverage	137
Demographic and Economic Information	
Demographic and Economic Statistics.....	138
Principal Employers.....	139
Operating Information	
Full-time Equivalent City Government Employees by Function/Program.....	140
Operating Indicators by Function/Program.....	142
Capital Asset Statistics by Function/Program	148



Introductory Section (Unaudited)





City of Pearland

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Pearland, Texas 77581
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May 16, 2023

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 FY ending September 30, 2022, 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.

FORVIS, LLP, Certified Public Accountants, issued an unmodified (or clean) opinion on the City of Pearland's financial statements for the year ending September 30, 2022. 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 Almeda Road/FM 521 on the western city limit to the eastern limit border with Friendswood. That stretch of Broadway/FM 518 is 13.94 miles across. The geography of the city challenges City delivery of services. 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 percent 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 FY 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 2022, including the recruitment of Syzygy Plasmonics' headquarters and manufacturing facility, Lonza's expansion to add new laboratories and parking, and three distribution projects totaling one million in square footage in Lower Kirby.

The total of all new, non-residential construction permitted during the FY was approximately \$405 million, an increase of 3.5 percent in value from FY 2021's \$391 million. New single-family housing permits totaled 497, down 33 percent from the previous FY. One multi-family permit was issued in FY 2022 for the Ivy Lofts, a 335-unit project. State law prevents the city from requesting single-family residential valuation during the permitting process. Building permit revenues increased by \$677,000 or approximately 20.9 percent as compared to FY 2021 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 3.4 percent in September 2022, down from 4.1 percent in September 2021, where the impact of the COVID-19 pandemic were still being felt. Through the most recently available data, the rate is continuing its downward path to 3.1 percent as of December 2022. (https://ycharts.com/indicators/pearland_tx_unemployment_rate) Those rates compare to the rates for the same time periods in Brazoria County of 4.6 percent, 6.1 percent, and 4.4 percent respectively (https://ycharts.com/indicators/brazoria_county_tx_unemployment_rate). As we near the end of 2022, a great deal of uncertainty remains when it comes to the direction of the economy. After all, we're still reeling from the effects of a global pandemic with negative impacts to public health, the ripple effects of a temporary shutdown of the economy, supply chain disruptions, changes in consumer behavior that are likely to persist for years, and worker shortages causing upward wage pressures. The end result is the highest inflation in four decades, prompting several interest rate hikes this year with the potential for more as we enter 2023.

As a multi-faceted local government, the City of Pearland's economy, as monitored and reported continuously, has shown significant resilience over the past year from the effects of this pandemic. The combination of early action, conservative budgeting, and continuous monitoring have kept

City finances in good standing. The City of Pearland through FY 2022 did not experience drastic revenue reductions. As with 2020 and 2021, throughout FY 2022, the City maintained a mantra of working to maximize flexibility and reserves to deal with unknown change.

GRANTS

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

In FY 2022, the City's federal grant funded expenditures exceeded \$750,000 and a Federal Single Audit is required. State-funded programs did not result in expenditures over the statutory threshold (also, \$750,000), so no State Single Audit is required.

Federal Grants and Assistance

The programs that make up the City's estimated federal expenditures applicable to Single Audit requirements in FY 22 include funds awarded from the following federal agencies, with more detail available in the applicable Single Audit Schedule of Expenditures of Federal Awards (SEFA)**:

SOURCE*	PROGRAM TYPE	EXPENSES*
U.S. Department of Housing & Urban Development	Entitlement	\$461,455
U.S. Department of Justice	Public Safety	\$167,502
U.S. Department of Transportation	Transportation	\$11,956,136
U.S. Department of the Treasury	COVID-19 Relief	\$4,590,899
U.S. Environmental Protection Agency	Water Quality	\$57,904,381
U.S. Department of Homeland Security	Fire Protection	\$641,177
Executive Office of the President	Drug Task Force	\$15,531
Total Estimated Federal Expenditures		\$75,737,081

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

**Unaudited Schedule of Expenditures of Federal Awards (SEFA) – 12/21/2022.

State Grant Funding

For FY 2022, the only State-issued grant funding assistance came from the Texas Parks & Wildlife Department (TPWD) for an Inclusive Playground facility at the City's Shadow Creek Ranch Sports Complex. **The expenditure for FY 22 totals \$585,548, which is below the \$750,000 statutory spending threshold required to trigger a State Single Audit, so no Schedule of Expenditures of State Awards (SESA) is required for FY 22.**

Regional and State of Texas Economy

Houston is the world's energy capital; the capital of an oil and gas industry that is in constant flux. At this writing, a plunge in new home construction, the ongoing war in Ukraine, inflation, rising interest rates, and a looming recession create uncertainty. However, demand for global crude has been climbing as economies reopen, which bodes well for our region. The U.S. Energy Information Administration forecasts West Texas Intermediate to average \$86.38 per barrel in 2023.

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

Long-term Financial Planning

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

The City's adopted (July 25, 2022) Five-year CIP for FYs 2023 through 2027 totals \$794.4 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 2023-2027 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 (\$12 million), leveraged outside funds (\$21.6 million), tax-supported debt (\$277.2 million), and water/sewer supported enterprise fund debt repaid by user fees (\$483.4 million). The ratio of outstanding property tax-supported debt to taxable assessed valuation increased slightly from the previous year but remains below 5 percent at about 3.3 percent.

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 2023 budget is \$0.623765 of which \$0.282357 cents is for actual debt service and \$0.056408 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 2023 budget was \$0.388765.

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 no increase in FY 2021 and a 5 percent increase in FY 2022. 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 13.1 percent increase in the FY 2023 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
- Meet a 1.15 Bond Coverage Requirement and the annual Debt Service Reserve set by Bond Ordinances. Maintain a cash equivalent operating reserve at 15 percent of the current year's budget appropriation for total operating expenses in the Water/Sewer operating fund. The aggregate between the reserve balances of the Water/Sewer operating fund and Water/Sewer debt service fund shall be no less than 25 percent.
- 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, experts 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 and graduated the first class of cadets in early 2022. Additionally, the Training Division provided over 38,000 training hours last year, including internal personnel and attendees from over 160 outside agencies.

With the support of information technology (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 City of Pearland Departments. This section works with other units such as K9 and SWAT to further capabilities in several key areas like search and rescue, tracking and safety at public events.



The Animal Services section of the Police Department met and maintained an important milestone in FY 2021 by reaching no-kill status. Through the continued focus on adoption and rescue programs the Animal Services section is proud to report the no-kill status was maintained for FY 2022 as well. Additionally, this unit moved into the new Shari D. Coleman Animal Shelter and Adoption Center in November 2022 and is motivated to continue their efforts with more space and resources readily available.



Fire Station 4 opened in May 2022 and is located immediately adjacent to the Shari D. Coleman Animal Shelter and Adoption Center (located on Freedom Drive east of Cullen). Modifications to the original location were made in 2008 to accommodate full-time staff, but the building was not sufficient for present-day operations. The newly built station has modern health and safety features, as well as improved technology to assist with fire fighter safety, productivity, efficiency, and effective workflow.

In FY 2022, the department was approved for one ladder truck, two fire engines and four ambulances to replacing an aging fleet and move towards a comprehensive apparatus replacement program.



Our Emergency Management Program continues to grow, finalizing the city's Hazard Mitigation Plan and implementing many lessons and strategies learned from Hurricane Harvey and Winter Storm Uri. 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 135 full-time firefighters and 18 part-time firefighters, who also provide Emergency Medical Services as certified EMT and Paramedic professionals. 135 is an increase of four full-time (FTE) positions added to Operations in FY 2023.

During FY 2022, the City was awarded the highest rating from the Insurance Services Office, Inc. (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 number 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.

In addition, future Firehouse #7 located on Bailey Rd. is planned to be included in the 2023 bond election referendum. Upon approval, this will require ordering a new piece of fire apparatus to be housed at Firehouse #7 due to current apparatus build times of 38-46 months. Firehouse #7 will also be staffed by 15-18 additional firefighter positions (FTE). This will increase total Fire Operations staffing to 150-153.

Parks and Recreation

The Parks and Recreation department is an essential part of the Pearland community. The department protects, maintains, and operates 26 parks and facilities, exceeding 546 acres of City-owned land and over 16 miles of existing city trails.

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



In 2022, Pearland Parks and Recreation provided countless hours of programs and services and hit some noteworthy milestones. Record number of swim lessons and water safety courses were conducted, with over 95 percent of classes at capacity all year round. The department launched Camp PELICAN, a second summer day camp program which was met with overwhelming support from the community. Pearland's first ever Miracle League, an inclusive baseball league for individuals of all abilities, completed its first two seasons doubling the anticipated registration numbers with many success stories of outstanding volunteerism, sportsmanship and lives impacted.

Pearland Parks and Recreation values the importance of engagement and connection with other parks & recreation professionals and community organizations as networkers and leaders in the industry. The department's Natural Resources division was recently recognized by Texas Recreation and Park Association and presented with the Park Development Innovations Award for their Prairie Restoration work and commitment to area conservation and nature education.

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



In April 2022, the City of Pearland opened the doors to the new West Pearlman Library. The state-of-the-art facility designed to accommodate the growth on the west end of Pearland provides a permanent home for its patrons, addresses increasing circulation requirements, offers an opportunity for a larger collection and is sized to accommodate demands of the growing population. This approximate 40,000 square foot building contains 30,000 square feet that has two stories of books, the new Brazoria County Tax Office annex, two community rooms and a teaching theater. The project has been a great partnership with the Brazoria County Library System, Brazoria County Tax Office, Friends of the West Pearlman Library, Tax Reinvestment Zone #2 and our City Parks Department.

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 2022, PEDC continued to coordinate implementation efforts for the Pearland Prosperity 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 2022, PEDC created and begin operations of the Pearland Innovation Hub an *entrepreneurship hub* for the Pearland community. PEDC partnered with The Cannon Workplace, LLC to create and implement the hub and in April, a Navigator was hired to begin the implementation of the plan of work. A launch event was held in May and the Hub has held several additional events during the year including a Pitch Fest Competition. The PEDC Board appointed the first Advisory Board for the Pearland Innovation Hub and that Board. The Advisory Board is charged with assisting in developing the policies to ensure the Hub's success and to monitor the agreement with the managers of the Hub. The Advisory Board has also been working with PEDC staff and the Navigator to create a non-profit corporation for 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 2022 business development projects:



- *Millar, Inc.* continued construction on its new headquarters and manufacturing facility located in Pearland's Lower Kirby District. 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 research and development (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.



- *Syzygy Plasmonics* has leased a 44,800 square-foot building in Pearland for its new headquarters, R&D, and manufacturing facility. Syzygy Plasmonics, a Houston-based startup founded in 2018, is pioneering a technology that produces clean, distributable hydrogen from various feedstocks. Syzygy's platform technology is based on a field of science called photocatalysis, where the company is using light from LEDs that are driven by renewable electricity to perform chemical reactions. This technology can electrify the production of many chemicals that form the foundation of human society, such as hydrogen, liquid fuels, fertilizer, and other chemical raw materials. By creating these commodities using renewable electricity, Syzygy strives to achieve its goal of preventing a gigaton of carbon dioxide from entering the atmosphere by 2040. The PEDC and city officials began recruitment efforts for this project with Syzygy in 2021.

- *Graham Ventures* began construction on two 13,800-square foot new headquarters buildings in early 2022. Graham Ventures Inc. is a holding company for 11 franchises, the largest of which is FranchiCzar LLC. FranchiCzar aides' franchisors with a range of services, from lead generation to franchise consulting, investing in emerging brands, and technology solutions. In addition to FranchiCzar, the Company created three additional brands to add to its ever-growing portfolio – Iron 24, Math Reactor, and Valhallan. The headquarters, located at 2880 Broadway Bend, is home to approximately 30 employees and is expected to grow to 60.
- *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 the construction of additional clean rooms, laboratories and office renovations. Lonza has also acquired a 19-acre parcel of land south of the current facility and constructed a 500-space parking lot for continued employee growth. Since the facility's opening in 2018, Lonza has grown from around 150 to more than 850 employees at the Pearland 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. The development will consist of two Class-A industrial buildings, spanning approximately 650,000 square-feet. Located on a 38-acre tract near the intersection of Beltway 8 and Almeda School Road, the cross-dock distribution building the company has slated for the park is expected to be the largest spec logistics facility located in Pearland. PEDC worked with two additional distribution developments that are underway in Lower Kirby. Brennan Investment Group is constructing a 216,000 square-foot Class A distribution building south of North Spectrum Boulevard and Adkission is constructing a 128,250 square-foot distribution building at Beltway 8 and Hooper Road.

Another key initiative outlined in the Pearland 20/20 Community Strategic Plan is to optimize the development potential of Pearland's principal commercial corridors. The State Highway 35 Redevelopment Strategy was developed in 2016 to provide detail to the Strategic Plan initiatives and 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



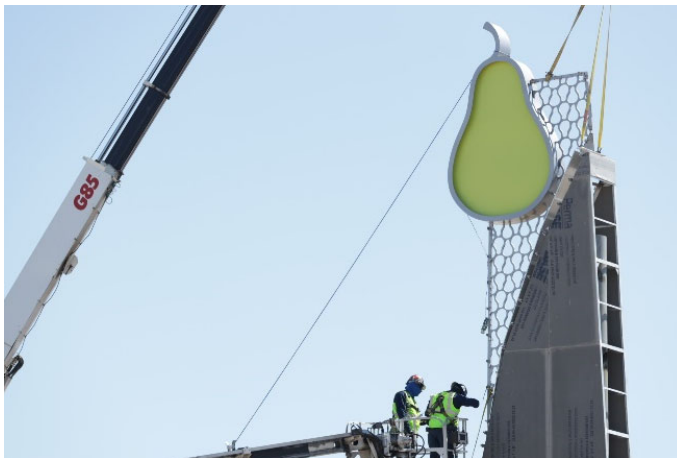
improvement in the area to support almost 58 acres of development. Rice Drier and Halik streets are old and narrow asphalt roads that are in regular need of maintenance due to truck traffic from commercial and industrial growth in the area. The Rice Drier Rd. reconstruction project was completed in 2021 and Halik Rd. was completed in 2022. In addition, the Drager building on Rice Drier which has been vacant has been demolished to allow for additional development with PEDC assistance.

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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 began in January 2022 and the improvements are expected to be completed 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 and the Pearland Chamber of Commerce hosted a Workforce Summit event to present the Workforce Strategy Action Plan to local employers and workforce stakeholders in April 2022 and to introduce the newly hired workforce director in charge to oversee the implementation of the plan. The workforce director has been engaging community partners to develop a network of training resources and to begin the process of identifying workforce training needs. In September, a collaboration of PEDC, the Pearland Chamber of Commerce and Pearland Workforce Solutions office led to the first community multi-industry job fair in Pearland with 54 employers and over 300 attendees.

Convention and Visitor's Bureau

The City's Convention and Visitors Bureau (CVB), embraced the resurgence of leisure events, sports tournaments and travel to Pearland in FY 2022. Activity included the launch of new marketing initiatives, the expansion of sports tourism efforts and the addition of leisure-based events to attract visitors to Pearland. Pearland's visitor economy generated \$1,524,488 in hotel occupancy tax revenue in 2022. The CVB's partnership with a nationally recognized sports organization expanded in 2022 and the organization remains the primary driver of youth sports tournaments in Pearland. In addition to generating additional competitor leads and bookings, the partnership produced a total of 1,140 room nights for Pearland hotels representing a 30 percent increase from the previous year. Pearland welcomed a total of 303 teams and an overall attendance of 13,810 with an estimated total economic impact of \$2,212,041. The City is positioned as a viable sports destination and attracts 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 utilizes its Comprehensive Plan as its primary planning policy document to guide and balance future development, including infill and redevelopment, and community enhancement efforts of the city. Pearland has evolved from a rural community to a bustling suburb, fully integrated with the Houston metropolitan area. Through the Comprehensive Plan, and associated implementation regulations such as zoning, Pearland continues to prepare for the growth to come by focusing on the identifying forthcoming needs and setting definitive plans in

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

As a reminder 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 and replace existing infrastructure is a priority. It is a priority and will be implemented through an aggressive capital improvement program. The City's adopted (July 25, 2022) Five-year CIP 2023-2027 totals \$760.7 million. Projects include drainage (\$66.6 million), parks (\$33.1 million), facilities (\$108.2 million), streets (\$119.3 million), water (\$121.1 million) and

wastewater (\$345.8 million). The City's adopted CIP also includes the proposed 2023 bond program recommended projects. Projects selected in the proposed bond program represent Drainage (14 projects), Parks (2 projects), Facilities (1 project) and Streets (2 projects).

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

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

Major street projects include 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. In addition, the 2023 bond program proposes to construct Hughes Road expansion.

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 two projects proposed in the 2023 bond program, Hickory Slough Sportsplex and Independence Park Phase II.

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

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

Transportation Improvements and Strategic Planning

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



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

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

With the growth in population throughout Pearland the need for additional capacity along our major commercial east-west thoroughfare (FM518) has been recognized by TxDOT and H-GAC with construction funding for the widening of the segment between SH288 and Cullen Boulevard to six lanes allocated for 2025. Additionally, TxDOT has started the design to widen FM518 to six lanes between Cullen Boulevard and McLean Road. Additional planning for the future has started with H-GAC studying the needs along FM518 between McLean and Friendswood including a more detailed look between McLean and Barry Rose in our Old Town area.

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

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 inflation and supply chain issues continue to impact the world, the local economy has remained strong and healthy. Local Pearland sales taxes have continued to grow, seeing an increase in sales tax revenue in FY 2022 of 10.7 percent over FY 2021.

Property tax revenue is projected to maintain the strong levels that have developed, despite an error by the Brazoria County Tax Office when calculation the total property tax base for FY 2023. The revaluation was a one-time occurrence and was immediately addressed via FY 2023 Budget Amendment #1. Property taxes provide a timing buffer from the standpoint that the FY 2023 budget relies upon values determined by the three county appraisal districts as of January 1, 2022. Likewise, values as of January 1, 2023, will provide the General Fund and Debt Service

Fund revenues for FY 2024. Property values have remained strong and the housing market continues to flourish, despite the nationwide slowdown in the real estate market due to increased borrowing costs. Looking ahead, property values as of January 1, 2023, will not come into play until the City's FY 2024.

While about half-way into FY 2023, the City is already beginning to prepare for the FY 2024 budget process and up-coming forecast with the continuing goal of being fiscally responsible to our citizens. The property tax revaluation is expected to be resolved in FY 2023 with the Brazoria County Tax Office signing an updated property tax calculation worksheet – providing the City with enough property tax increment to address the situation in a financially sustainable and politically acceptable manner.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for the Excellence in Financial Reporting to the City of Pearland, Texas, for its Comprehensive Annual Financial Report for the year ended September 30, 2021. This was the 46th 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 2022, the Government Treasurers' Organization of Texas (GTOT) awarded the second Certificate of Distinction to the City of Pearland for its Investment Policy. The certification is good for a two-year period ending in 2024. The City of Pearland received its Certificate of Investment Policy award for developing an investment policy that meets the requirements of the *Texas 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 35 consecutive years with its FY 2021 budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The City will submit a Popular Annual Financial Report (PAFR) to Government Finance Officers Association (GFOA) for FY 2022. This is the fourth year in a row the City is participating in this program.

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

Respectfully submitted,



Trent Epperson
Interim City Manager



Ron Fraser
Assistant City Manager



Amy Buckert
Chief Financial Officer



Kendra Murphy
Deputy Director of Finance

CITY OF PEARLAND, TEXAS

Principal Officials

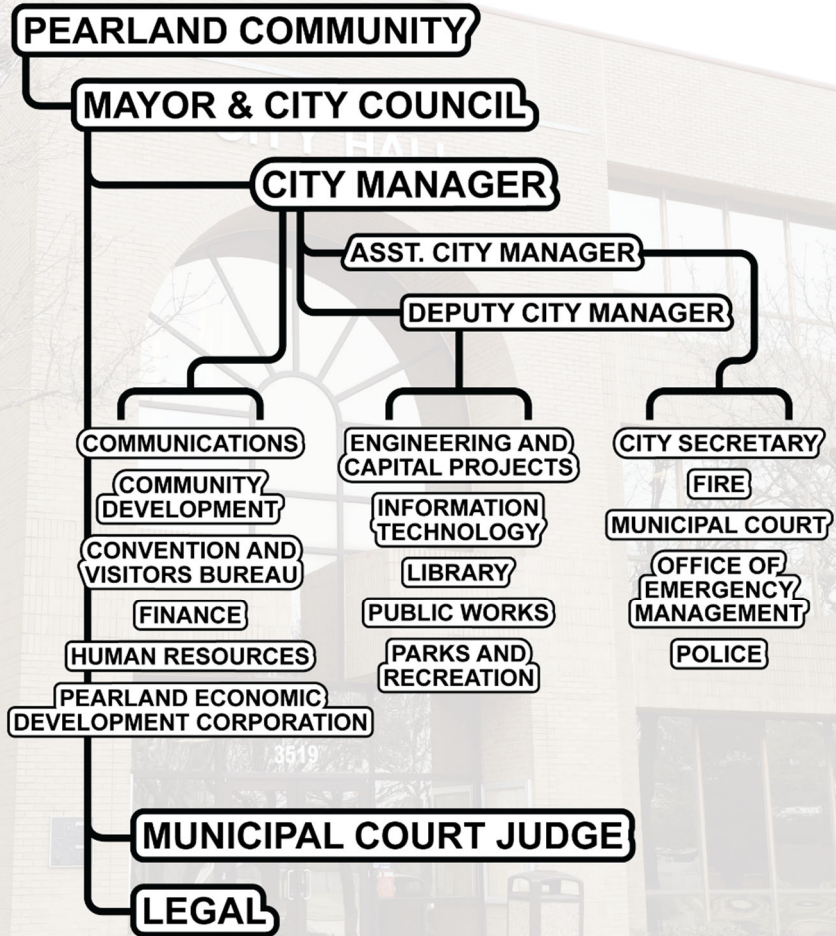
As of September 30, 2022

Elected Officials	Position	Term Expires May
Kevin Cole	Mayor	2023
Tony Carbone	Mayor Pro Tem	2024
Joseph Koza	Councilmember - Position 1	2025
Alex Kamkar	Councilmember - Position 2	2023
Adrian Hernandez	Councilmember - Position 3	2024
Layni Cade	Councilmember - Position 5	2025
Jeffrey Barry	Councilmember - Position 6	2025
Woody Owens	Councilmember - Position 7	2023

Appointed Officials	Position
Trent Epperson	Interim City Manager
Darrin Coker	City Attorney
Letitia Farnie	Municipal Court Judge

City Management Position	
Ron Fraser	Assistant City Manager
Matt Buchanan	PEDC President
Amy Buckert	Chief Financial Officer
Frances Aguilar	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, 2021

Christopher P. Morrill

Executive Director/CEO

Financial Section





2700 Post Oak Boulevard, Suite 1500 / Houston, TX 77056

P 713.499.4600 / F 713.499.4699

forvis.com

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pearland, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 17 to the financial statements, beginning-of-year net position for governmental activities, business-type activities and an enterprise fund has been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

As discussed in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

As discussed in Note 19 to the financial statements, the previously reported amounts as of September 30, 2022, for cash, restricted cash, investments, restricted investments, restricted net position, unrestricted net position and net investment in capital assets for business-type activities and an enterprise fund has been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2023, on our consideration of 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 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 City's internal control over financial reporting and compliance.

FORVIS,LLP

Houston, Texas
May 16, 2023, except as to Note 19, which is as of October 16, 2023.

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Management's Discussion and Analysis



CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis
Year Ended September 30, 2022

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 FY ended September 30, 2022. 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-xix of this report), and the statistical section (Pages 107-148 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, 2022, by \$888.7 million (net position). Of this amount, \$728 million is invested in capital assets, net of related capital debt and \$80.8 million is restricted for capital improvements, debt service, community development programs, public safety and economic development.
- At the close of the current FY, the City's governmental funds reported combined ending fund balances of \$184.1 million, an increase of \$20.6 million in comparison to the prior year. Approximately \$152.8 million of the \$184.1 million is considered restricted fund balance and primarily consists of \$52.7 million for economic development and \$78.9 million for capital projects.
- As of September 30, 2022, the total fund balance for the General Fund was unassigned and was \$34.7 million or 35.5 percent of total General Fund expenditures.
- The City's long-term debt increased by \$38.0 million primarily due to the issuance of new debt.
- Effective October 1, 2021, the City adopted GASB Statement No. 87, *Leases*, and also restated net position related to corrections of errors. Comparative information presented herein has not been restated for the adoption of GASB Statement No. 87 or the restatements due to correction of errors because the basic financial statements present FY 2022 only.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Additionally, required supplementary information which includes this management's discussion and analysis, information related to the City's pension plan and retiree health plans and budgetary comparison information is also included in this report. This report also contains other supplementary information as listed in the table of contents in addition to the basic financial statements themselves.

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

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2022

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

The Statement of Activities presents information showing how the City's net position changed during the FY. 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 13 through 15 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 FY. 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 16 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

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2022

Development Corporation, Tax Increment Reinvestment Zone #2, and Development Authority of Pearland, which are considered to be major funds. Data from the non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements, which begin on page 22 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 22 through 26 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 27 and 28 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 29 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 73 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 \$883.7 million at the close of the most recent FY.

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2022

By far the largest portion of the City's net position (81.9 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Comparative Statement of Net Position
September 30, 2022 and 2021
Amounts in (000's)

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 234,272	\$ 206,342	\$ 194,614	\$ 257,312	\$ 428,886	\$ 463,654
Capital assets	905,348	898,673	560,499	463,619	1,465,847	1,362,292
Total assets	1,139,620	1,105,015	755,113	720,931	1,894,733	1,825,946
Deferred outflows of resources	14,005	13,916	2,075	2,059	16,080	15,975
Liabilities						
Current	27,047	29,360	33,633	24,644	60,680	54,004
Long-term liabilities outstanding	494,120	493,796	452,854	425,313	946,974	919,109
Total liabilities	521,167	523,156	486,487	449,957	1,007,654	973,113
Deferred inflows of resources	12,661	4,147	1,751	626	14,412	4,773
Net position						
Net investment in capital assets	511,377	493,670	216,661	161,158	728,038	654,828
Restricted	48,792	45,162	32,025	30,064	80,817	75,226
Unrestricted	59,628	52,796	20,264	81,185	79,892	133,981
Total net position	\$ 619,797	\$ 591,628	\$ 268,950	\$ 272,407	\$ 888,747	\$ 864,035

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2022

Comparative Statement of Activities
September 30, 2022 and 2021
Amounts in (000's)

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 31,094	\$ 28,255	\$ 62,206	\$ 60,713	\$ 93,300	\$ 88,968
Operating grants and contributions	20,115	20,006	35	1	20,150	20,007
Capital grants and contributions	-	1,876	-	1,007	-	2,883
General revenues						
Property taxes	101,524	100,075	-	-	101,524	100,075
Sales and use taxes	44,699	40,248	-	-	44,699	40,248
Franchise taxes	6,870	6,940	-	-	6,870	6,940
Investment income	472	209	1,161	94	1,633	303
Loss on disposal of assets	-	-	-	-	-	-
Other	5,206	4,793	45	16	5,251	4,809
Total revenues	209,980	202,402	63,447	61,831	273,427	264,233
Expenses						
General government	34,580	27,594	-	-	34,580	27,594
Public safety	52,440	53,503	-	-	52,440	53,503
Public works	33,363	48,115	-	-	33,363	48,115
Community services	4,834	4,465	-	-	4,834	4,465
Parks and recreation	8,041	6,799	-	-	8,041	6,799
Economic development	39,101	30,653	-	-	39,101	30,653
Interest on long-term debt	13,238	13,604	-	-	13,238	13,604
Water and sewer	-	-	48,591	44,655	48,591	44,655
Solid waste	-	-	7,158	8,094	7,158	8,094
Total expenses	185,597	184,733	55,749	52,749	241,346	237,482
Increase in Net Position Before Transfers	24,383	17,669	7,698	9,082	32,081	26,751
Transfers	6,079	5,548	(6,079)	(5,548)	-	-
Change in Net Position	30,462	23,217	1,619	3,534	32,081	26,751
Net Position, Beginning, as Previously Reported	591,629	-	272,406	-	864,035	-
Restatement: Error corrections	(2,294)	-	(5,076)	-	(7,370)	-
Net Position, Beginning, as Restated	589,335	568,411	267,330	268,873	856,665	837,284
Net Position, Ending	\$ 619,797	\$ 591,628	\$ 268,949	\$ 272,407	\$ 888,746	\$ 864,035

The increase in total net position from the prior year of \$19.7 million is primarily attributable to the increase in capital assets funded by debt issued in the current and prior FY.

Governmental activities – Governmental activities increased the City's restated net position by \$30.5 million, thereby accounting for 113 percent of the total increase in the restated net position of the City. Key elements of this increase are as follows.

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2022

- Property taxes, sales and use taxes, and franchise taxes totaled \$101.5 million, \$44.7 million, and \$6.9 million, respectively. These revenues increased by \$5.83 million from prior year primarily as a result of an increase in assessed taxable values driven by increased local real estate market values and an increase in local sales and use taxes.
- The revenues were primarily offset by expenses for general government, public safety, public works, economic development of \$34.6 million, \$52.4 million, \$33.4 million, and \$37.4 million, respectively.

Business-type activities – Business-type activities increased the City's restated net position by \$1.6 million. Key elements of this increase are as follows:

- Charges for services of \$62.2 million increased approximately \$1.5 million from the prior year due to enhancements in the efficiency of water billing and collection processes, resulting in improved billing and collection times.
- Capital grants and contributions decreased \$1 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 \$48.9 million and \$7.2 million for Water and Sewer and Solid Waste, respectively. Total expenses increased from the prior year by \$3 million.

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 FY.

The City's governmental funds reflect a combined fund balance of \$184.1 million. A portion of the combined fund balance, or \$31.2 million, is unassigned and available for day-to-day operations of the City; \$30 thousand is nonspendable; \$79 million is restricted for capital projects; \$52.8 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 \$20.7 million from the prior year. The increase in fund balance includes increases in the General Fund of \$2.1 million, Capital Projects Fund of \$15.8 million, Pearland Economic Development Corporation of \$2.4 million, Tax Increment Reinvestment Zone #2 of \$126 thousand and the Development Authority Fund of \$210 thousand. These increases in fund balance were partially offset by a decrease in fund balance in the Debt Service Fund of \$2.5 million. The General Fund's fund balance totaled \$34.7 million at year-end.

Tax Increment Reinvestment Zone #2 had expenditures totaling \$12.5 million, leaving an ending restricted fund balance of \$7.2 million.

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2022

The Pearland Economic Development Corporation and Development Authority of Pearland, the City's blended component units, had expenditures totaling \$35.23 million, leaving an ending fund balance of \$39.7 million, and \$13.1 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 \$24.6 million at year-end, a \$10.5 million increase from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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 the following:

- Motor pool equipment and vehicle replacement
- Purchase of one additional ambulance
- Replacement of Capital Project software
- Additional allocation for street and sidewalk repairs and city generators
- Cameras and software

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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of FY 2022, the City's governmental activities and business-type activities had invested \$905.3 million and \$560.5 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net increase of \$6.7 million, or 0.7 percent over the end of last FY for the governmental activities and a net increase of \$96.8 million or 20.9 percent over the end of last FY for business-type activities.

	Capital Assets					
	Amounts in (000's)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 40,401	\$ 34,530	\$ 3,877	\$ 3,877	\$ 44,278	\$ 38,407
Construction in progress	133,024	180,206	229,919	185,657	362,943	365,863
Infrastructure	585,023	587,723	289,874	234,746	874,897	822,469
Buildings and improvements	136,291	83,394	21,363	22,098	157,654	105,492
Machinery and equipment	8,940	10,345	619	1,010	9,559	11,355
Furniture and fixtures	1,669	2,475	12	21	1,681	2,496
Contractual water rights	-	-	14,835	16,210	14,835	16,210
Total capital assets	<u>\$ 905,348</u>	<u>\$ 898,673</u>	<u>\$ 560,499</u>	<u>\$ 463,619</u>	<u>\$ 1,465,847</u>	<u>\$ 1,362,292</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.

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2022

Long-Term Debt – At the end of the current FY, the City had total bonds, certificates of obligation, and financed purchase agreements outstanding of \$918.2 million. Of this amount, \$268.3 million is composed of general obligation bonds, \$147.4 million is composed of certificates of obligation, and \$447.6 million represents revenue bonds secured solely by specified revenue sources.

	Outstanding Debt					
	Amounts in (000's)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 265,615	\$ 260,840	\$ 2,710	\$ 3,020	\$ 268,325	\$ 263,860
Certificates of obligation	101,660	86,220	45,710	-	147,370	86,220
Revenue bonds	64,810	73,235	382,785	400,840	447,595	474,075
Unamortized issuance premium	36,212	38,710	18,575	16,917	54,787	55,627
Financed purchase agreements	131	381	-	-	131	381
Total outstanding debt	<u>\$ 468,428</u>	<u>\$ 459,386</u>	<u>\$ 449,780</u>	<u>\$ 420,777</u>	<u>\$ 918,207</u>	<u>\$ 880,163</u>

The City's general obligation bonds and certificates of obligation debt for governmental activities increased to \$367.3 million, a net increase of \$20.2 million from the previous year. The increase is due to new debt issued partially offset by scheduled principal payments. The City's debt for business-type activities increased to \$449.8 million, a net increase of \$29 million from the previous year, which was a result of new debt issued partially offset by scheduled principal payments.

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 2023, less in terms of population and more in terms of growing value. The City's sales tax revenue is expected to continue strongly, budgeted to provide \$30.1 million in FY 2023. Sales tax revenue is expected to provide substantially to General Fund operations as well as being the funding source for our Pearland Economic Development Corporation for a budgeted \$14.0 million in FY 2023.

The City received positive ratings from Moody's Investor Services and Fitch Ratings, Inc. for its 2022 bond issuances. The City's Permanent Improvement Bonds Series 2022 for \$52.1 million, and the City's Certificates of Obligation Series 2022A and 2022B for \$10.7 million and \$8.4 million, respectively, were assigned a rating of 'AA' by Fitch and 'Aa2' by Moody's. These ratings

CITY OF PEARLAND, TEXAS
Management's Discussion and Analysis (Continued)
Year Ended September 30, 2022

demonstrate strong creditworthiness relative to other U.S. municipal or tax-exempt issuers or issues. The City, however, is significantly leveraged, which was necessary to allow the City to grow successfully.

The City restructured \$4,420,000 in Permanent Improvement Bonds (PIB) (Series 2022). Additionally, there was a separate cash defeasance of \$9,500,000 in Certificates of Obligation (Series 2019B), which were for TIRZ-related projects.

The City is working to invest in Internal Service Funds to assist with operating expenses moving forward, which will help residents and businesses by stabilizing the tax rate. Internal Service Funds will help avoid capital outlay "spikes" in tax rates. Additionally, there is a planned bond referendum in May of 2023 for voters to have a say in streets and drainage (\$105.5M), parks (\$33.7M), streets, sidewalks and bridges (\$26.1M), and a new fire station (\$15.9M). The City also plans for conservative sales tax growth (3 percent) and continued strong property values (upwards of 10 percent).

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 Kendra Murphy, Deputy Director of Finance, at 3523 Liberty Drive, Pearland, Texas 77581, or 281-652-1698. The report and general information can be found on the City's website at www.pearlandtx.gov.



Basic Financial Statements



CITY OF PEARLAND, TEXAS
Statement of Net Position
September 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities (Restated - Note 17)	Total
Assets			
Cash and cash equivalents	\$ 51,004,000	\$ 8,616,994	\$ 59,620,994
Investments	153,119,895	5,130,725	158,250,620
Receivables (net of allowance for uncollectibles, where applicable)	33,641,989	9,686,861	43,328,850
Internal balances	(4,948,442)	4,948,442	-
Inventories	481,997	-	481,997
Prepays	29,590	-	29,590
Restricted cash and cash equivalents	-	116,570,090	116,570,090
Restricted investments	-	49,658,828	49,658,828
Lease receivable	898,641	-	898,641
Lease assets	43,520	2,021	45,541
Capital assets			
Nondepreciable	173,424,671	233,795,761	407,220,432
Depreciable, net	731,923,706	326,703,220	1,058,626,926
Total capital assets	<u>905,348,377</u>	<u>560,498,981</u>	<u>1,465,847,358</u>
Total Assets	<u>1,139,619,567</u>	<u>755,112,942</u>	<u>1,894,732,509</u>
Deferred Outflows of Resources			
Deferred loss on refunding	4,992,977	793,077	5,786,054
OPEB	1,324,080	214,055	1,538,135
Pension	7,687,697	1,067,815	8,755,512
Total Deferred Outflows of Resources	<u>14,004,754</u>	<u>2,074,947</u>	<u>16,079,701</u>
Liabilities			
Accounts payable and other accrued liabilities	16,773,416	28,583,982	45,357,398
Accrued interest payable	1,529,677	855,323	2,385,000
Unearned revenues	8,059,503	-	8,059,503
Customer deposits	642,719	4,191,561	4,834,280
Lease liability	41,623	2,021	43,644
Noncurrent liabilities			
Due within one year: Bonds, certificates of obligation, financed purchases, compensated absences	34,104,471	20,291,608	54,396,079
Due in more than one year: Bonds, certificates of obligation, financed purchases, compensated absences	443,457,965	430,344,422	873,802,387
Total OPEB liability	6,042,758	1,001,128	7,043,886
Net pension liability	10,514,441	1,216,706	11,731,147
Total Liabilities	<u>521,166,573</u>	<u>486,486,751</u>	<u>1,007,653,324</u>
Deferred Inflows of Resources			
OPEB	1,991,537	368,484	2,360,021
Pension	9,956,892	1,383,004	11,339,896
Leases	712,667	-	712,667
Total Deferred Inflows of Resources	<u>12,661,096</u>	<u>1,751,488</u>	<u>14,412,584</u>
Net Position			
Net investment in capital assets	511,376,611	216,660,709	728,037,320
Restricted for			
Debt service	-	18,579,022	18,579,022
Capital projects	-	13,445,902	13,445,902
Community development programs	8,321,839	-	8,321,839
Public safety	761,499	-	761,499
Economic development	39,708,717	-	39,708,717
Unrestricted	59,627,986	20,264,017	79,892,003
Total Net Position	<u>\$ 619,796,652</u>	<u>\$ 268,949,650</u>	<u>\$ 888,746,302</u>

CITY OF PEARLAND, TEXAS
Statement of Activities
Year Ended September 30, 2022

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 34,580,025	\$ 17,815,643	\$ 5,739,554	\$ -
Public safety	52,440,312	5,746,468	-	-
Public works	33,362,976	185,864	14,007,914	-
Community services	4,834,347	5,731,653	367,846	-
Parks and recreation	8,040,915	1,613,966	-	-
Economic development	39,101,460	-	-	-
Interest on long-term debt	13,238,056	-	-	-
Total Governmental Activities	<u>185,598,091</u>	<u>31,093,594</u>	<u>20,115,314</u>	<u>0</u>
Business-type Activities				
Water and sewer	48,592,364	55,351,683	35,351	-
Solid waste	7,157,894	6,854,747	-	-
Total Business-type Activities	<u>55,750,258</u>	<u>62,206,430</u>	<u>35,351</u>	<u>0</u>
Total Primary Government	<u>\$ 241,348,349</u>	<u>\$ 93,300,024</u>	<u>\$ 20,150,665</u>	<u>\$ 0</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, as Previously Reported

Restatement: Error corrections

Net Position, Beginning, as Restated

Net Position, Ending

CITY OF PEARLAND, TEXAS
Statement of Activities (Continued)
Year Ended September 30, 2022

Net (Expense) Revenue and Changes in Net Position
Primary Government

Governmental Activities	Business-type Activities	Total
\$ (11,024,828)	\$ -	\$ (11,024,828)
(46,693,844)	-	(46,693,844)
(19,169,198)	-	(19,169,198)
1,265,152	-	1,265,152
(6,426,949)	-	(6,426,949)
(39,101,460)	-	(39,101,460)
(13,238,056)	-	(13,238,056)
<u>(134,389,183)</u>	<u>0</u>	<u>(134,389,183)</u>
-	6,794,670	6,794,670
-	(303,147)	(303,147)
<u>0</u>	<u>6,491,523</u>	<u>6,491,523</u>
<u>(134,389,183)</u>	<u>6,491,523</u>	<u>(127,897,660)</u>
101,524,474	-	101,524,474
44,699,475	-	44,699,475
6,869,599	-	6,869,599
472,072	1,161,439	1,633,511
5,206,387	45,375	5,251,762
6,079,216	(6,079,216)	-
<u>164,851,223</u>	<u>(4,872,402)</u>	<u>159,978,821</u>
30,462,040	1,619,121	32,081,161
591,628,894	272,406,399	864,035,293
(2,294,282)	(5,075,870)	(7,370,152)
<u>589,334,612</u>	<u>267,330,529</u>	<u>856,665,141</u>
<u>\$ 619,796,652</u>	<u>\$ 268,949,650</u>	<u>\$ 888,746,302</u>

CITY OF PEARLAND, TEXAS
Balance Sheet – Governmental Funds
September 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Pearland Economic Development Corporation
Assets				
Cash and cash equivalents	\$ 4,638,947	\$ 3,417,450	\$ 7,234,653	\$ 360,052
Investments	30,137,452	87,791	70,114,708	37,214,044
Receivables (net of allowance for uncollectibles, where applicable)	7,287,331	5,307,761	12,005,302	5,319,526
Prepays and other assets	-	-	-	-
Total Assets	\$ 42,063,730	\$ 8,813,002	\$ 89,354,663	\$ 42,893,622
Liabilities				
Accounts payable	\$ 6,146,789	\$ 135,080	\$ 8,743,408	\$ 303,304
Customer deposits	642,719	-	-	-
Unearned revenue	138,918	-	1,622,513	-
Total Liabilities	6,928,426	135,080	10,365,921	303,304
Deferred Inflows of Resources				
Unavailable revenue	477,761	5,241,776	-	2,881,601
Total Deferred Inflows of Resources	477,761	5,241,776	0	2,881,601
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	3,436,146	78,988,742	39,708,717
Unassigned	34,657,543	-	-	-
Total Fund Balances	34,657,543	3,436,146	78,988,742	39,708,717
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 42,063,730	\$ 8,813,002	\$ 89,354,663	\$ 42,893,622

CITY OF PEARLAND, TEXAS
Balance Sheet – Governmental Funds (Continued)
September 30, 2022

Tax Increment Reinvestment Zone #2	Development Authority of Pearland	Other Governmental Funds	Total Governmental Funds
\$ 7,213,625	\$ 13,078,149	\$ 5,841,214	\$ 41,784,090
-	-	5,480,141	143,034,136
50,529	1,450	3,602,265	33,574,164
-	-	29,590	29,590
<u>\$ 7,264,154</u>	<u>\$ 13,079,599</u>	<u>\$ 14,953,210</u>	<u>\$ 218,421,980</u>
\$ 49,849	\$ -	\$ 147,456	\$ 15,525,886
-	-	-	642,719
-	-	6,298,072	8,059,503
<u>49,849</u>	<u>0</u>	<u>6,445,528</u>	<u>24,228,108</u>
-	-	1,486,878	10,088,016
<u>0</u>	<u>0</u>	<u>1,486,878</u>	<u>10,088,016</u>
-	-	29,590	29,590
7,214,305	13,079,599	10,380,516	152,808,025
-	-	(3,389,302)	31,268,241
<u>7,214,305</u>	<u>13,079,599</u>	<u>7,020,804</u>	<u>184,105,856</u>
<u>\$ 7,264,154</u>	<u>\$ 13,079,599</u>	<u>\$ 14,953,210</u>	<u>\$ 218,421,980</u>

CITY OF PEARLAND, TEXAS
Reconciliation of the Balance Sheet – Governmental Funds to the
Government-wide Statement of Net Position
September 30, 2022

Total Fund Balances - Governmental Funds \$ 184,105,856

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. 899,222,721

Lease receivable 898,641
Lease asset 43,520
Lease liability (41,623)

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 loss on refunding 4,992,977
Deferred outflows relating to OPEB activities 1,303,095
Deferred outflows relating to pension activities 7,621,139

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

Bonds and financed purchases payable (468,428,354)
Compensated absences (9,084,498)
Accrued interest governmental activity debt (1,529,677)
Total OPEB liability (6,021,029)
Net pension liability (10,449,608)

Some property tax and loan revenues will not be collected for several months after the City's fiscal year end.

Deferred inflows relating to unavailable revenue 10,088,016

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 (1,965,489)
Deferred inflows relating to pension activities (9,864,605)
Deferred inflows relating to leases (712,667)

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.

19,618,237

Net Position of Governmental Activities \$ 619,796,652



CITY OF PEARLAND, TEXAS
Statement of Revenues, Expenditures and Changes
in Fund Balances – Governmental Funds
Year Ended September 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Pearland Economic Development Corporation
Revenues				
Property taxes	\$ 29,937,664	\$ 37,763,000	\$ -	\$ -
Sales and use taxes	28,930,889	-	-	14,250,278
Franchise fees	6,622,237	-	-	-
Licenses and permits	4,612,554	-	-	-
Fines and forfeitures	1,989,062	-	-	-
Charges for services	22,257,316	-	-	-
Investment earnings	98,435	41,091	525,866	224,376
Intergovernmental	4,548,225	-	12,210,603	12,000
Other	603,797	735,447	1,647,874	1,214,079
Total Revenues	<u>99,600,179</u>	<u>38,539,538</u>	<u>14,384,343</u>	<u>15,700,733</u>
Expenditures				
Current				
General government	14,545,343	-	-	-
Public safety	58,350,556	-	-	-
Public works	12,479,013	-	1,478,204	-
Community services	4,585,041	-	-	-
Parks and recreation	6,588,930	-	-	-
Economic development	-	-	-	3,939,387
Debt service				
Principal	179,299	21,505,000	-	250,000
Interest and other charges	7,543	14,817,653	458,153	29,500
Capital outlay	769,296	-	46,098,920	10,014,021
Intergovernmental	-	7,289,088	-	-
Total Expenditures	<u>97,505,021</u>	<u>43,611,741</u>	<u>48,035,277</u>	<u>14,232,908</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,095,158</u>	<u>(5,072,203)</u>	<u>(33,650,934)</u>	<u>1,467,825</u>
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	-	1,154,819
Issuance of debt	-	-	41,720,000	-
Premium on debt issued	-	-	2,953,542	-
Transfers in	5,197,799	2,621,118	6,103,531	-
Transfers out	(5,159,815)	-	(1,319,801)	(190,709)
Total Other Financing Sources (Uses)	<u>37,984</u>	<u>2,621,118</u>	<u>49,457,272</u>	<u>964,110</u>
Net Change in Fund Balances	2,133,142	(2,451,085)	15,806,338	2,431,935
Fund Balances, Beginning of Year	32,524,401	5,887,231	63,182,404	37,276,782
Fund Balances, End of Year	<u>\$ 34,657,543</u>	<u>\$ 3,436,146</u>	<u>\$ 78,988,742</u>	<u>\$ 39,708,717</u>

CITY OF PEARLAND, TEXAS
Statement of Revenues, Expenditures and Changes
in Fund Balances – Governmental Funds (Continued)
Year Ended September 30, 2022

Tax Increment Reinvestment Zone #2	Development Authority of Pearland	Other Governmental Funds	Total Governmental Funds
\$ 33,823,810	\$ -	\$ -	\$ 101,524,474
-	-	1,518,308	44,699,475
-	-	247,362	6,869,599
-	-	-	4,612,554
-	-	123,141	2,112,203
-	-	1,043,372	23,300,688
48,013	13,557	55,137	1,006,475
-	-	3,210,715	19,981,543
-	-	1,000,120	5,201,317
<u>33,871,823</u>	<u>13,557</u>	<u>7,198,155</u>	<u>209,308,328</u>
-	-	1,411,213	15,956,556
-	-	1,142,637	59,493,193
-	-	-	13,957,217
-	-	179,414	4,764,455
-	-	114,850	6,703,780
12,521,111	10,885,603	-	27,346,101
-	8,175,000	71,079	30,180,378
-	1,967,936	2,674	17,283,459
-	-	736,780	57,619,017
-	-	-	7,289,088
<u>12,521,111</u>	<u>21,028,539</u>	<u>3,658,647</u>	<u>240,593,244</u>
<u>21,350,712</u>	<u>(21,014,982)</u>	<u>3,539,508</u>	<u>(31,284,916)</u>
-	-	-	1,154,819
-	-	-	41,720,000
-	-	-	2,953,542
-	21,224,675	439,265	35,586,388
<u>(21,224,675)</u>	<u>-</u>	<u>(1,612,172)</u>	<u>(29,507,172)</u>
<u>(21,224,675)</u>	<u>21,224,675</u>	<u>(1,172,907)</u>	<u>51,907,577</u>
126,037	209,693	2,366,601	20,622,661
<u>7,088,268</u>	<u>12,869,906</u>	<u>4,654,203</u>	<u>163,483,195</u>
<u>\$ 7,214,305</u>	<u>\$ 13,079,599</u>	<u>\$ 7,020,804</u>	<u>\$ 184,105,856</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, 2022

Net Change In Fund Balances – Total Governmental Funds \$ 20,622,661

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 \$57,619,017 exceeded depreciation expense of \$43,204,344 and loss on disposal of property of \$2,852,284, and other changes in capital assets of \$2,512,221 in the current period. 9,050,168

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.

Proceeds from issuance of long term debt	(41,720,000)
Repayment of long-term debt	30,180,378
Premiums on bonds payable	2,497,102
Deferred loss on refunding	(1,260,383)

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	28,738
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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. (99,976)

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. (643,940)

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. (598,363)

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. 2,880,662

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. 9,524,993

Change In Net Position of Governmental Activities \$ 30,462,040

CITY OF PEARLAND, TEXAS
Statement of Net Position – Proprietary Funds
September 30, 2022

	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer Fund (Restated - Note 17)	Solid Waste Fund	Total	Activities
				Internal Service Funds
Assets				
Current Assets				
Cash and cash equivalents	\$ 8,543,613	\$ 73,381	\$ 8,616,994	\$ 9,219,910
Investments	5,130,725	-	5,130,725	10,085,759
Receivables (net of allowance for uncollectibles, where applicable)	9,165,659	521,202	9,686,861	67,825
Inventories	-	-	-	481,997
Restricted cash and cash equivalents	116,570,090	-	116,570,090	-
Restricted investments	49,658,828	-	49,658,828	-
Total Current Assets	189,068,915	594,583	189,663,498	19,855,491
Noncurrent Assets				
Capital assets				
Land and improvements	3,877,031	-	3,877,031	-
Construction in progress	229,918,730	-	229,918,730	-
Contractual rights to water supply Infrastructure	34,511,428	-	34,511,428	-
Buildings	465,476,995	-	465,476,995	67,338
Machinery and equipment	32,042,833	-	32,042,833	-
Less accumulated depreciation	5,537,454	-	5,537,454	8,069,542
	(210,865,490)	-	(210,865,490)	(2,011,224)
Total Noncurrent Assets	560,498,981	0	560,498,981	6,125,656
Total Assets	749,567,896	594,583	750,162,479	25,981,147
Deferred Outflows of Resources				
Deferred loss on refunding	793,077	-	793,077	-
OPEB	214,055	-	214,055	20,985
Pension	1,067,815	-	1,067,815	66,558
Total Deferred Outflows of Resources	2,074,947	0	2,074,947	87,543
Current Liabilities				
Accounts payable and accrued expenses	27,851,882	732,100	28,583,982	719,638
Claims payable	-	-	-	527,892
Accrued interest payable	855,323	-	855,323	-
Customer deposits	4,191,561	-	4,191,561	-
Current portion of long-term liabilities:				
Compensated absences	261,608	-	261,608	49,584
Bonds and permanent improvement bonds payable	20,030,000	-	20,030,000	-
Total Current Liabilities	53,190,374	732,100	53,922,474	1,297,114

CITY OF PEARLAND, TEXAS
Statement of Net Position – Proprietary Funds (Continued)
September 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund (Restated - Note 17)	Solid Waste Fund	Total	Internal Service Funds
Noncurrent Liabilities				
Compensated absences	\$ 594,244	\$ -	\$ 594,244	\$ -
Lease liability	34	-	34	-
Total OPEB liability	1,001,128	-	1,001,128	21,729
Net pension liability	1,216,706	-	1,216,706	64,833
Bonds and permanent improvement bonds payable	429,750,144	-	429,750,144	-
Total Noncurrent Liabilities	432,562,256	0	432,562,256	86,562
Total Liabilities	485,752,630	732,100	486,484,730	1,383,676
Deferred Inflows of Resources				
OPEB	368,484	-	368,484	26,048
Pension	1,383,004	-	1,383,004	92,287
Total Deferred Inflows of Resources	1,751,488	0	1,751,488	118,335
Net Position				
Net investment in capital assets	216,660,709	-	216,660,709	6,125,656
Restricted for debt service	18,579,022	-	18,579,022	-
Restricted for capital projects	13,445,902	-	13,445,902	-
Unrestricted	15,453,092	(137,517)	15,315,575	18,441,023
Total Net Position	\$ 264,138,725	\$ (137,517)	264,001,208	\$ 24,566,679
Adjustment to reflect the consolidation of internal services fund activities related to enterprise funds			4,948,442	
Net Position of Business-type Activities			\$ 268,949,650	

CITY OF PEARLAND, TEXAS
Statement of Revenues, Expenses and Changes
in Net Position – Proprietary Funds
Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer Fund	Solid Waste Fund	Total	Activities Internal Service Funds
Operating Revenues				
Charges for sales and services	\$ 55,351,683	\$ 6,854,747	\$ 62,206,430	\$ 26,498,951
Total Operating Revenues	<u>55,351,683</u>	<u>6,854,747</u>	<u>62,206,430</u>	<u>26,498,951</u>
Operating Expenses				
Personnel services	10,252,899	-	10,252,899	619,423
Supplies and materials	6,715,000	-	6,715,000	13,610
Contractual services	6,522,820	7,157,894	13,680,714	12,648,088
Repairs and maintenance	2,753,815	-	2,753,815	1,407,642
Other expenses	-	-	-	15,851
Depreciation and amortization	17,040,462	-	17,040,462	1,165,409
Total Operating Expenses	<u>43,284,996</u>	<u>7,157,894</u>	<u>50,442,890</u>	<u>15,870,023</u>
Operating Income (Loss)	<u>12,066,687</u>	<u>(303,147)</u>	<u>11,763,540</u>	<u>10,628,928</u>
Nonoperating Revenues (Expenses)				
Intergovernmental	35,351	-	35,351	-
Earnings on investments	1,161,122	317	1,161,439	96,380
Loss on sale of capital assets	(3,531)	-	(3,531)	(176,290)
Miscellaneous revenue	45,374	-	45,374	-
Debt issuance costs	(434,190)	-	(434,190)	-
Interest expenses	(5,893,671)	-	(5,893,671)	-
Net Nonoperating Revenues (Expenses)	<u>(5,089,545)</u>	<u>317</u>	<u>(5,089,228)</u>	<u>(79,910)</u>
Income (Loss) Before Transfers and Capital Contributions	<u>6,977,142</u>	<u>(302,830)</u>	<u>6,674,312</u>	<u>10,549,018</u>
Transfers in	135,683,573	-	135,683,573	-
Transfers out	(141,762,789)	-	(141,762,789)	-
Change in Net Position	<u>897,926</u>	<u>(302,830)</u>	<u>595,096</u>	<u>10,549,018</u>
Net Position, Beginning, as Previously Reported	<u>267,816,555</u>	<u>665,427</u>	<u>268,481,982</u>	<u>14,017,661</u>
Restatement: Error corrections	<u>(4,575,756)</u>	<u>(500,114)</u>	<u>(5,075,870)</u>	<u>-</u>
Net Position, Beginning, as Restated	<u>263,240,799</u>	<u>165,313</u>	<u>263,406,112</u>	<u>14,017,661</u>
Net Position, Ending	<u>\$ 264,138,725</u>	<u>\$ (137,517)</u>	<u>\$ 264,001,208</u>	<u>\$ 24,566,679</u>
Reconciliation to government-wide statement of activities				
Change in Net Position of enterprise funds			\$ 595,096	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds			<u>1,024,025</u>	
Change in Net Position of Business-type Activities			<u>\$ 1,619,121</u>	

CITY OF PEARLAND, TEXAS
Statement of Cash Flows – Proprietary Funds
Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund (Restated - Note 17)	Solid Waste Fund	Total	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 58,089,751	\$ 6,881,970	\$ 64,971,721	\$ 10,245,670
Receipts from interfund charges for services	-	-	-	16,477,859
Payments to employees for salaries and benefits	(10,686,940)	-	(10,686,940)	(588,761)
Payments for interfund services used	(3,296,621)	-	(3,296,621)	-
Payments to suppliers and service providers	(8,935,919)	(7,130,750)	(16,066,669)	(14,130,941)
Net Cash Provided By (Used In) Operating Activities	<u>35,170,271</u>	<u>(248,780)</u>	<u>34,921,491</u>	<u>12,003,827</u>
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	135,683,573	-	135,683,573	-
Transfers to other funds	(141,762,789)	-	(141,762,789)	-
Net Cash Used In Noncapital Financing Activities	<u>(6,043,865)</u>	<u>0</u>	<u>(6,043,865)</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(113,483,136)	-	(113,483,136)	(1,259,044)
Proceeds from sale of assets	(3,531)	-	(3,531)	(176,290)
Proceeds from issuance of debt	49,614,013	-	49,614,013	-
Debt issuance costs	(434,190)	-	(434,190)	-
Principal paid on capital debt	(18,365,000)	-	(18,365,000)	-
Interest paid on capital debt	(7,871,321)	-	(7,871,321)	-
Net Cash Used In Capital and Related Financing Activities	<u>(90,543,165)</u>	<u>0</u>	<u>(90,543,165)</u>	<u>(1,435,334)</u>
Cash Flows from Investing Activities				
Interest on investments	1,161,122	317	1,161,439	96,380
Investment maturities (purchases) net	(22,277,036)	-	(22,277,036)	(10,085,759)
Net Cash Provided By (Used In) Investing Activities	<u>(21,115,914)</u>	<u>317</u>	<u>(21,115,597)</u>	<u>(9,989,379)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(82,532,673)</u>	<u>(248,463)</u>	<u>(82,781,136)</u>	<u>579,114</u>
Cash and Cash Equivalents, Beginning of Year	<u>207,646,376</u>	<u>321,844</u>	<u>207,968,220</u>	<u>8,640,796</u>
Cash and Cash Equivalents, End of Year	<u>\$ 125,113,703</u>	<u>\$ 73,381</u>	<u>\$ 125,187,084</u>	<u>\$ 9,219,910</u>
Reconciliation to the Statement of Net Position - Proprietary Funds				
Unrestricted cash and cash equivalents	\$ 8,543,613	\$ 73,381	\$ 8,616,994	\$ 9,219,910
Restricted cash and cash equivalents	116,570,090	-	116,570,090	-
	<u>\$ 125,113,703</u>	<u>\$ 73,381</u>	<u>\$ 125,187,084</u>	<u>\$ 9,219,910</u>

CITY OF PEARLAND, TEXAS
Statement of Cash Flows – Proprietary Funds (Continued)
Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund (Restated - Note 17)	Solid Waste Fund	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ 12,066,687	\$ (303,147)	\$ 11,763,540	\$ 10,628,928
Items not requiring cash				
Depreciation and amortization	17,040,462	-	17,040,462	1,165,409
Changes in				
Receivables, net	2,738,068	27,223	2,765,291	224,578
Prepays	-	-	-	(371,443)
Inventories	-	-	-	(57,836)
Accounts payable and accrued liabilities	3,702,052	27,144	3,729,196	433,113
Deposits payable	57,077	-	57,077	-
Compensated absences	(128,002)	-	(128,002)	-
Total OPEB liability	(246,966)	-	(246,966)	(14,237)
Net pension liability	(1,087,388)	-	(1,087,388)	(68,507)
Deferred outflows - OPEB	54,646	-	54,646	(2)
Deferred inflows - OPEB	298,620	-	298,620	21,021
Deferred outflows - Pension	(151,634)	-	(151,634)	(7,594)
Deferred inflows - Pension	826,649	-	826,649	50,397
Net Cash Provided By (Used In) Operating Activities	\$ 35,170,271	\$ (248,780)	\$ 34,921,491	\$ 12,003,827
Summary of Non Cash Capital and Related Financing Activities				
Capital asset acquisitions in accounts payable	\$ 17,709,907	\$ -	\$ 17,709,907	\$ -

CITY OF PEARLAND, TEXAS
Statement of Fiduciary Net Position – Fiduciary Fund
September 30, 2022

	<u>Custodial Fund</u> <u>State Court</u> <u>Costs Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 170,393
Total Current Assets	<u>170,393</u>
Total Assets	<u>170,393</u>
Current Liabilities	
Due to State of Texas	170,393
Total Current Liabilities	<u>170,393</u>
Total Liabilities	<u>170,393</u>
Net Position	
Restricted	-
Total Net Position	<u>\$ 0</u>

CITY OF PEARLAND, TEXAS
Statement of Changes in Fiduciary Net Position – Fiduciary Fund
Year Ended September 30, 2022

	<u>Custodial Fund</u> <u>State Court</u> <u>Costs Fund</u>
Additions	
State court costs	\$ 756,060
Total Additions	<u>756,060</u>
Deductions	
Court costs distributed to state	756,060
Total Deductions	<u>756,060</u>
Net increase in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u>\$ 0</u>



CITY OF PEARLAND, TEXAS
Notes to Financial Statements
September 30, 2022

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" on February 6, 1971. The Charter, as amended, provides for a Council-Manager form of government and provides services authorized by its charter. Presently, these services include police, fire and emergency medical, water and sewer services, drainage, sanitation, building and code inspection, planning, zoning, engineering, street repair and maintenance, park maintenance, recreational activities for citizens, and general administrative services. Fire protection is provided through a combination full-time part-time/volunteer department. The City is governed by an elected mayor and seven-member Council.

The Mayor and all members are elected at large. The Mayor is allowed to vote only in case of a tie vote. The Mayor and each Council member hold office for a period of three years and until his/her successor is elected and qualified. Council members shall be limited to two full consecutive terms of office and there is no limitation on the office of the Mayor. The City Manager is appointed by Council and is responsible for implementation of Council policy, execution of the laws, and all day-to-day operations of the City.

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, 2022

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 percent). The PEDC is governed by a board appointed by the City Council. Although it is legally separated from the City, the PEDC relies upon the primary government for appointing the board, also City Council must approve the PEDC's budget and any debt issuances. The PEDC provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City even though it may not provide services directly to it.

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, 2022

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 for debt service is local property taxes. The Debt Service Fund is considered a major fund for reporting purposes.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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.

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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. Custodial funds use the economic resources measurement focus.

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

Fund balance is presented in the financial statements as follows:

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the City Charter, City Code, State or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by ordinances passed by City Council, the City's highest level of decision-making authority. Commitments may be modified or rescinded only through ordinances approved by City Council.

Assigned – Amounts that are intended to be used for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City's policy, amounts can be assigned by the City's Chief Financial Officer.

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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 FY may be used to draw down the balance.

Water/Sewer Unreserved Working Capital

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

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

Use of Fund Balance/Working Capital

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

Debt Service Fund Total Fund Balance

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

Property Liability Insurance Fund Unrestricted Net Position

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

Employee Benefits Fund and Health Claims Fund

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

Water/Sewer Revenue Debt Coverage Reserves

Revenues shall be maintained at 1.15 times coverage in a FY 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.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

Bond Issuance Reserves

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

Contingency Fund

Pursuant to the City Charter, a provision shall be made within the annual budget for a contingency fund in an amount not more than 7 percent of the total budget (General Fund) to be used in case of unforeseen items of expenditure.

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.

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.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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 and Lease Assets

Capital assets which include property, plant, equipment, infrastructure and lease assets 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

Lease assets are amortized over the shorter of the lease term or the estimated useful life of the underlying asset.

N. Compensated Absences

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

Employees hired prior to October 1, 2005 earn vacation leave at the rate of 15 days per year from 1-15 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 per year 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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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 represent a consumption of net assets 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 loss on refunding – Reported in the government-wide statement of net position, this deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) 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 FY. 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.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

- 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 FY. 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 assets that applies to future periods 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.

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 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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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. 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.

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).

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

Adoption of GASB Statement No. 87, Leases (GASB 87)

In 2022, the City adopted GASB 87, Leases. The Statement establishes a single model for lease accounting based on the principle that leases represent the financing of the right to use an underlying asset. The adoption of GASB 87 resulted in changes in presentation of financial statements and related disclosures in the notes to the financial statements. There was no effect on beginning net position of fund balances as a result of the adoption of GASB 87.

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.

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

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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.

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

	Total Cash and Investments
Cash and cash equivalents	\$ 176,361,477
Temporary Investments	
Texas CLASS	118,302,590
TexSTAR	9,342,017
LOGIC	63,120,387
FAMC discount note	14,938,454
Certificates of deposit	2,206,000
	<u>\$ 384,270,925</u>

At September 30, 2022, the City's demand deposits were covered federal depository insurance, and pledged collateral held by the City's agent in the City's name.

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

Interest income	\$ 1,960,851
Net unrealized loss on temporary investments	(327,340)
	<u>\$ 1,633,511</u>

The City's investments' fair value measurements are as follows at September 30, 2022.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
FAMC discount note	\$ 14,938,454	\$ -	\$ 14,938,454	\$ -

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

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

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

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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	\$ 118,302,590	110
TexSTAR	9,342,017	43
LOGIC	63,120,387	63
FAMC discount note	14,938,454	146
Certificates of deposit	2,206,000	154
	<u>\$ 207,909,448</u>	
Portfolio weighted average maturity		<u>96</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 percent of the City's total investment portfolio will be invested in a single security type. If the City elects to participate in more than one investment pool, the total percent invested in all pools shall not exceed the maximum percent allowed.

As of September 30, 2022, the City's investment portfolio consisted of the following:

	<u>Investments</u>	<u>Percentage of Total Investment Portfolio</u>
Temporary Investments		
Texas CLASS	\$ 118,302,590	58%
TexSTAR	9,342,017	4%
LOGIC	63,120,387	30%
FAMC discount note	14,938,454	7%
Certificates of deposit	2,206,000	1%
	<u>\$ 207,909,448</u>	<u>100%</u>

Credit Risk

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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 (Restated – Note 19)

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	\$ 18,579,022
Customer deposits	4,060,768
Capital improvements	143,589,128
Total	<u>\$ 166,228,918</u>

Note 3 – Receivables

Receivables at September 30, 2022, 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	Development Authority of Pearland	Non-Major Governmental Funds	Total
Receivables								
Property taxes, including penalties and interest	\$ 494,045	\$ 782,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,276,605
UHCL receivable	-	4,545,405	-	-	-	-	-	4,545,405
Sales and other taxes	6,240,246	-	-	2,463,307	-	-	382,614	9,086,167
Interest	37,506	-	-	6,790	-	-	-	44,296
Grants	-	-	9,301,725	-	-	-	1,717,181	11,018,906
Other	529,109	-	2,703,577	2,849,429	50,529	1,450	1,502,470	7,636,564
Gross receivable	7,300,906	5,327,965	12,005,302	5,319,526	50,529	1,450	3,602,265	33,607,943
Less allowance for uncollectibles	(13,575)	(20,204)	-	-	-	-	-	(33,779)
Net receivable	<u>\$ 7,287,331</u>	<u>\$ 5,307,761</u>	<u>\$ 12,005,302</u>	<u>\$ 5,319,526</u>	<u>\$ 50,529</u>	<u>\$ 1,450</u>	<u>\$ 3,602,265</u>	<u>\$ 33,574,164</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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 FY, 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	-
UHCL receivable - principal	4,483,709	-
Street assessments	1,486,878	-
Other	2,881,601	1,622,513
Grants and revenues prior to meeting all eligibility requirements	-	6,436,990
	<u>\$ 10,088,016</u>	<u>\$ 8,059,503</u>

Proprietary Funds:

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Fund
Receivables				
Customer accounts				
Billed	\$ 5,468,316	\$ 809,941	\$ 6,278,257	\$ 67,825
Unbilled	4,744,908	-	4,744,908	-
Interest	195,232	-	195,232	-
Allowance for uncollectibles	<u>(1,242,797)</u>	<u>(288,739)</u>	<u>(1,531,536)</u>	<u>-</u>
	<u>\$ 9,165,659</u>	<u>\$ 521,202</u>	<u>\$ 9,686,861</u>	<u>\$ 67,825</u>

City utility customers are billed on the basis of monthly cycle billings. At FY-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.

Note 4 – Capital Assets

A summary of changes in the primary government's capital assets for the year ended September 30, 2022, follows.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

Governmental Activities:

	Beginning Balance, as restated	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 34,529,903	\$ -	\$ (2,852,284)	\$ 8,723,074	\$ 40,400,693
Construction in progress	133,092,012	54,852,113	-	(54,920,147)	133,023,978
Total capital assets, not being depreciated	167,621,915	54,852,113	(2,852,284)	(46,197,073)	173,424,671
Capital assets, being depreciated					
Infrastructure	1,123,860,182	67,338	-	292,075	1,124,219,595
Buildings and improvements	145,787,598	-	-	45,904,998	191,692,596
Machinery and equipment	30,014,563	1,272,742	(489,922)	-	30,797,383
Furniture and fixtures	10,051,442	-	-	-	10,051,442
Total capital assets, being depreciated	1,309,713,785	1,340,080	(489,922)	46,197,073	1,356,761,016
Less accumulated depreciation					
Infrastructure	(502,690,516)	(36,510,894)	5,050	-	(539,196,360)
Buildings and improvements	(51,021,397)	(4,379,804)	-	-	(55,401,201)
Machinery and equipment	(19,669,229)	(2,672,766)	484,872	-	(21,857,123)
Furniture and fixtures	(7,576,337)	(806,289)	-	-	(8,382,626)
Total accumulated depreciation	(580,957,479)	(44,369,753)	489,922	0	(624,837,310)
Total capital assets being depreciated, net	728,756,306	(43,029,673)	0	46,197,073	731,923,706
Governmental activities capital assets, net	\$ 896,378,221	\$ 11,822,440	\$ (2,852,284)	\$ 0	\$ 905,348,377

Business-type Activities:

	Beginning Balance, as restated	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 3,877,031	\$ -	\$ -	\$ -	\$ 3,877,031
Construction in progress	120,853,567	118,499,397	-	(9,434,234)	229,918,730
Total capital assets, not being depreciated	124,730,598	118,499,397	0	(9,434,234)	233,795,761
Capital assets, being depreciated					
Water and sewer system	456,042,761	-	-	9,434,234	465,476,995
Buildings and improvements	32,042,833	-	-	-	32,042,833
Machinery and equipment	5,491,308	-	(106,904)	-	5,384,404
Furniture and fixtures	153,050	-	-	-	153,050
Contractual water rights	34,511,428	-	-	-	34,511,428
Total capital assets, being depreciated	528,241,380	0	(106,904)	9,434,234	537,568,710
Less accumulated depreciation					
Water and sewer system	(161,069,275)	(14,533,575)	-	-	(175,602,850)
Buildings and improvements	(9,945,103)	(734,929)	-	-	(10,680,032)
Machinery and equipment	(4,481,028)	(387,361)	103,373	-	(4,765,016)
Furniture and fixtures	(131,865)	(9,529)	-	-	(141,394)
Contractual water rights	(18,301,130)	(1,375,068)	-	-	(19,676,198)
Total accumulated depreciation	(193,928,401)	(17,040,462)	103,373	0	(210,865,490)
Total capital assets being depreciated, net	334,312,979	(17,040,462)	(3,531)	9,434,234	326,703,220
Business-type activities capital assets, net	\$ 459,043,577	\$ 101,458,935	\$ (3,531)	\$ 0	\$ 560,498,981

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

Depreciation was charged to programs as follows:

Governmental activities	
General government	\$ 2,214,865
Public safety	2,446,369
Public works	38,098,012
Community services	28,842
Parks and recreation	1,581,665
	<u>44,369,753</u>
Business-type activities	
Water and sewer	<u>17,040,462</u>
Total depreciation expense, primary government	<u><u>\$ 61,410,215</u></u>

The City had active construction projects as of September 30, 2022. 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	\$ 32,347,976	\$ 17,002,113	\$ 15,345,863
Building improvements	70,332,358	3,524,639	66,807,719
Street improvement	170,789,216	102,733,851	68,055,365
Park improvements	39,284,421	9,763,375	29,521,046
Total governmental activities	<u>312,753,971</u>	<u>133,023,978</u>	<u>179,729,993</u>
Business-type Activities			
Water and sewer improvements	<u>436,310,445</u>	<u>229,918,730</u>	<u>206,391,715</u>
Total business-type activities	<u>436,310,445</u>	<u>229,918,730</u>	<u>206,391,715</u>
Total Primary Government	<u><u>\$ 749,064,416</u></u>	<u><u>\$ 362,942,708</u></u>	<u><u>\$ 386,121,708</u></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.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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.

In 2022, the City issued the tax exempt \$23,530,000 Series 2022 Permanent Improvement Bonds with maturities ranging from \$2,189 to \$1,342,849. The Series 2022 Permanent Improvement Bonds were publicly sold and are repaid from the Debt Service Fund.

In 2022, the City issued the \$10,295,000 Series 2022A Certificates Of Obligations with maturities ranging from \$390 to \$299,040. The Series 2022A Certificates Of Obligations were publicly sold and are repaid from the Debt Service Fund.

In 2022, the City issued the tax exempt \$7,895,000 Series 2022B Certificates Of Obligations with maturities ranging from \$1,248,000 to \$6,647,000. The Series 2022B Certificates Of Obligations were publicly sold and are repaid from the General Debt Service Fund.

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended September 30, 2022. 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	\$ 260,840,000	\$ 23,530,000	\$ (18,755,000)	\$ 265,615,000	\$ 19,525,000
Certificates of obligation	86,220,000	18,190,000	(2,750,000)	101,660,000	2,810,000
Sales tax revenue bonds	1,250,000	-	(250,000)	1,000,000	250,000
Tax increment revenue bonds	71,985,000	-	(8,175,000)	63,810,000	8,400,000
Unamortized discount/premium	38,709,617	2,953,542	(5,450,644)	36,212,515	-
Total bonds payable	459,004,617	44,673,542	(35,380,644)	468,297,515	30,985,000
Other liabilities					
Financed purchases	388,599	121,146	(378,906)	130,839	130,839
Compensated absences	8,947,648	12,058,291	(11,871,857)	9,134,082	2,988,632
Total governmental activities long-term liabilities	\$ 468,340,864	\$ 56,852,979	\$ (47,631,407)	\$ 477,562,436	\$ 34,104,471

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.

A summary of the terms of general obligation bonds and certificates of obligation, as of September 30, 2022, follows.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
General Obligation Bonds				
Permanent Improvement Bonds, Series 2013	\$ 9,315,000	2038	3.00-4.625	\$ 6,540,000
Permanent Improvement and Refunding Bonds, Series 2014	40,410,000	2034	2.00-5.00	27,560,000
Permanent Improvement Refunding Bonds, Series 2015	47,165,000	2032	2.00-5.00	5,330,000
Permanent Improvement Bonds, Series 2015	8,495,000	2035	2.00-4.00	5,520,000
Permanent Improvement Refunding Bonds, Series 2015A	10,210,000	2029	2.00-3.00	32,275,000
Permanent Improvement and Refunding Bonds, Series 2016A	33,275,000	2036	2.00-5.00	27,580,000
Permanent Improvement Refunding Bonds, Series 2016B	29,840,000	2031	2.00-5.00	16,390,000
Permanent Improvement and Refunding Bonds, Series 2017	59,600,000	2037	2.00-5.00	47,615,000
Permanent Improvement Bonds, Series 2018	7,440,000	2038	2.00-5.00	5,950,000
Permanent Improvement and Refunding Bonds, Series 2019	15,755,000	2039	4.00-5.00	14,055,000
Permanent Improvement Bonds, Series 2020	15,310,000	2040	3.00-5.00	13,780,000
Permanent Improvement Refunding Bonds, Series 2020	27,220,000	2036	3.00-5.00	24,850,000
Permanent Improvement Bonds, Series 2021	14,905,000	2041	2.00-5.00	14,640,000
Permanent Improvement Bonds, Series 2022	23,530,000	2042	4.00-5.00	23,530,000
				<u>\$ 265,615,000</u>
Certificates Of Obligation				
Certificates of Obligation, Series 2013	\$ 2,745,000	2038	3.00-4.625	\$ 1,940,000
Certificates of Obligation, Series 2014	4,625,000	2034	2.00-4.00	2,780,000
Certificates of Obligation, Series 2015	4,860,000	2035	2.00-4.00	3,160,000
Certificates of Obligation, Series 2016	13,995,000	2036	2.00-4.00	9,795,000
Certificates of Obligation, Series 2017	6,205,000	2037	2.00-4.00	4,650,000
Certificates of Obligation, Series 2018	7,085,000	2038	2.00-5.00	5,665,000
Certificates of Obligation, Series 2019A	4,465,000	2039	3.00-4.00	3,790,000
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	7,680,000
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	6,850,000
Certificates of Obligation, Series 2021B	15,605,000	2041	5.00	15,605,000
Certificates of Obligation, Series 2022A	10,295,000	2042	4.00-5.00	10,295,000
Certificates of Obligation, Series 2022B	7,895,000	2042	5.00	7,895,000
				<u>\$ 101,660,000</u>

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, 2022, 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>\$ 1,000,000</u>
Development Authority of Pearland				
Tax Increment Revenue Bonds, Series 2013	\$ 9,150,000	2029	3.77	\$ 5,120,000
Tax Increment Revenue Bonds, Series 2014	8,060,000	2029	2.72	3,930,000
Tax Increment Revenue Bonds, Series 2015	66,030,000	2029	3.00	35,055,000
Tax Increment Revenue Bonds, Series 2016	12,320,000	2029	2.22	7,185,000
Tax Increment Revenue Bonds, Series 2017	8,555,000	2029	2.30	5,370,000
Tax Increment Revenue Bonds, Series 2018	5,440,000	2029	3.41	3,995,000
Tax Increment Revenue Bonds, Series 2019	4,255,000	2029	1.91	3,155,000
				<u>\$ 63,810,000</u>
				<u>\$ 432,085,000</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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, 2022, the City did not have any previously refunded bonds outstanding or outstanding refunding escrows.

Financed Purchases

The City has entered into financed purchase agreements for vehicles and equipment, the terms of which expire in 2023. The following is a schedule by year of payments under the financed purchase agreements as of September 30, 2022:

Fiscal Year	Financed Purchases	
	Principal	Interest
2023	\$ 130,839	\$ 3,029

The annual requirements to amortize governmental activity general obligation bonds and certificates of obligation outstanding at September 30, 2022, were as follows:

Fiscal Year	Governmental Activities			
	General Obligation		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2023	\$ 19,525,000	\$ 11,489,376	\$ 2,810,000	\$ 4,491,419
2024	20,570,000	10,421,274	2,875,000	4,304,531
2025	21,325,000	9,409,936	2,905,000	4,200,231
2026	21,810,000	8,359,336	2,920,000	4,090,306
2027	22,670,000	7,275,711	2,945,000	3,974,231
2028-2032	107,580,000	21,281,666	63,370,000	12,241,253
2033-2037	36,290,000	6,494,416	16,055,000	2,971,913
2038-2041	15,845,000	1,311,481	7,780,000	628,619
	<u>\$ 265,615,000</u>	<u>\$ 76,043,196</u>	<u>\$ 101,660,000</u>	<u>\$ 36,902,503</u>

The annual requirements to amortize blended component unit revenue bonds outstanding at September 30, 2022, were as follows:

Fiscal Year	Governmental Activities			
	Sales Tax Revenue Bonds		Tax Increment Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 250,000	\$ 29,500	\$ 8,400,000	\$ 1,739,934
2024	250,000	23,600	8,625,000	1,512,321
2025	250,000	17,700	8,860,000	1,278,086
2026	250,000	11,800	9,100,000	1,037,023
2027	-	-	9,350,000	788,940
2028-2031	-	-	19,475,000	804,212
	<u>\$ 1,000,000</u>	<u>\$ 82,600</u>	<u>\$ 63,810,000</u>	<u>\$ 7,160,516</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

B. Business-type Activity Debt

In 2022, the City issued the tax exempt \$45,710,000 Series 2022C Certificates Of Obligations with maturities ranging from \$5,051 to \$1,027,624. The Series 2022C Certificates Of Obligation were publicly sold and are repaid from the Water and Sewer Fund.

The following is a summary of changes in the City's total business-type long-term liabilities for the year ended September 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due in One Year
Business-type Activities					
Bonds payable:					
Permanent improvement bonds	\$ 3,020,000	\$ -	\$ (310,000)	\$ 2,710,000	\$ 330,000
Certificates of obligation	-	45,710,000	-	45,710,000	-
Water and sewer revenue bonds	400,840,000	-	(18,055,000)	382,785,000	19,700,000
Unamortized discount/premium	16,917,141	3,904,013	(2,246,010)	18,575,144	-
Total bonds payable	420,777,141	49,614,013	(20,611,010)	449,780,144	20,030,000
Other liabilities:					
Compensated absences	983,854	1,395,445	(1,523,447)	855,852	261,574
Total business-type activities long-term liabilities	\$ 421,760,995	\$ 51,009,458	\$ (22,134,423)	\$ 450,636,030	\$ 20,291,608

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, 2022, 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	\$ 2,710,000
Certificates of Obligation, Series 2022C	45,710,000	2042	4.00-5.00	\$ 45,710,000
Water and Sewer System Revenue Bonds, Series 2014	9,210,000	2039	2.00-4.00	\$ 7,440,000
Water and Sewer System Revenue Bonds, Series 2016A	8,880,000	2036	2.00-4.00	6,210,000
Water and Sewer System Revenue Bonds, Series 2016B	11,100,000	2025	0.00-0.32	3,700,000
Water and Sewer System Revenue Bonds, Series 2016C	50,100,000	2045	0.00-1.12	39,105,000
Water and Sewer System Revenue Bonds, Series 2017A	10,225,000	2027	0.00-1.29	5,175,000
Water and Sewer System Revenue Bonds, Series 2017B	12,025,000	2047	0.00-2.10	10,325,000
Water and Sewer System Revenue and Refunding Bonds, Series 2017C	60,970,000	2037	2.00-5.00	50,520,000
Water and Sewer System Revenue Bonds, Series 2018A	8,650,000	2048	0.47-2.07	7,490,000
Water and Sewer System Revenue Bonds, Series 2018B	19,050,000	2038	2.00-5.00	15,235,000
Water and Sewer System Revenue Bonds, Series 2019A	21,000,000	2049	0.00-1.14	18,900,000
Water and Sewer System Revenue and Refunding Bonds, Series 2019B	34,590,000	2039	4.00-5.00	28,685,000
Water and Sewer System Revenue Bonds, Series 2020A	107,600,000	2050	0.00-0.63	100,420,000
Water and Sewer System Revenue Bonds, Series 2020B	7,190,000	2040	2.00-5.00	6,470,000
Water and Sewer System Revenue Bonds, Series 2021A	75,000,000	2051	0.60-2.08	73,275,000
Water and Sewer System Revenue and Refunding Bonds, Series 2021B	10,370,000	2041	3.00-5.00	9,835,000
				<u>\$ 382,785,000</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

The annual requirements to amortize Enterprise Fund revenue bonds and permanent improvement bonds outstanding at September 30, 2022, were as follows:

Fiscal Year	Revenue Bonds		Business-type Activities Permanent Improvement bonds	
	Principal	Interest	Principal	Interest
2023	\$ 19,700,000	\$ 7,371,640	\$ 330,000	\$ 127,250
2024	18,895,000	6,975,156	1,135,000	90,625
2025	19,165,000	6,607,433	1,245,000	31,125
2026	19,660,000	6,210,526	-	-
2027	19,980,000	5,717,370	-	-
2028-2032	93,835,000	20,941,626	-	-
2033-2037	73,865,000	11,195,651	-	-
2038-2042	52,070,000	5,792,249	-	-
2043-2047	43,070,000	2,953,426	-	-
2048-2050	22,545,000	680,358	-	-
	<u>\$ 382,785,000</u>	<u>\$ 74,445,435</u>	<u>\$ 2,710,000</u>	<u>\$ 249,000</u>

Fiscal Year	Business-Type Activities Certificates of Obligation	
	Principal	Interest
2023	\$ -	\$ 2,405,778
2024	2,405,000	2,165,200
2025	2,410,000	2,044,950
2026	2,405,000	1,924,450
2027	2,405,000	1,804,200
2028-2032	12,025,000	7,217,250
2033-2037	12,030,000	4,210,750
2038-2042	12,030,000	1,440,000
	<u>\$ 45,710,000</u>	<u>\$ 23,212,578</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, 2022, is as follows:

	Transfers in	Transfers out
General Fund	\$ 5,197,799	\$ 5,159,815
Debt Service Fund	2,621,118	-
Capital Projects Fund	6,103,531	1,319,801
Pearland Economic Development Corporation	-	190,709
Tax Increment Reinvestment Zone #2	-	21,224,675
Development Authority of Pearland	21,224,675	-
Other Governmental Funds	439,265	1,612,172
Water and Sewer Fund	135,683,573	141,762,789
	<u>\$ 171,269,961</u>	<u>\$ 171,269,961</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

Note 7 – Leases Payable

The City adopted GASB Statement No. 87, *Leases*, as of October 1, 2021. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

Governmental Activities

On October 1, 2021, the City recorded a 32-month lease as Lessee for the use of Quadiant Postage Meters. An initial lease liability was recorded in the amount of \$13,232. As of year-end, the value of the lease liability is \$8,282. The City is required to make monthly fixed payments of \$415. The lease has an interest rate of 0.3280 percent. The lease asset is being amortized over the life of the lease. The value of the right-to-use asset as of year-end of \$13,232 with accumulated amortization of \$4,906 is included with Equipment on the Lease Class activities table found below.

On October 1, 2021, the City recorded a 15-month lease as Lessee for the use of FarrWest Gas Detection Instrument. An initial lease liability was recorded in the amount of \$10,966. As of September 30, 2022, the value of the lease liability is \$0. The City is required to make annual fixed payments of \$10,972. The lease has an interest rate of 0.2130 percent. The lease asset is being amortized over the life of the lease. The value of the right-to-use asset as of year-end of \$10,966 with accumulated amortization of \$8,773 is included with Equipment on the Lease Class activities table found below. The City has two extension options, each for 12 months.

On October 1, 2021, the City recorded a 24-month lease as Lessee for the use of Pearland Town Center Office Space Rental - 11200 Broadway Street. An initial lease liability was recorded in the amount of \$40,362. As of year-end, the value of the lease liability is \$20,454. The City is required to make annual fixed payments of \$40,391. The lease has an interest rate of 0.2480 percent. The lease asset is being amortized over the life of the lease. The value of the right-to-use asset as of year-end of \$40,362 with accumulated amortization of \$19,908 is included with Land on the Lease Class activities table found below.

Governmental and Business-type Activities

On October 1, 2021, the City recorded a 17-month lease as Lessee for the use of Ricoh Multifunction Devices. An initial lease liability was recorded in the amount of \$50,456. As of year-end, the value of the lease liability is \$14,853. The City is required to make monthly fixed payments of \$2,972. The lease has an interest rate of 0.2130 percent. The lease asset is being amortized over the life of the lease. The value of the right-to-use asset recorded in the governmental activities as of year-end of \$43,584 with accumulated amortization of \$30,754 is included with Equipment on the Lease Class activities table found below. The remainder is recorded in the business-type activities and is not shown below.

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

	Beginning Balance, as restated	Additions	Reductions	Ending Balance
Lease Liability				
Equipment				
Ricoh Multifunction Devices	\$ 43,584	\$ -	\$ 30,754	\$ 12,830
Quadient Postage Meters	13,232	-	4,950	8,282
FarrWest Gas Detection Instrument	10,966	-	10,966	-
Total Equipment Lease Liability	<u>\$ 67,782</u>	<u>\$ 0</u>	<u>\$ 46,670</u>	<u>\$ 21,112</u>
Land				
Pearland Town Center Office Space				
Rental - 11200 Broadway Street	\$ 40,362	\$ -	\$ 19,908	\$ 20,454
Total Land Lease Liability	<u>40,362</u>	<u>-</u>	<u>19,908</u>	<u>20,454</u>
Total Lease Liability	<u>\$ 108,144</u>	<u>\$ 0</u>	<u>\$ 66,578</u>	<u>\$ 41,566</u>

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2023	\$ 38,248	\$ 77	\$ 38,325
2024	3,318	4	3,322
	<u>\$ 41,566</u>	<u>\$ 81</u>	<u>\$ 41,647</u>

Lessee activity for the current year and future maturities for the City's Business-Type Activities for the current year is as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2023	\$ 2,023	\$ 1	\$ 2,024

Note 8 - Leases Receivable

As previously mentioned in Note 7, the City adopted GASB Statement No. 87, *Leases*, as of October 1, 2021. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Governmental Activities

On October 1, 2021, the City recorded a 77-month lease as Lessor for the use of T-Mobile Water Tower Lease - 2529 Cullen Blvd. An initial lease receivable was recorded in the amount of \$203,896. As of year-end, the value of the lease receivable is \$174,521. The lessee is required to make annual fixed payments of \$32,308. The lease has an interest rate of 0.8040 percent. The value of the deferred inflow of resources as of year-end was \$172,147, and the City recognized lease revenue of \$31,748 during the FY. The lessee has four extension options, each for 60 months.

On October 1, 2021, the City recorded a 42-month lease as Lessor for the use of Clear Wireless Water Tower Lease - 2838 McLean Rd. An initial lease receivable was recorded in the amount of \$752,488. As of year-end, the value of the lease receivable is \$724,120. The lessee is required to

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

make monthly fixed payments of \$30,453. The lease has an interest rate of 0.4750 percent. The value of the deferred inflow of resources as of year-end was \$540,520, and the City recognized lease revenue of \$211,968 during the FY. The lessee has four extension options, each for 60 months.

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

	Beginning Balance, as restated	Additions	Reductions	Ending Balance
Lease Receivable Infrastructure				
Clear Wireless Water Tower Lease - 2838 McLean Rd.	\$ 752,488	\$ -	\$ 28,368	\$ 724,120
T-Mobile Water Tower Lease - 2529 Cullen Blvd.	203,896	-	29,375	174,521
	<u>956,384</u>	<u>0</u>	<u>\$ 57,743</u>	<u>\$ 898,641</u>
Total Infrastructure Lease Receivable	<u>\$ 956,384</u>	<u>\$ 0</u>	<u>\$ 57,743</u>	<u>\$ 898,641</u>
Total Lease Receivable	<u>\$ 956,384</u>	<u>\$ 0</u>	<u>\$ 57,743</u>	<u>\$ 898,641</u>

	Beginning Balance, as restated	Additions	Reductions	Ending Balance
Deferred Inflow of Resources Infrastructure				
Clear Wireless Water Tower Lease - 2838 McLean Rd.	\$ 752,488	\$ -	\$ 211,968	\$ 540,520
T-Mobile Water Tower Lease - 2529 Cullen Blvd.	203,896	-	31,749	172,147
	<u>956,384</u>	<u>0</u>	<u>\$ 243,717</u>	<u>\$ 712,667</u>
Total Infrastructure Deferred Inflow of Resources	<u>\$ 956,384</u>	<u>\$ 0</u>	<u>\$ 243,717</u>	<u>\$ 712,667</u>
Total Deferred Inflow of Resources	<u>\$ 956,384</u>	<u>\$ 0</u>	<u>\$ 243,717</u>	<u>\$ 712,667</u>

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2023	\$ 181,799	\$ 5,858	\$ 187,657
2024	396,636	3,077	399,713
2025	247,275	1,200	248,475
2026	35,776	586	36,362
2027	37,155	299	37,454
	<u>\$ 898,641</u>	<u>\$ 11,020</u>	<u>\$ 909,661</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

Note 9 – Fund Balance/Net Position

Fund Balance Deficits

The following funds reported deficit fund balances as of September 30, 2022:

Nonmajor Governmental Funds:

Court Technology	\$	605
Grant Fund		3,361,449
U of H Fund		27,299

Proprietary Funds:

Solid Waste	\$	137,517
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Note 10 – Deferred Compensation Plan

The City maintains, for its employees, a tax-deferred compensation plan meeting the requirements of Internal Revenue Code Section 457. The plan was established in the 1995 FY 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 11 – Employee Retirement System

Texas Municipal Retirement System

Plan Description and Provisions

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

options. Members may also choose to receive a portion of their benefit as a partial lump-sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200 percent of the employee's accumulated contributions.

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

	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, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	301
Inactive employees entitled to but not yet receiving benefits	388
Active employees	779
Total	1,468

Contributions

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

Employees for the City were required to contribute 7 percent of their annual gross earnings during the FY. For FY 2022, the City's contribution rate was 13.10 percent for the months in 2021 and 12.94 percent for the months in 2022. The City's contributions to TMRS for the year ended September 30, 2022, were \$7,989,951 and were equal to the required contributions.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021, 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 are 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 are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5 percent and 3.0 percent 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.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-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 post-retirement 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. The target allocation and best estimates of real rates of return for each major asset class in FY 2022 are summarized in the following table.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	35.00%	7.55%
Core fixed income	6.00%	2.00%
Non-core fixed income	20.00%	5.68%
Real return	12.00%	7.22%
Real estate	12.00%	6.85%
Absolute return	5.00%	5.35%
Private equity	10.00%	10.00%
Total	<u>100.00%</u>	

Discount Rate

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

Changes in the Net Pension Liability

	TPL (a)	Plan Fiduciary Net Position (b)	NPL (a) - (b)
Balances at October 1, 2021	\$ 190,440,422	\$ 170,029,694	\$ 20,410,728
Changes for the year			
Service cost	9,811,113	-	9,811,113
Interest	12,984,066	-	12,984,066
Difference between expected and actual experience	2,320,691	-	2,320,691
Contributions – employer	-	7,623,084	(7,623,084)
Contributions – employee	-	4,073,416	(4,073,416)
Net investment income	-	22,200,809	(22,200,809)
Benefit payments, including refunds of employee contributions	(5,978,894)	(5,978,894)	-
Administrative expenses	-	(102,560)	102,560
Other changes	-	702	(702)
Net changes	<u>19,136,976</u>	<u>27,816,557</u>	<u>(8,679,581)</u>
Balances at September 30, 2022	<u>\$ 209,577,398</u>	<u>\$ 197,846,251</u>	<u>\$ 11,731,147</u>

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

	1% Decrease (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	\$ 48,008,502	\$ 11,731,147	\$ (17,338,791)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2022, the City recognized pension expense of \$4,608,703.

At September 30, 2022, 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	\$ 2,544,455	\$ -
Changes in actuarial assumptions	424,233	-
Difference between projected and actual pension plan investment earnings	-	11,339,896
Contributions subsequent to the measurement date	5,786,824	-
Total	<u>\$ 8,755,512</u>	<u>\$ 11,339,896</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$5,786,824 will be recognized as a reduction of the net pension liability for the measurement year ended December 31, 2022 (*i.e.* recognized in the City's financial statements at September 30, 2023). 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,	
2023	\$ (1,328,683)
2024	(3,818,380)
2025	(1,720,406)
2026	(1,655,555)
2027	151,816
Total	<u>\$ (8,371,208)</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

Note 12 – 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	\$ 2,158,946	\$ 4,884,940	\$ 7,043,886
Deferred outflows of resources	527,357	1,010,778	1,538,135
Deferred inflows of resources	221,942	2,138,079	2,360,021
OPEB expense	253,305	608,745	862,050

TMRS Supplemental Death Benefits Fund

Benefit Plan Description

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

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

Membership in the plan as of the measurement date of December 31, 2021 was as follows:

Inactive employees currently receiving benefits	225
Inactive employees entitled to but not yet receiving benefits	111
Active employees	779
	<u>1,115</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 percent of covered payroll). The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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 1.84 percent based on the 20-Year Municipal GO AA Index rate published by bondbuyer.com is used as of the measurement date of December 31, 2021.

Actuarial Assumptions

The City's total OPEB liability was measured at December 31, 2021, and was determined by an actuarial valuation as of that date using the following actuarial assumptions.

Valuation Date:	December 31, 2021
Methods and Assumptions:	
Inflation:	2.50 percent
Salary Increases:	3.50 percent to 11.50 percent, including inflation
Discount rate:	1.84 percent. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.
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.
Mortality rates – disabled retirees:	2019 Municipal Retirees of Texas Mortality Tables with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5 percent and 3.0 percent 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, 2021, valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of October 1, 2021	\$ 1,963,865
Changes for the year	
Service cost	139,660
Interest on total OPEB liability	40,441
Differences between expected and actual experience	(35,262)
Change of assumptions	73,519
Benefit payments	(23,277)
Balance as of September 30, 2022	<u>\$ 2,158,946</u>

Sensitivity Analysis

The following presents the total OPEB liability of the employer, calculated using the discount rate of 1.84 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84 percent) or 1-percentage-point higher (2.84 percent) 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 (.84%)	Current Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB liability	\$ 2,701,242	\$ 2,158,946	\$ 1,745,236

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$253,305. As of September 30, 2022, 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	\$ 63,710	\$ 177,678
Changes of assumptions	461,455	44,264
Benefit payments subsequent to the measurement date	2,192	-
Total	<u>\$ 527,357</u>	<u>\$ 221,942</u>

The \$2,192 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, 2023. Amounts currently reported as deferred outflows and deferred inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

Year Ending September 30

2023	\$ 73,204
2024	73,204
2025	60,657
2026	52,784
2027	38,474
Thereafter	4,900
	<u>\$ 303,223</u>

Retiree Health Care Plan (RHCP)

Plan Description

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

Benefits Provided

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

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

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

Total OPEB Liability

The City's total OPEB liability of \$4,884,940 was measured as of September 30, 2022, and was determined by an actuarial valuation as of October 1, 2021.

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, 2021
Measurement Date:	September 30, 2022
Actuarial Cost Method:	Entry Age Normal as a level percentage of pay
Amortization period (in years):	The expected remaining service of all employees eligible for or currently receiving OPEB through the OPEB plan

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

Amortization method:	Straight line amortization
Discount Rate: ⁽¹⁾	4.77 percent per annum, which includes inflation
Salary Increases: ⁽¹⁾	3.00 percent average which includes inflation
Healthcare cost trend rates: ⁽¹⁾	11.87 percent initial medical trend rate for retirees decreasing to an ultimate rate of 4.60 percent in the year 2041

⁽¹⁾ An embedded inflation rate of 2.50 percent is included in this (these) rate(s)

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

Plan Assets

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

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:

	<u>Total OPEB Liability</u>
Balance as of October 1, 2021	\$ 6,488,348
Changes for the year	
Service cost	531,977
Interest on total OPEB liability	169,734
Differences between expected and actual experience	28,290
Change of assumptions	(2,206,085)
Benefit payments	(127,324)
Balance as of September 30, 2022	<u>\$ 4,884,940</u>

Assumption Changes. For the FY ended September 30, 2022, the discount rate increased from 2.43 percent to 4.77 percent.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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

The following presents the plan's total OPEB liability, calculated using a discount rate of 4.77 percent, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.77 percent) or 1-percentage-point higher (5.77 percent) than the current rate:

	1% Decrease in Discount Rate (3.77%)	Current Discount Rate (4.77%)	1% Increase in Discount Rate (5.77%)
Total OPEB liability	\$ 5,432,970	\$ 4,884,940	\$ 4,398,771

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 (6.1 percent) or 1-percentage-point higher (8.1 percent) than the current rate:

	1% Decrease (6.1%)	Current Healthcare Cost Trend Rates Assumption (7.1%)	1% Increase (8.1%)
Total OPEB liability	\$ 4,232,855	\$ 4,884,940	\$ 5,673,069

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$608,745. At September 30, 2022, 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	\$ 128,135	\$ 49,654
Changes of assumptions	882,643	2,088,425
	<u>\$ 1,010,778</u>	<u>\$ 2,138,079</u>

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

Year Ending September 30

2023	\$ (92,966)
2024	(92,965)
2025	(150,803)
2026	(165,254)
Thereafter	(625,313)
Total	<u>\$ (1,127,301)</u>

Note 13 – Fund Balance Classifications

In accordance with the guidance in GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City has classified ending fund balance based on the availability of funds for expenditure on programs and services. As of September 30, 2022, the following balances were reported in the governmental fund balances:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
Prepays	\$ 29,590	\$ -	\$ -	\$ -
General obligation				
bonds	-	3,436,146	-	-
Capital projects	-	78,988,742	-	-
Economic development	-	52,788,316	-	-
TIRZ development	-	7,214,305	-	-
Tourism	-	6,654,985	-	-
Court security	-	60,713	-	-
Public safety	-	462,897	-	-
Parks and recreation	-	1,251,006	-	-
Law enforcement				
(seized funds)	-	297,485	-	-
Park development	-	705,501	-	-
Sidewalks	-	64,157	-	-
Regional detention	-	197,031	-	-
Traffic improvements	-	330,489	-	-
Juvenile case				
management	-	1,117	-	-
Public-access television				
broadcasting	-	355,135	-	-
Unassigned	-	-	-	31,268,241
	<u>\$ 29,590</u>	<u>\$ 152,808,025</u>	<u>\$ 0</u>	<u>\$ 31,268,241</u>

Note 14 – Commitments and Contingencies

Litigation and Other Contingencies

The City was involved in various lawsuits and arbitration proceedings at September 30, 2022. 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.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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).

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, 2022 of \$3,465,780 relating to these LFA's.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

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

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

The City of Pearland and the Pearland Economic Development Corporation (PEDC) each have a 10-year sales tax incentive agreement with Kelsey that allows Kelsey to receive an incentive of 60 percent of the sales tax remitted by Kelsey and its vendors. The agreements with the City and the PEDC require Kelsey to maintain a minimum of 600 jobs to be in place as an eligibility factor. 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, 2022

Note 15 – Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program mainly encompasses obtaining property and liability insurance through Texas Municipal League's Intergovernmental Risk-Pool (TML-IRP), and through commercial insurance carriers. The participation of the City in TML-IRP is limited to payment of premiums. The City has not had any significant reduction in insurance coverage, and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

The City also provides Workers' Compensation insurance on its employees through TML-Workers' Compensation Fund. Workers' Compensation premiums are subject to change when audited by TML Workers' Compensation Fund. At FY-end September 30, 2022, 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, 2020	\$ 499,228
Claims incurred	8,007,351
Claims payments	<u>(7,917,966)</u>
Liability - September 30, 2021	<u>588,613</u>
Claims incurred	8,337,574
Claims payments	<u>(8,398,295)</u>
Liability - September 30, 2022	<u>\$ 527,892</u>

Note 16 – Financing Lease

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

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

The payments related to debt service to be received coincide with debt service payments the City is required to make on the certificates of obligations that mature on March 1, 2029. At September 30, 2022, the future minimum debt service payments to be received under the agreement are as follows:

Fiscal year ending September 30,	Payment
2023	\$ 737,205
2024	716,401
2025	695,169
2026	669,142
2027	651,309
2028-2029	1,811,528
	<u>\$ 5,280,754</u>

Note 17 – Restatements

In the current FY, it came to management's attention that the City understated capital asset and accumulated depreciation balances as recorded in the financial statements in FY 2021. As a result, the beginning net position of the City's governmental activities, business-type activities, and water and sewer fund has been restated on the statement of activities (government and business-type activities) and statement of revenues, expenses, and changes in net position (water and sewer fund) to reflect the correction of the capital asset and accumulated depreciation beginning balances.

Additionally, in the current FY, it came to management's attention that the City had overstated receivables in the City's Solid Waste Fund due to an error in the year-end estimate of unbilled accounts receivables in FY 2021. As a result, the beginning net position of the City's business-type activities, and solid waste fund has been restated on the statement of activities (business-type activities) and statement of revenues, expenses, and changes in net position (solid waste fund) to reflect the correction of the accounts receivable beginning balances.

For the year ended September 30, 2021, these restatements result in a net decrease in the change in net position of governmental activities of approximately \$1.3 million, a net decrease in the change in net position of business-type activities of approximately \$2.5 million, a net decrease in the change in net position of the water and sewer fund of approximately \$2.4 million, and a net decrease in the change in net position of the solid waste fund of \$147 thousand.

	Governmental Activities
October 1, 2021 net position, as previously reported	\$ 591,628,894
Restatement to correct beginning balances for:	
Capital assets, net of depreciation	<u>(2,294,282)</u>
October 1, 2021 net position, as restated	<u>\$ 589,334,612</u>

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

	<u>Business-Type Activities</u>		
	<u>Proprietary Fund</u>		<u>Business-type Activities</u>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	
October 1, 2021 net position, as previously reported	\$ 267,816,555	\$ 665,427	\$ 272,406,399
Restatement to correct beginning balances for:			
Capital assets, net of depreciation	(4,575,756)	-	(4,575,756)
Receivables, net	-	(500,114)	(500,114)
	<u>(4,575,756)</u>	<u>(500,114)</u>	<u>(5,075,870)</u>
October 1, 2021 net position, as restated	<u>\$ 263,240,799</u>	<u>\$ 165,313</u>	<u>\$ 267,330,529</u>

Note 18 – Subsequent Events

Due to the overstated increase in property values as reported by Brazoria County, there was a significant discrepancy of \$10 million, leading the City of Pearland to face a shortfall in tax revenue in the City’s budgeted revenue for the year ending September 30, 2023. To fulfill its outstanding obligations, the City had to reorganize a portion of its debt to reduce the debt requirement due in fiscal year 2023. The City devised a strategy to offset \$9.5 million through a defeasance and the issuance of \$4.42 million in refunding bonds to restructure a portion of the 2023 debt requirements. On December 29, 2022, the City issued its \$4,420,000 Permanent Improvement Refunding Bonds, Series 2022 (the Bonds), through private placement, to refund Permanent Improvement and Refunding Bonds, Series 2014, principal amounts of \$3,165,000 and Permanent Improvement and Refunding Bonds, Series 2016A, principal amounts of \$1,135,000. On January 19, 2023, the City defeased \$8,900,000 of the City of Pearland, Texas Certificates of Obligation, Series 2019B, with available City funds. The funds were deposited into an escrow account that will be used to pay off the Series 2019B Bonds on March 1, 2026.

On December 20, 2022, the Development Authority of Pearland issued its \$13,735,000 Tax Increment Contract Revenue Bonds, Series 2022, with funds used to reimburse developers and pay costs of issuance.

Note 19 – Restatements to Fiscal Year 2022 Financial Statements

Fiscal year 2022 has been restated for classification errors in the classification of cash, restricted cash, investments and restricted investments in the Water and Sewer Fund and Business-type activities.

CITY OF PEARLAND, TEXAS
Notes to Financial Statements (Continued)
September 30, 2022

	<u>Business-Type Activities</u>	
	<u>Proprietary Fund</u>	
	<u>Water and Sewer Fund</u>	<u>Business-type Activities</u>
Cash and Cash Equivalents, as Previously Reported	\$ 57,777,345	\$ 57,850,726
Restatement	(49,233,732)	(49,233,732)
Cash and Cash Equivalents, as Restated	<u>\$ 8,543,613</u>	<u>\$ 8,616,994</u>
Restricted Cash and Cash Equivalents, as Previously Reported	\$ 67,336,358	\$ 67,336,358
Restatement	49,233,732	49,233,732
Restricted Cash and Cash Equivalents, as Restated	<u>\$ 116,570,090</u>	<u>\$ 116,570,090</u>
Investments, as Previously Reported	\$ 49,391,421	\$ 49,391,421
Restatement	(44,260,696)	(44,260,696)
Investments, as Restated	<u>\$ 5,130,725</u>	<u>\$ 5,130,725</u>
Restricted Investments, as Previously Reported	\$ 5,398,132	\$ 5,398,132
Restatement	44,260,696	44,260,696
Restricted Investments, as Restated	<u>\$ 49,658,828</u>	<u>\$ 49,658,828</u>

Fiscal year 2022 has been restated for errors in the classification of net position in the Water and Sewer Fund and Business-type activities. There was no restatement to total net position.

	<u>Business-Type Activities</u>	
	<u>Proprietary Fund</u>	
	<u>Water and Sewer Fund</u>	<u>Business-type Activities</u>
Net Investment in Capital Assets, as Previously Reported	\$ 139,301,257	\$ 139,301,257
Restatement	77,359,452	77,359,452
Net Investment in Capital Assets, as Restated	<u>\$ 216,660,709</u>	<u>\$ 216,660,709</u>
Net Position Restricted for Debt Service, As Previously Reported	\$ 13,087,664	\$ 13,087,664
Restatement	5,491,358	5,491,358
Net Position Restricted for Debt Service, as Restated	<u>\$ 18,579,022</u>	<u>\$ 18,579,022</u>
Net Position Restricted for Capital Projects, As Previously Reported	\$ 16,975,931	\$ 16,975,931
Restatement	(3,530,029)	(3,530,029)
Net Position Restricted for Capital Projects, as Restated	<u>\$ 13,445,902</u>	<u>\$ 13,445,902</u>
Unrestricted Net Position, as Previously Reported	\$ 94,773,873	\$ 99,584,798
Restatement	(79,320,781)	(79,320,781)
Unrestricted Net Position, as Restated	<u>\$ 15,453,092</u>	<u>\$ 20,264,017</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 31,109,155	\$ 30,442,547	\$ 29,937,664	\$ (504,883)
Sales and use taxes	24,867,810	29,030,796	28,930,889	(99,907)
Franchise and other	6,375,698	6,444,298	6,622,237	177,939
License and permits	4,398,520	4,666,429	4,612,554	(53,875)
Fines and forfeitures	2,461,382	2,173,514	1,989,062	(184,452)
Charges for services	20,190,612	22,043,290	22,257,316	214,026
Investment earnings	-	-	98,435	98,435
Intergovernmental	-	-	4,548,225	4,548,225
Other	757,601	583,940	603,797	19,857
Total Revenues	<u>90,160,778</u>	<u>95,384,814</u>	<u>99,600,179</u>	<u>4,215,365</u>
Expenditures				
Current				
General government	14,622,619	14,243,462	14,545,343	301,881
Public safety	55,546,327	59,731,313	58,350,556	(1,380,757)
Public works	13,648,806	14,710,936	12,479,013	(2,231,923)
Community services	4,507,149	4,625,896	4,585,041	(40,855)
Parks and recreation	7,459,093	7,386,075	6,588,930	(797,145)
Debt Service				
Principal	-	-	179,299	179,299
Interest and other charges	-	-	7,543	7,543
Capital Outlay				
	-	-	769,296	769,296
Total Expenditures	<u>95,783,994</u>	<u>100,697,682</u>	<u>97,505,021</u>	<u>(3,192,661)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,623,216)</u>	<u>(5,312,868)</u>	<u>2,095,158</u>	<u>7,408,026</u>
Other Financing Sources (Uses)				
Transfers in	9,441,314	9,616,314	5,197,799	(4,418,515)
Transfers out	(3,788,070)	(6,286,802)	(5,159,815)	1,126,987
Total Other Financing Sources (Uses)	<u>5,653,244</u>	<u>3,329,512</u>	<u>37,984</u>	<u>(3,291,528)</u>
Net Change in Fund Balances	<u>\$ 30,028</u>	<u>\$ (1,983,356)</u>	<u>2,133,142</u>	<u>\$ 4,116,498</u>
Fund Balances, Beginning of Year			<u>32,524,401</u>	
Fund Balances, End of Year			<u>\$ 34,657,543</u>	

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Sales and use taxes	\$ 11,799,344	\$ 11,799,344	\$ 14,250,278	\$ 2,450,934	\$ 12,877,864
Charges for services	-	-	-	-	429,331
Investment earnings	100,000	100,000	224,376	124,376	35,327
Intergovernmental	-	-	12,000	12,000	12,000
Other	18,000	18,000	1,214,079	1,196,079	6,000
Total Revenues	<u>11,917,344</u>	<u>11,917,344</u>	<u>15,700,733</u>	<u>3,783,389</u>	<u>13,360,522</u>
Expenditures					
Current					
Economic development	3,339,972	3,442,272	3,939,387	497,115	3,880,652
Debt Service					
Principal	250,000	250,000	250,000	-	250,000
Interest and other charges	29,500	29,500	29,500	-	35,400
Capital Outlay	<u>3,471,000</u>	<u>3,770,000</u>	<u>10,014,021</u>	<u>6,244,021</u>	<u>1,384,450</u>
Total Expenditures	<u>7,090,472</u>	<u>7,491,772</u>	<u>14,232,908</u>	<u>6,741,136</u>	<u>5,550,502</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,826,872</u>	<u>4,425,572</u>	<u>1,467,825</u>	<u>(2,957,747)</u>	<u>7,810,020</u>
Other Financing Sources (Uses)					
Proceeds from sale of assets	-	-	1,154,819	1,154,819	7,173,996
Transfers out	(17,670,209)	(19,025,209)	(190,709)	18,834,500	(181,628)
Total Other Financing Sources (Uses)	<u>(17,670,209)</u>	<u>(19,025,209)</u>	<u>964,110</u>	<u>19,989,319</u>	<u>6,992,368</u>
Net Change in Fund Balance	<u>(12,843,337)</u>	<u>(14,599,637)</u>	<u>2,431,935</u>	<u>17,031,572</u>	<u>14,802,388</u>
Fund Balance, Beginning of Year	<u>37,276,782</u>	<u>37,276,782</u>	<u>37,276,782</u>	<u>0</u>	<u>22,474,394</u>
Fund Balance, End of Year	<u>\$ 24,433,445</u>	<u>\$ 22,677,145</u>	<u>\$ 39,708,717</u>	<u>\$ 17,031,572</u>	<u>\$ 37,276,782</u>

CITY OF PEARLAND, TEXAS
Notes to Required Supplementary Budget Information
For the Year Ended September 30, 2022

Budgetary Compliance

The City has complied with all material budget requirements for the year ended September 30, 2022.

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 FY-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 FY, 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 FY, 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 FY, between 60 and 90 days prior to the beginning of the FY. 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 Eight Measurement Years

	Measurement Year							
	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service cost	\$ 5,118,873	\$ 6,035,636	\$ 6,756,543	\$ 7,548,267	\$ 7,869,363	\$ 8,361,735	\$ 9,324,466	\$ 9,811,113
Interest	7,010,813	7,680,048	8,166,924	9,064,733	9,914,570	10,784,493	11,845,518	12,984,066
Difference between expected and actual experience	241,450	846,833	1,159,738	33,887	41,404	249,817	847,255	2,320,691
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)	(5,978,894)
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	19,136,976
Total pension liability - beginning	98,960,025	108,601,188	119,050,823	132,258,772	145,424,516	158,296,499	173,230,668	190,440,422
Total pension liability - ending (a)	\$ 108,601,188	\$ 119,050,823	\$ 132,258,772	\$ 145,424,516	\$ 158,296,499	\$ 173,230,668	\$ 190,440,422	\$ 209,577,398
Plan Fiduciary Net Position								
Contributions - employer	\$ 4,339,785	\$ 4,786,602	\$ 5,253,253	\$ 5,991,467	\$ 6,225,163	\$ 6,543,589	\$ 7,258,507	\$ 7,623,084
Contributions - employee	2,355,095	2,498,961	2,749,756	3,081,580	3,216,353	3,439,022	3,866,781	4,073,416
Net investment income	4,766,828	135,758	6,458,752	14,836,941	(3,818,135)	19,805,631	11,569,310	22,200,809
Benefit payments, including refunds of employee contributions	(2,729,973)	(3,808,062)	(2,875,256)	(3,481,143)	(4,953,354)	(5,414,199)	(4,807,485)	(5,978,894)
Administrative expense	(49,756)	(82,673)	(72,899)	(76,869)	(73,737)	(111,780)	(74,766)	(102,560)
Other	(4,091)	(4,083)	(3,927)	(3,896)	(3,853)	(3,359)	(2,917)	702
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	27,816,557
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	170,029,694
Plan Fiduciary Net Position, Ending (b)	\$ 91,984,661	\$ 95,511,164	\$ 107,020,843	\$ 127,368,923	\$ 127,961,360	\$ 152,220,264	\$ 170,029,694	\$ 197,846,251
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	\$ 11,731,147
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.70%	80.23%	80.92%	87.58%	80.84%	87.87%	89.28%	94.40%
Covered Payroll	\$ 33,615,923	\$ 35,545,557	\$ 39,282,225	\$ 44,013,221	\$ 45,939,075	\$ 49,128,879	\$ 55,239,728	\$ 58,191,657
Net Pension Liability as a Percentage of Covered Payroll	49.43%	66.22%	64.25%	41.02%	66.03%	42.77%	36.95%	20.16%

Notes to the Required Supplementary Information

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

CITY OF PEARLAND, TEXAS
Schedule of Contributions
Texas Municipal Retirement System
Last Ten FYs

	Fiscal Year				
	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 6,072,762	\$ 6,461,150	\$ 6,818,604	\$ 7,545,831	\$ 7,989,951
Contributions in relation to the actuarially determined contribution	<u>6,072,762</u>	<u>6,461,150</u>	<u>6,818,604</u>	<u>7,545,831</u>	<u>7,989,951</u>
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	44,772,623	48,297,918	51,414,583	57,237,508	61,538,157
Contributions as a percentage of covered payroll	13.56%	13.38%	13.26%	13.18%	12.98%

	Fiscal Year				
	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 3,780,847	\$ 4,311,811	\$ 4,600,419	\$ 5,295,359	\$ 5,924,405
Contributions in relation to the actuarially determined contribution	<u>3,780,847</u>	<u>4,311,811</u>	<u>4,600,419</u>	<u>5,295,359</u>	<u>5,924,405</u>
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	28,876,260	30,580,987	34,650,598	39,566,838	43,703,166
Contributions as a percentage of covered payroll	13.09%	14.10%	13.28%	13.38%	13.56%

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

Other Information:

Notes: There were no benefit changes during the year.

CITY OF PEARLAND, TEXAS
Schedule of Changes in the Total OPEB Liability and Related Ratios
Texas Municipal Retirement System Supplemental Death Benefits Fund
Last Five Measurement Years

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

Notes to the Required Supplementary Information

Amounts presented are for each measurement year, which end the preceding December 31 of the City's FY-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 Five Measurement Years

	Measurement Year				
	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 456,161	\$ 295,552	\$ 364,519	\$ 515,331	\$ 531,977
Interest	240,852	157,119	167,755	140,612	169,734
Changes of benefit terms	(2,314,150)	-	-	-	-
Difference between expected and actual experience	361,831	-	(74,479)	-	28,290
Change of assumptions	43,043	101,145	1,240,492	(203,273)	(2,206,085)
Benefit payments, including refunds of employee contributions	(127,339)	(66,167)	(38,350)	(39,277)	(127,324)
Net Change in Total OPEB Liability	(1,339,602)	487,649	1,659,937	413,393	(1,603,408)
Total OPEB Liability - Beginning	5,266,971	3,927,369	4,415,018	6,074,955	6,488,348
Total OPEB Liability - Ending	<u>\$ 3,927,369</u>	<u>\$ 4,415,018</u>	<u>\$ 6,074,955</u>	<u>\$ 6,488,348</u>	<u>\$ 4,884,940</u>
Covered-Employee Payroll	\$ 44,772,623	\$ 48,297,918	\$ 51,067,300	\$ 54,267,466	\$ 57,167,439
Total OPEB Liability as a Percentage of Covered-Employee Payroll	8.77%	9.14%	11.90%	11.96%	8.54%

Notes to the Required Supplementary Information

Amounts presented are for each measurement year, which is the same as the City's FY-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 FY ended September 30, 2022, the discount rate increased from 2.14 percent to 2.43 percent, the mortality table has been updated to use the new PUB (10) 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 Statement No. 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, 2022

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, 2022

	Hotel/Motel Tax	Court Security	City-wide Donation	Court Technology	Street Assessments	Park Donation	Police Seizure
Assets							
Cash and cash equivalents	\$ 1,103,829	\$ 61,681	\$ 232,016	\$ 502	\$ 51	\$ 1,251,381	\$ 299,680
Investments	5,190,957	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles, where applicable)	382,614	-	-	-	1,486,878	-	-
Prepays and other assets	-	-	-	-	-	-	29,590
Total Assets	\$ 6,677,400	\$ 61,681	\$ 232,016	\$ 502	\$ 1,486,929	\$ 1,251,381	\$ 329,270
Liabilities							
Accounts payable	\$ 22,415	\$ 968	\$ 1,035	\$ 1,107	\$ -	\$ 375	\$ 2,195
Unearned revenue	-	-	-	-	-	-	-
Total Liabilities	22,415	968	1,035	1,107	0	375	2,195
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	-	1,486,878	-	-
Total Deferred Inflows of Resources	0	0	0	0	1,486,878	0	0
Fund Balances							
Nonspendable	-	-	-	-	-	-	29,590
Restricted for							
Capital improvements	-	-	-	-	-	-	-
Community development programs	6,654,985	60,713	-	-	-	1,251,006	-
Public safety	-	-	230,981	-	-	-	297,485
Unassigned	-	-	-	(605)	51	-	29,590
Total Fund Balances	6,654,985	60,713	230,981	(605)	51	1,251,006	327,075
Total Liabilities and Fund Balances	\$ 6,677,400	\$ 61,681	\$ 232,016	\$ 502	\$ 1,486,929	\$ 1,251,381	\$ 329,270

CITY OF PEARLAND, TEXAS
Combining Balance Sheet – Nonmajor Governmental Funds (Continued)
September 30, 2022

Community Safety	Park and Recreation Development	Sidewalk	Grant	Traffic Impact Improvement	Juvenile Management	Regional Detention	Educational TV	U of H	Total Nonmajor Governmental Funds
\$ 231,916	\$ 705,501	\$ 64,157	\$ 1,309,649	\$ 330,489	\$ 2,972	\$ 197,031	\$ 50,359	\$ -	\$ 5,841,214
-	-	-	-	-	-	-	289,184	-	5,480,141
-	-	-	1,717,181	-	-	-	15,592	-	3,602,265
-	-	-	-	-	-	-	-	-	29,590
<u>\$ 231,916</u>	<u>\$ 705,501</u>	<u>\$ 64,157</u>	<u>\$ 3,026,830</u>	<u>\$ 330,489</u>	<u>\$ 2,972</u>	<u>\$ 197,031</u>	<u>\$ 355,135</u>	<u>\$ 0</u>	<u>\$ 14,953,210</u>
\$ -	\$ -	\$ -	\$ 90,207	\$ -	\$ 1,855	\$ -	\$ -	\$ 27,299	\$ 147,456
-	-	-	6,298,072	-	-	-	-	-	6,298,072
<u>0</u>	<u>0</u>	<u>0</u>	<u>6,388,279</u>	<u>0</u>	<u>1,855</u>	<u>0</u>	<u>0</u>	<u>27,299</u>	<u>6,445,528</u>
-	-	-	-	-	-	-	-	-	1,486,878
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,486,878</u>
-	-	-	-	-	-	-	-	-	29,590
-	705,501	64,157	-	330,489	-	197,031	-	-	1,297,178
-	-	-	-	-	-	-	355,135	-	8,321,839
231,916	-	-	-	-	1,117	-	-	-	761,499
-	-	-	(3,361,449)	-	-	-	-	(27,299)	(3,359,712)
<u>231,916</u>	<u>705,501</u>	<u>64,157</u>	<u>(3,361,449)</u>	<u>330,489</u>	<u>1,117</u>	<u>197,031</u>	<u>355,135</u>	<u>(27,299)</u>	<u>7,020,804</u>
<u>\$ 231,916</u>	<u>\$ 705,501</u>	<u>\$ 64,157</u>	<u>\$ 3,026,830</u>	<u>\$ 330,489</u>	<u>\$ 2,972</u>	<u>\$ 197,031</u>	<u>\$ 355,135</u>	<u>\$ 0</u>	<u>\$ 14,953,210</u>

CITY OF PEARLAND, TEXAS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Nonmajor Governmental Funds
Year Ended September 30, 2022

	Hotel/Motel Tax	Court Security	City-wide Donation	Court Technology	Street Assessments	Park Donation	Police Seizure
Revenues							
Sales and use taxes	\$ 1,518,308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-	-	-	-
Fines and forfeitures	-	42,699	-	35,426	-	-	-
Charges for services	-	-	-	-	-	1,025,950	-
Investment earnings	46,617	95	355	-	51	2,029	467
Intergovernmental	-	-	-	-	-	-	-
Other	25,242	-	76,195	-	-	15,661	67,043
Total Revenues	1,590,167	42,794	76,550	35,426	51	1,043,640	67,510
Expenditures							
Current							
General government	851,968	-	1,494	-	-	-	-
Public safety	-	-	15,287	-	-	-	43,445
Community services	-	31,056	-	43,756	-	-	-
Parks and recreation	-	-	-	-	-	114,850	-
Debt Service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	60,111
Total Expenditures	851,968	31,056	16,781	43,756	0	114,850	103,556
Excess (Deficiency) of Revenues Over Expenditures	738,199	11,738	59,769	(8,330)	51	928,790	(36,046)
Other Financing Uses							
Transfers in	-	-	-	-	-	-	-
Transfers out	(944)	-	-	-	-	(200,000)	-
Total Other Financing Uses	(944)	0	0	0	0	(200,000)	0
Net Change in Fund Balances	737,255	11,738	59,769	(8,330)	51	728,790	(36,046)
Fund Balances, Beginning of Year	5,917,730	48,975	171,212	7,725	-	522,216	363,121
Fund Balances, End of Year	\$ 6,654,985	\$ 60,713	\$ 230,981	\$ (605)	\$ 51	\$ 1,251,006	\$ 327,075

CITY OF PEARLAND, TEXAS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Nonmajor Governmental Funds (Continued)
Year Ended September 30, 2022

Community Safety	Park and Recreation Development	Sidewalk	Grant	Traffic Impact Improvement	Juvenile Management	Regional Detention	Educational TV	U of H	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,518,308
-	-	-	-	-	-	-	247,362	-	247,362
-	-	-	-	-	45,016	-	-	-	123,141
-	-	17,422	-	-	-	-	-	-	1,043,372
-	1,656	100	-	561	4	307	2,895	-	55,137
-	-	-	3,210,715	-	-	-	-	-	3,210,715
-	611,390	-	8,865	-	-	195,724	-	-	1,000,120
0	613,046	17,522	3,219,580	561	45,020	196,031	250,257	0	7,198,155
18,084	-	-	539,667	-	-	-	-	-	1,411,213
-	-	-	795,840	288,065	-	-	-	-	1,142,637
-	-	-	11,548	-	49,091	-	43,963	-	179,414
-	-	-	-	-	-	-	-	-	114,850
-	71,079	-	-	-	-	-	-	-	71,079
-	2,674	-	-	-	-	-	-	-	2,674
-	22,496	-	654,173	-	-	-	-	-	736,780
18,084	96,249	0	2,001,228	288,065	49,091	0	43,963	0	3,658,647
(18,084)	516,797	17,522	1,218,352	(287,504)	(4,071)	196,031	206,294	0	3,539,508
250,000	-	-	189,265	-	-	-	-	-	439,265
-	(710,228)	-	-	-	-	-	(701,000)	-	(1,612,172)
250,000	(710,228)	0	189,265	0	0	0	(701,000)	0	(1,172,907)
231,916	(193,431)	17,522	1,407,617	(287,504)	(4,071)	196,031	(494,706)	-	2,366,601
-	898,932	46,635	(4,769,066)	617,993	5,188	1,000	849,841	(27,299)	4,654,203
\$ 231,916	\$ 705,501	\$ 64,157	\$ (3,361,449)	\$ 330,489	\$ 1,117	\$ 197,031	\$ 355,135	\$ (27,299)	\$ 7,020,804

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Property taxes	\$ 39,350,712	\$ 38,476,392	\$ 37,763,000	\$ (713,392)	\$ 38,374,498
Investment earnings	-	-	41,091	41,091	8,425
Other	747,205	750,449	735,447	(15,002)	755,469
Total Revenues	<u>40,097,917</u>	<u>39,226,841</u>	<u>38,539,538</u>	<u>(687,303)</u>	<u>39,138,392</u>
Expenditures					
Debt service					
Principal	21,815,000	21,815,000	21,505,000	(310,000)	21,030,000
Interest and other charges	14,929,004	14,929,004	14,817,653	(111,351)	14,685,250
Intergovernmental	7,591,760	7,289,085	7,289,088	3	7,116,216
Total Expenditures	<u>44,335,764</u>	<u>44,033,089</u>	<u>43,611,741</u>	<u>(421,348)</u>	<u>42,831,466</u>
Deficiency of Revenues Over Expenditures	<u>(4,237,847)</u>	<u>(4,806,248)</u>	<u>(5,072,203)</u>	<u>(265,955)</u>	<u>(3,693,074)</u>
Other Financing Sources (Uses)					
Proceeds from issuance of debt	-	-	-	-	27,220,000
Premium on debt issued	-	-	-	-	5,402,641
Payment to escrow agent	-	-	-	-	(31,735,000)
Transfers in	3,074,368	3,074,368	2,621,118	(453,250)	2,530,075
Total Other Financing Sources	<u>3,074,368</u>	<u>3,074,368</u>	<u>2,621,118</u>	<u>(453,250)</u>	<u>3,417,716</u>
Net Change in Fund Balance	(1,163,479)	(1,731,880)	(2,451,085)	(719,205)	(275,358)
Fund Balance, Beginning of Year	<u>5,887,231</u>	<u>5,887,231</u>	<u>5,887,231</u>	<u>-</u>	<u>6,162,589</u>
Fund Balance, End of Year	<u>\$ 4,723,752</u>	<u>\$ 4,155,351</u>	<u>\$ 3,436,146</u>	<u>\$ (719,205)</u>	<u>\$ 5,887,231</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Sales and use taxes	\$ 921,900	\$ 1,100,000	\$ 1,518,308	\$ 418,308	\$ 1,231,585
Investment earnings	6,000	5,200	46,617	41,417	3,834
Other	-	40,903	25,242	(15,661)	12,385
Total Revenues	<u>927,900</u>	<u>1,146,103</u>	<u>1,590,167</u>	<u>444,064</u>	<u>1,247,804</u>
Expenditures					
Current					
General government	1,067,623	1,064,294	851,968	(212,326)	899,417
Total Expenditures	<u>1,067,623</u>	<u>1,064,294</u>	<u>851,968</u>	<u>(212,326)</u>	<u>899,417</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(139,723)</u>	<u>81,809</u>	<u>738,199</u>	<u>656,390</u>	<u>348,387</u>
Other Financing Uses					
Transfers out	-	-	(944)	(944)	-
Total Other Financing Uses	<u>0</u>	<u>0</u>	<u>(944)</u>	<u>(944)</u>	<u>0</u>
Net Change in Fund Balance	(139,723)	81,809	737,255	655,446	348,387
Fund Balance, Beginning	<u>5,917,730</u>	<u>5,917,730</u>	<u>5,917,730</u>	<u>-</u>	<u>5,569,343</u>
Fund Balance, Ending	<u>\$ 5,778,007</u>	<u>\$ 5,999,539</u>	<u>\$ 6,654,985</u>	<u>\$ 655,446</u>	<u>\$ 5,917,730</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Fines and forfeitures	\$ 48,000	\$ 32,500	\$ 42,699	\$ 10,199	\$ 39,118
Investment earnings	4	6	95	89	3
Intergovernmental	-	-	-	-	-
Total Revenues	<u>48,004</u>	<u>32,506</u>	<u>42,794</u>	<u>10,288</u>	<u>39,121</u>
Expenditures					
Current					
Community services	45,609	32,828	31,056	(1,772)	28,508
Total Expenditures	<u>45,609</u>	<u>32,828</u>	<u>31,056</u>	<u>(1,772)</u>	<u>28,508</u>
Net Change in Fund Balance	2,395	(322)	11,738	12,060	10,613
Fund Balance, Beginning	<u>48,975</u>	<u>48,975</u>	<u>48,975</u>	<u>-</u>	<u>38,362</u>
Fund Balance, Ending	<u>\$ 51,370</u>	<u>\$ 48,653</u>	<u>\$ 60,713</u>	<u>\$ 12,060</u>	<u>\$ 48,975</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Investment earnings	\$ 100	\$ 40	\$ 355	\$ 315	\$ 15
Other	29,967	37,797	76,195	38,398	42,478
Total Revenues	30,067	37,837	76,550	38,713	42,493
Expenditures					
Current					
General government	-	-	1,494	1,494	1,500
Public safety	50,459	46,500	15,287	(31,213)	12,543
Capital outlay	-	-	-	-	-
Total Expenditures	50,459	46,500	16,781	(29,719)	14,043
Net Change in Fund Balance	(20,392)	(8,663)	59,769	68,432	28,450
Fund Balance, Beginning	171,212	171,212	171,212	-	142,762
Fund Balance, Ending	\$ 150,820	\$ 162,549	\$ 230,981	\$ 68,432	\$ 171,212

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Fines and forfeitures	\$ 45,000	\$ 28,000	\$ 35,426	\$ 7,426	\$ 32,721
Investment earnings	100	1	-	(1)	-
Total Revenues	<u>45,100</u>	<u>28,001</u>	<u>35,426</u>	<u>7,425</u>	<u>32,721</u>
Expenditures					
Current					
Parks and Recreation	48,533	46,933	43,756	(3,177)	31,352
Total Expenditures	<u>48,533</u>	<u>46,933</u>	<u>43,756</u>	<u>(3,177)</u>	<u>31,352</u>
Net Change in Fund Balance	(3,433)	(18,932)	(8,330)	10,602	1,369
Fund Balance, Beginning	<u>7,725</u>	<u>7,725</u>	<u>7,725</u>	<u>-</u>	<u>6,356</u>
Fund Balance, Ending	<u>\$ 4,292</u>	<u>\$ (11,207)</u>	<u>\$ (605)</u>	<u>\$ 10,602</u>	<u>\$ 7,725</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Investment earnings	\$ -	\$ 75,100	\$ -	\$ (75,100)	\$ -
Other	-	304,522	-	(304,522)	-
Total Revenues	-	379,622	-	(379,622)	-
Expenditures					
Parks and recreation	-	-	-	-	-
Net Change in Fund Balance	-	379,622	-	(379,622)	-
Fund Balance, Beginning	-	-	-	-	-
Fund Balance, Ending	\$ 0	\$ 379,622	\$ 0	\$ (379,622)	\$ 0

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Charges for services	\$ 107,550	\$ 1,011,470	\$ 1,025,950	\$ 14,480	\$ -
Investment earnings	250	215	2,029	1,814	53
Other	2,500	5,000	15,661	10,661	10,988
Total Revenues	<u>110,300</u>	<u>1,016,685</u>	<u>1,043,640</u>	<u>26,955</u>	<u>11,041</u>
Expenditures					
Current					
Parks and recreation	388,550	366,281	114,850	(251,431)	25,784
Total Expenditures	<u>388,550</u>	<u>366,281</u>	<u>114,850</u>	<u>(251,431)</u>	<u>25,784</u>
Other Financing Uses					
Transfers out	-	-	(200,000)	(200,000)	-
Total Other Financing Uses	<u>0</u>	<u>0</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>0</u>
Net Change in Fund Balance	(278,250)	650,404	728,790	78,386	(14,743)
Fund Balance, Beginning	<u>522,216</u>	<u>522,216</u>	<u>522,216</u>	<u>-</u>	<u>536,959</u>
Fund Balance, Ending	<u>\$ 243,966</u>	<u>\$ 1,172,620</u>	<u>\$ 1,251,006</u>	<u>\$ 78,386</u>	<u>\$ 522,216</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Investment earnings	\$ 108	\$ 40	\$ 467	\$ 427	\$ 25
Other	-	38,379	67,043	28,664	159,838
Total Revenues	<u>108</u>	<u>38,419</u>	<u>67,510</u>	<u>29,091</u>	<u>159,863</u>
Expenditures					
Current					
Public safety	37,200	97,789	43,445	(54,344)	75,333
Capital outlay	-	27,314	60,111	32,797	-
Total Expenditures	<u>37,200</u>	<u>125,103</u>	<u>103,556</u>	<u>(21,547)</u>	<u>75,333</u>
Net Change in Fund Balance	(37,092)	(86,684)	(36,046)	50,638	84,530
Fund Balance, Beginning	<u>363,121</u>	<u>363,121</u>	<u>363,121</u>	<u>-</u>	<u>278,591</u>
Fund Balance, Ending	<u>\$ 326,029</u>	<u>\$ 276,437</u>	<u>\$ 327,075</u>	<u>\$ 50,638</u>	<u>\$ 363,121</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Investment earnings	\$ 3,000	\$ 100	\$ 1,656	\$ 1,556	\$ 224
Other	95,000	500,000	611,390	111,390	200,992
Total Revenues	<u>98,000</u>	<u>500,100</u>	<u>613,046</u>	<u>112,946</u>	<u>201,216</u>
Expenditures					
Current					
Parks and recreation	-	-	-	-	-
Debt service					
Principal	73,754	73,754	71,079	(2,675)	68,501
Interest and other charges	-	-	2,674	2,674	5,253
Capital outlay	-	199,660	22,496	(177,164)	255,982
Total Expenditures	<u>73,754</u>	<u>273,414</u>	<u>96,249</u>	<u>(177,165)</u>	<u>329,736</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>24,246</u>	<u>226,686</u>	<u>516,797</u>	<u>290,111</u>	<u>(128,520)</u>
Other Financing Uses					
Transfers out	(385,000)	(710,228)	(710,228)	-	(117,000)
Total Other Financing Uses	<u>(385,000)</u>	<u>(710,228)</u>	<u>(710,228)</u>	<u>0</u>	<u>(117,000)</u>
Net Change in Fund Balance	(360,754)	(483,542)	(193,431)	290,111	(245,520)
Fund Balance, Beginning	898,932	898,932	898,932	-	1,144,452
Fund Balance, Ending	<u>\$ 538,178</u>	<u>\$ 415,390</u>	<u>\$ 705,501</u>	<u>\$ 290,111</u>	<u>\$ 898,932</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Charges for services	\$ 5,000	\$ 17,422	\$ 17,422	\$ -	\$ -
Investment earnings	100	15	100	85	5
Total Revenues	<u>5,100</u>	<u>17,437</u>	<u>17,522</u>	<u>85</u>	<u>5</u>
Net Change in Fund Balance	5,100	17,437	17,522	85	5
Fund Balance, Beginning	<u>46,635</u>	<u>46,635</u>	<u>46,635</u>	<u>-</u>	<u>46,630</u>
Fund Balance, Ending	<u>\$ 51,735</u>	<u>\$ 64,072</u>	<u>\$ 64,157</u>	<u>\$ 85</u>	<u>\$ 46,635</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,841,796	1,861,796	3,210,715	1,348,919	2,868,262
Other	-	-	8,865	8,865	68,494
Total Revenues	<u>1,841,796</u>	<u>1,861,796</u>	<u>3,219,580</u>	<u>1,357,784</u>	<u>2,936,756</u>
Expenditures					
Current					
General government	873,047	907,139	539,667	(367,472)	5,123,100
Public safety	-	-	795,840	795,840	1,005,417
Community service	-	-	11,548	11,548	-
Capital outlay	970,068	1,234,668	654,173	(580,495)	731,179
Total Expenditures	<u>1,843,115</u>	<u>2,141,807</u>	<u>2,001,228</u>	<u>(140,579)</u>	<u>6,859,696</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,319)</u>	<u>(280,011)</u>	<u>1,218,352</u>	<u>1,498,363</u>	<u>(3,922,940)</u>
Other Financing Sources (Uses)					
Transfers in	-	94,900	189,265	94,365	-
Transfers out	-	-	-	-	(1,000,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>94,900</u>	<u>189,265</u>	<u>94,365</u>	<u>(1,000,000)</u>
Net Change in Fund Balance	<u>(1,319)</u>	<u>(185,111)</u>	<u>1,407,617</u>	<u>1,592,728</u>	<u>(4,922,940)</u>
Fund Balance, Beginning	<u>(4,769,066)</u>	<u>(4,769,066)</u>	<u>(4,769,066)</u>	<u>-</u>	<u>153,874</u>
Fund Balance, Ending	<u>\$ (4,770,385)</u>	<u>\$ (4,954,177)</u>	<u>\$ (3,361,449)</u>	<u>\$ 1,592,728</u>	<u>\$ (4,769,066)</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Investment earnings	\$ 100	\$ 100	\$ 561	\$ 461	\$ 62
Total Revenues	<u>100</u>	<u>100</u>	<u>561</u>	<u>461</u>	<u>62</u>
Expenditures					
Public safety	214,920	288,065	288,065	-	-
Total Expenditures	<u>214,920</u>	<u>288,065</u>	<u>288,065</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(214,820)	(287,965)	(287,504)	461	62
Fund Balance, Beginning	<u>617,993</u>	<u>617,993</u>	<u>617,993</u>	<u>-</u>	<u>617,931</u>
Fund Balance, Ending	<u>\$ 403,173</u>	<u>\$ 330,028</u>	<u>\$ 330,489</u>	<u>\$ 461</u>	<u>\$ 617,993</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Fines and forfeitures	\$ 52,500	\$ 40,000	\$ 45,016	\$ 5,016	\$ 41,484
Investment earnings	100	-	4	4	1
Total Revenues	<u>52,600</u>	<u>40,000</u>	<u>45,020</u>	<u>5,020</u>	<u>41,485</u>
Expenditures					
Current					
Community services	51,984	47,580	49,091	1,511	61,413
Total Expenditures	<u>51,984</u>	<u>47,580</u>	<u>49,091</u>	<u>1,511</u>	<u>61,413</u>
Net Change in Fund Balance	616	(7,580)	(4,071)	3,509	(19,928)
Fund Balance, Beginning	<u>5,188</u>	<u>5,188</u>	<u>5,188</u>	<u>-</u>	<u>25,116</u>
Fund Balance, Ending	<u>\$ 5,804</u>	<u>\$ (2,392)</u>	<u>\$ 1,117</u>	<u>\$ 3,509</u>	<u>\$ 5,188</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Investment earnings	\$ -	\$ 40	\$ 307	\$ 267	\$ -
Other	-	193,724	195,724	2,000	1,000
Total Revenues	<u>0</u>	<u>193,764</u>	<u>196,031</u>	<u>2,267</u>	<u>1,000</u>
Excess of Revenues Over Expenditures	<u>0</u>	<u>193,764</u>	<u>196,031</u>	<u>2,267</u>	<u>1,000</u>
Other Financing Uses					
Transfers out	-	-	-	-	-
Total Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	-	193,764	196,031	2,267	1,000
Fund Balance, Beginning	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,000</u>	<u>\$ 194,764</u>	<u>\$ 197,031</u>	<u>\$ 2,267</u>	<u>\$ 1,000</u>

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Franchise fees	\$ 235,000	\$ 220,000	\$ 247,362	\$ 27,362	\$ 220,376
Investment earnings	1,500	500	2,895	2,395	638
Total Revenues	<u>236,500</u>	<u>220,500</u>	<u>250,257</u>	<u>29,757</u>	<u>221,014</u>
Expenditures					
Current					
Community services	159,500	111,500	43,963	67,537	28,486
Capital outlay	-	-	-	-	234,687
Total Expenditures	<u>159,500</u>	<u>111,500</u>	<u>43,963</u>	<u>67,537</u>	<u>263,173</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>77,000</u>	<u>109,000</u>	<u>206,294</u>	<u>97,294</u>	<u>(42,159)</u>
Other Financing Uses					
Transfers out	(701,000)	(701,000)	(701,000)	-	(96,000)
Total Other Financing Uses	<u>(701,000)</u>	<u>(701,000)</u>	<u>(701,000)</u>	<u>0</u>	<u>(96,000)</u>
Net Change in Fund Balance	(624,000)	(592,000)	(494,706)	97,294	(138,159)
Fund Balance, Beginning	<u>849,841</u>	<u>849,841</u>	<u>849,841</u>	<u>-</u>	<u>988,000</u>
Fund Balance, Ending	<u>\$ 225,841</u>	<u>\$ 257,841</u>	<u>\$ 355,135</u>	<u>\$ 97,294</u>	<u>\$ 849,841</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Other Financing Sources					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, Beginning	<u>(27,299)</u>	<u>(27,299)</u>	<u>(27,299)</u>	<u>-</u>	<u>(27,299)</u>
Fund Balance, Ending	<u>\$ (27,299)</u>	<u>\$ (27,299)</u>	<u>\$ (27,299)</u>	<u>\$ 0</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2021
Revenues					
Investment earnings	\$ -	\$ -	\$ 525,866	\$ 525,866	\$ 116,614
Intergovernmental	6,034,815	6,034,815	12,210,603	6,175,788	16,449,841
Other	-	-	1,647,874	1,647,874	1,878,426
Total Revenues	<u>6,034,815</u>	<u>6,034,815</u>	<u>14,384,343</u>	<u>8,349,528</u>	<u>18,444,881</u>
Expenditures					
Current					
Public works	-	-	1,478,204	1,478,204	1,113,038
Debt service					
Interest and other charges	-	-	458,153	458,153	446,467
Capital outlay	82,420,762	82,420,762	46,098,920	(36,321,842)	74,232,429
Total Expenditures	<u>82,420,762</u>	<u>82,420,762</u>	<u>48,035,277</u>	<u>(34,385,485)</u>	<u>75,791,934</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(76,385,947)</u>	<u>(76,385,947)</u>	<u>(33,650,934)</u>	<u>42,735,013</u>	<u>(57,347,053)</u>
Other Financing Sources (Uses)					
Proceeds from issuance of debt	104,176,902	104,176,902	41,720,000	(62,456,902)	37,520,000
Premium on debt issued	-	-	2,953,542	2,953,542	7,977,121
Transfers in	2,912,000	2,912,000	6,103,531	3,191,531	3,552,158
Transfers out	(1,319,801)	(1,319,801)	(1,319,801)	-	(1,718,724)
Total Other Financing Sources	<u>105,769,101</u>	<u>105,769,101</u>	<u>49,457,272</u>	<u>(56,311,829)</u>	<u>47,330,555</u>
Net Change in Fund Balance	29,383,154	29,383,154	15,806,338	(13,576,816)	(10,016,498)
Fund Balance, Beginning of Year	<u>63,182,404</u>	<u>63,182,404</u>	<u>63,182,404</u>	<u>-</u>	<u>73,198,902</u>
Fund Balance, End of Year	<u>\$ 92,565,558</u>	<u>\$ 92,565,558</u>	<u>\$ 78,988,742</u>	<u>\$ (13,576,816)</u>	<u>\$ 63,182,404</u>

CITY OF PEARLAND, TEXAS
Internal Service Funds
September 30, 2022

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, 2022

	Property Liability Insurance Fund	Employee Benefits Fund	Health Claims Fund	Motor Pool Fund	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 1,690,729	\$ 274,386	\$ 3,367,219	\$ 3,887,576	\$ 9,219,910
Investments	-	-	-	10,085,759	10,085,759
Accounts receivable, net	58,142	909	7,877	897	67,825
Inventories	-	-	-	481,997	481,997
Total current assets	<u>1,748,871</u>	<u>275,295</u>	<u>3,375,096</u>	<u>14,456,229</u>	<u>19,855,491</u>
Noncurrent Assets					
Capital assets					
Infrastructure	-	-	-	67,338	67,338
Machinery and equipment	-	-	-	8,069,542	8,069,542
Less accumulated depreciation	-	-	-	(2,011,224)	(2,011,224)
Total non-current assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,125,656</u>	<u>6,125,656</u>
Total assets	<u>\$ 1,748,871</u>	<u>\$ 275,295</u>	<u>\$ 3,375,096</u>	<u>\$ 20,581,885</u>	<u>\$ 25,981,147</u>
Deferred Outflows of Resources					
OPEB	\$ 1,028	\$ -	\$ -	\$ 19,957	\$ 20,985
Pensions	5,330	-	-	61,228	66,558
Total deferred outflows of resources	<u>6,358</u>	<u>0</u>	<u>0</u>	<u>81,185</u>	<u>87,543</u>
Liabilities					
Current Liabilities					
Accounts payable	58,109	238,533	10,402	412,594	719,638
Claims payable	-	-	527,892	-	527,892
Current portion of long-term liabilities:					
Compensated absences	-	-	-	49,584	49,584
Total current liabilities	<u>58,109</u>	<u>238,533</u>	<u>538,294</u>	<u>462,178</u>	<u>1,297,114</u>
Noncurrent Liabilities					
Total OPEB liability	1,538	-	-	20,191	21,729
Net pension liability	5,068	-	-	59,765	64,833
Total noncurrent liabilities	<u>6,606</u>	<u>0</u>	<u>0</u>	<u>79,956</u>	<u>86,562</u>
Total liabilities	<u>64,715</u>	<u>238,533</u>	<u>538,294</u>	<u>542,134</u>	<u>1,383,676</u>
Deferred Inflows of Resources					
OPEB	1,447	-	-	24,601	26,048
Pensions	12,987	-	-	79,300	92,287
Total deferred inflows of resources	<u>14,434</u>	<u>0</u>	<u>0</u>	<u>103,901</u>	<u>118,335</u>
Net Position					
Net investment in capital assets	-	-	-	6,125,656	6,125,656
Unrestricted	1,676,080	36,762	2,836,802	13,891,379	18,441,023
Total net position	<u>\$ 1,676,080</u>	<u>\$ 36,762</u>	<u>\$ 2,836,802</u>	<u>\$ 20,017,035</u>	<u>\$ 24,566,679</u>

CITY OF PEARLAND, TEXAS
Combining Statement of Revenues, Expenses and
Changes In Net Position – Internal Service Funds
Year Ended September 30, 2022

	Property Liability Insurance Fund	Employee Benefits Fund	Health Claims Fund	Motor Pool Fund	Total
Operating Revenues					
Charges for services	\$ 2,861,285	\$ -	\$ 10,036,788	\$ 13,600,878	\$ 26,498,951
Total operating revenues	<u>2,861,285</u>	<u>0</u>	<u>10,036,788</u>	<u>13,600,878</u>	<u>26,498,951</u>
Operating Expenses					
Personnel services	48,336	-	-	571,087	619,423
Supplies and materials	-	-	-	13,610	13,610
Contractual services	2,291,693	-	10,220,915	135,480	12,648,088
Repairs and maintenance	110	-	-	1,407,532	1,407,642
Other expenses	-	-	15,851	-	15,851
Depreciation and amortization	-	-	-	1,165,409	1,165,409
Total operating expenses	<u>2,340,139</u>	<u>0</u>	<u>10,236,766</u>	<u>3,293,118</u>	<u>15,870,023</u>
Operating Income	<u>521,146</u>	<u>0</u>	<u>(199,978)</u>	<u>10,307,760</u>	<u>10,628,928</u>
Nonoperating Revenues (Expenses)					
Investment earnings	-	154	5,879	90,347	96,380
Loss on disposal of property	-	-	-	(176,290)	(176,290)
Total nonoperating revenues	<u>0</u>	<u>154</u>	<u>5,879</u>	<u>(85,943)</u>	<u>(79,910)</u>
Change in Net Position	521,146	154	(194,099)	10,221,817	10,549,018
Net Position, Beginning	<u>1,154,934</u>	<u>36,608</u>	<u>3,030,901</u>	<u>9,795,218</u>	<u>14,017,661</u>
Net Position, Ending	<u>\$ 1,676,080</u>	<u>\$ 36,762</u>	<u>\$ 2,836,802</u>	<u>\$ 20,017,035</u>	<u>\$ 24,566,679</u>

CITY OF PEARLAND, TEXAS
Combining Statement of Cash Flows – Internal Service Funds
Year Ended September 30, 2022

	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	\$ 986,380	\$ -	\$ 2,209,736	\$ 7,049,554	\$ 10,245,670
Receipts from interfund charges for services	1,828,191	(386)	7,823,627	6,826,427	16,477,859
Payments to employees for salaries and benefits	(49,925)	-	-	(538,836)	(588,761)
Payments to suppliers and service providers	(2,235,270)	78,318	(10,294,621)	(1,679,368)	(14,130,941)
Net Cash Provided By (Used In) Operating Activities	<u>529,376</u>	<u>77,932</u>	<u>(261,258)</u>	<u>11,657,777</u>	<u>12,003,827</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	-	-	-	(1,259,044)	(1,259,044)
Proceeds from sale of assets	-	-	-	(176,290)	(176,290)
Net Cash Used In Capital And Related financing activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,435,334)</u>	<u>(1,435,334)</u>
Cash Flows from Investing Activities					
Interest on investments	-	154	5,879	90,347	96,380
Investment maturities (purchases), net	-	-	-	(10,085,759)	(10,085,759)
Net Cash Provided By (Used In) Investing Activities	<u>0</u>	<u>154</u>	<u>5,879</u>	<u>(9,995,412)</u>	<u>(9,989,379)</u>
Increase (Decrease) in Cash and Cash Equivalents	529,376	78,086	(255,379)	227,031	579,114
Cash and Cash Equivalents, Beginning 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>
Cash and Cash Equivalents, End of Year	<u>\$ 1,690,729</u>	<u>\$ 274,386</u>	<u>\$ 3,367,219</u>	<u>\$ 3,887,576</u>	<u>\$ 9,219,910</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities					
Operating income (loss)	\$ 521,146	\$ -	\$ (199,978)	\$ 10,307,760	\$ 10,628,928
Items not requiring cash:					
Depreciation	-	-	-	1,165,409	1,165,409
Changes in:					
Accounts receivable, net	(46,714)	(386)	(3,425)	275,103	224,578
Inventories	-	-	-	(371,443)	(371,443)
Prepays	-	-	(57,855)	19	(57,836)
Accounts payable and accrued liabilities	56,533	78,318	-	298,262	433,113
Total OPEB liability	(990)	-	-	(13,247)	(14,237)
Net pension liability	(5,786)	-	-	(62,721)	(68,507)
Deferred outflows - OPEB	398	-	-	(400)	(2)
Deferred inflows - OPEB	1,062	-	-	19,959	21,021
Deferred outflows - Pension	153	-	-	(7,747)	(7,594)
Deferred inflows - Pension	3,574	-	-	46,823	50,397
Net Cash Provided By (Used In) Operating Activities	<u>\$ 529,376</u>	<u>\$ 77,932</u>	<u>\$ (261,258)</u>	<u>\$ 11,657,777</u>	<u>\$ 12,003,827</u>

CITY OF PEARLAND, TEXAS
Statistical Section (Unaudited)
September 30, 2022

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	108
These schedules contain trend information to help the readers understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	118
These schedules contain information to help the reader assess the City's most significant local revenue sources, sales and property tax.	
Debt Capacity	132
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	138
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	140
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.	

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

CITY OF PEARLAND, TEXAS
Net Position by Component
Last Ten FYs
Amounts in (000's)
(Accrual Basis of Accounting)

	2013 ¹	2014	2015	2016	2017
Governmental Activities:					
Net investment in capital assets	\$ 391,032	\$ 397,346	\$ 423,706	\$ 439,923	\$ 449,141
Restricted	43,413	52,209	53,883	60,640	60,310
Unrestricted	14,696	2,477	3,800	3,185	(5,045)
Total governmental activities net position	<u>\$ 449,141</u>	<u>\$ 452,032</u>	<u>\$ 481,389</u>	<u>\$ 503,748</u>	<u>\$ 504,406</u>
Business-type activities:					
Net investment in capital assets	\$ 165,915	\$ 174,955	\$ 186,819	\$ 187,937	\$ 205,827
Restricted	9,542	14,484	13,539	15,852	13,972
Unrestricted	16,704	15,612	12,815	13,351	6,972
Total business-type activities net position	<u>\$ 192,161</u>	<u>\$ 205,051</u>	<u>\$ 213,173</u>	<u>\$ 217,140</u>	<u>\$ 226,771</u>
Primary government					
Investment in capital assets	\$ 556,947	\$ 572,301	\$ 610,525	\$ 627,860	\$ 654,968
Restricted	52,955	66,693	67,422	76,492	74,282
Unrestricted	31,400	18,089	16,615	16,536	1,927
Total primary government net position	<u>\$ 641,302</u>	<u>\$ 657,083</u>	<u>\$ 694,562</u>	<u>\$ 720,888</u>	<u>\$ 731,177</u>

¹ Restated due to implementation of GASB 65 in FY 2014. FY 2013 has been restated for comparison purposes.

CITY OF PEARLAND, TEXAS
Net Position by Component (Continued)
Last Ten FYs
Amounts in (000's)
(Accrual Basis of Accounting)

	2018	2019	2020	2021	2022
Governmental Activities:					
Net investment in capital assets	\$ 454,670	\$ 488,077	\$ 490,304	\$ 493,671	\$ 511,377
Restricted	67,263	56,491	44,928	45,162	48,792
Unrestricted	(2,500)	(734)	33,179	52,796	59,628
Total governmental activities net position	<u>\$ 519,433</u>	<u>\$ 543,834</u>	<u>\$ 568,411</u>	<u>\$ 591,629</u>	<u>\$ 619,797</u>
Business-type activities:					
Net investment in capital assets	\$ 210,674	\$ 214,672	\$ 213,081	\$ 161,157	\$ 216,661
Restricted	14,525	15,270	16,776	30,064	32,025
Unrestricted	20,663	29,806	39,015	81,185	20,264
Total business-type activities net position	<u>\$ 245,862</u>	<u>\$ 259,748</u>	<u>\$ 268,872</u>	<u>\$ 272,406</u>	<u>\$ 268,950</u>
Primary government					
Investment in capital assets	\$ 665,344	\$ 702,749	\$ 703,386	\$ 654,828	\$ 728,037
Restricted	81,788	71,761	61,704	75,226	80,817
Unrestricted	18,163	29,072	72,195	133,981	79,892
Total primary government net position	<u>\$ 765,295</u>	<u>\$ 803,582</u>	<u>\$ 837,283</u>	<u>\$ 864,035</u>	<u>\$ 888,746</u>

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

	2013 ¹	2014	2015	2016	2017
Expenses					
Governmental activities					
General government	\$ 13,358	\$ 12,241	\$ 17,189	\$ 18,015	\$ 20,121
Public safety	28,944	32,130	33,179	38,933	44,343
Public works	31,690	38,579	45,894	46,449	49,221
Community services	3,807	4,687	3,641	3,711	5,107
Parks and recreation	9,524	6,896	3,731	4,820	8,823
Economic development	17,411	26,498	26,159	31,330	31,293
Interest on long-term debt	10,534	16,225	15,569	15,946	14,422
Total governmental activities expenses	<u>115,268</u>	<u>137,256</u>	<u>145,362</u>	<u>159,204</u>	<u>173,330</u>
Business-type activities					
Water and sewer	31,289	32,444	34,266	37,941	41,475
Solid waste	8,324	6,664	6,417	6,833	7,059
Total business-type activities	<u>39,613</u>	<u>39,108</u>	<u>40,683</u>	<u>44,774</u>	<u>48,534</u>
Total primary government expenses	<u>\$ 154,881</u>	<u>\$ 176,364</u>	<u>\$ 186,045</u>	<u>\$ 203,978</u>	<u>\$ 221,864</u>
Program Revenue					
Governmental activities:					
Charges for services					
General government	\$ 6,326	\$ 6,637	\$ 7,624	\$ 8,547	\$ 9,518
Public safety	7,410	2,793	4,110	4,276	3,949
Public works	3,096	322	338	320	1,395
Community services	3,264	7,375	7,771	8,520	8,026
Parks and recreation	2,209	2,290	2,412	2,218	2,001
Economic development	414	430	1,209	13	3,886
Operating grants and contributions					
General government	44	440	747	2,595	-
Public safety	603	434	294	-	-
Public works	1,388	7,612	4,589	11,123	12,459
Community services	108	337	216	-	575
Parks and recreation	182	474	1,586	-	-
Economic development	-	-	-	-	-
Capital grants and contributions					
General government	180	-	-	-	-
Public safety	-	-	-	-	-
Public works	52,921	29,269	36,440	24,636	10,107
Parks and recreation	-	-	-	-	-
Total governmental activities program revenues	<u>78,145</u>	<u>58,413</u>	<u>67,336</u>	<u>62,248</u>	<u>51,916</u>
Business-type activities					
Charges for services					
Water and sewer	29,008	28,929	30,201	43,677	51,544
Solid waste	8,175	7,008	6,637	6,945	6,549
Operating grants and contributions					
Water and sewer	-	-	2,512	30	-
Capital grants and contributions					
Water and sewer	16,273	17,677	13,177	4,094	2,027
Total business-type activities program revenues	<u>53,456</u>	<u>53,614</u>	<u>52,527</u>	<u>54,746</u>	<u>60,120</u>
Total primary government program revenues	<u>\$ 131,601</u>	<u>\$ 112,027</u>	<u>\$ 119,863</u>	<u>\$ 116,994</u>	<u>\$ 112,036</u>

¹ Restated due to implementation of GASB 65 in FY 2014. FY 2013 has been restated for comparison purposes.

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

	2018	2019	2020	2021	2022
Expenses					
Governmental activities					
General government	\$ 20,360	\$ 21,249	\$ 25,504	\$ 27,596	\$ 34,580
Public safety	43,275	47,948	51,031	53,503	52,440
Public works	53,271	46,631	44,862	48,115	33,363
Community services	4,509	4,616	4,383	4,465	4,834
Parks and recreation	7,194	7,683	8,197	6,799	8,041
Economic development	29,521	33,470	28,683	30,653	39,101
Interest on long-term debt	14,441	14,017	14,042	13,604	13,238
Total government activities expenses	<u>172,571</u>	<u>175,614</u>	<u>176,702</u>	<u>184,735</u>	<u>185,597</u>
Business-type activities					
Water and sewer	41,683	39,413	45,055	44,654	48,592
Solid waste	7,441	7,752	7,930	8,094	7,158
Total business-type activities	<u>49,124</u>	<u>47,165</u>	<u>52,985</u>	<u>52,748</u>	<u>55,750</u>
Total primary government expenses	<u>\$ 221,695</u>	<u>\$ 222,779</u>	<u>\$ 229,687</u>	<u>\$ 237,483</u>	<u>\$ 241,347</u>
Program Revenue					
Governmental activities					
Charges for services					
General government	\$ 10,414	\$ 10,826	\$ 12,424	\$ 15,425	\$ 17,816
Public safety	3,777	4,413	4,772	5,048	5,746
Public works	253	1,379	113	157	186
Community services	6,566	6,888	6,100	6,090	5,732
Parks and recreation	2,766	2,328	992	1,090	1,614
Economic development	3,503	1,951	460	445	-
Operating grants and contributions					
General government	-	-	6,609	1,693	5,740
Public safety	11	-	-	-	-
Public works	5,884	8,765	14,164	17,584	14,008
Community services	232	239	-	729	368
Parks and recreation	-	-	-	-	-
Economic development	-	-	-	-	-
Capital grants and contributions					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	19,241	16,678	7,148	1,876	-
Parks and recreation	-	-	-	-	-
Total governmental activities program revenues	<u>52,647</u>	<u>53,467</u>	<u>52,782</u>	<u>50,137</u>	<u>51,210</u>
Business-type activities					
Charges for services					
Water and sewer	55,593	55,696	54,710	52,649	55,352
Solid waste	7,842	8,621	7,755	8,064	6,855
Operating grants and contributions					
Water and sewer	-	1,497	225	-	35
Capital grants and contributions					
Water and sewer	4,613	4,113	1,456	1,007	-
Total business-type activities program revenues	<u>68,048</u>	<u>69,927</u>	<u>64,146</u>	<u>61,720</u>	<u>62,242</u>
Total primary government program revenues	<u>\$ 120,695</u>	<u>\$ 123,394</u>	<u>\$ 116,928</u>	<u>\$ 111,857</u>	<u>\$ 113,452</u>

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

	2013 ¹	2014	2015	2016	2017
Net (Expense)/Revenue					
Governmental activities	\$ (37,123)	\$ (78,843)	\$ (78,026)	\$ (96,956)	\$ (121,414)
Business-type activities	13,843	14,506	11,844	9,972	11,586
Total primary government net expense	<u>\$ (23,280)</u>	<u>\$ (64,337)</u>	<u>\$ (66,182)</u>	<u>\$ (86,984)</u>	<u>\$ (109,828)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 52,230	\$ 57,378	\$ 62,974	\$ 67,644	\$ 76,686
Sales and use taxes	22,969	27,295	29,970	31,293	31,976
Franchise taxes	5,670	6,484	6,971	7,228	7,263
Unrestricted grants and contributions					
Investment earnings	134	254	491	729	622
Miscellaneous	1,554	2,399	4,149	5,957	3,108
Special item	-	-	-	-	-
Transfers	2,269	1,607	2,828	6,464	2,417
Total governmental activities	<u>84,826</u>	<u>95,417</u>	<u>107,383</u>	<u>119,315</u>	<u>122,072</u>
Business-type activities					
Investment earnings	68	95	325	294	396
Miscellaneous	444	682	219	166	66
Transfers	<u>(2,269)</u>	<u>(1,607)</u>	<u>(2,828)</u>	<u>(6,464)</u>	<u>(2,417)</u>
Total business-type activities	<u>(1,757)</u>	<u>(830)</u>	<u>(2,284)</u>	<u>(6,004)</u>	<u>(1,955)</u>
Total primary government	<u>\$ 83,069</u>	<u>\$ 94,587</u>	<u>\$ 105,099</u>	<u>\$ 113,311</u>	<u>\$ 120,117</u>
Change in Net Position					
Governmental activities	\$ 47,703	\$ 16,574	\$ 29,357	\$ 22,359	\$ 658
Business-type activities	12,086	13,676	9,560	3,968	9,631
Total primary government	<u>\$ 59,789</u>	<u>\$ 30,250</u>	<u>\$ 38,917</u>	<u>\$ 26,327</u>	<u>\$ 10,289</u>

¹ Restated due to implementation of GASB 65 in FY 2014. FY 2013 has been restated for comparison purposes.

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

	2018	2019	2020	2021	2022
Net (Expense)/Revenue					
Governmental activities	\$ (119,924)	\$ (122,147)	\$ (123,919)	\$ (134,598)	\$ (134,387)
Business-type activities	18,924	22,762	11,162	8,972	6,492
Total primary government net expense	<u>\$ (101,000)</u>	<u>\$ (99,385)</u>	<u>\$ (112,757)</u>	<u>\$ (125,626)</u>	<u>\$ (127,895)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 83,803	\$ 89,930	\$ 97,106	\$ 100,075	\$ 101,524
Sales and use taxes	35,437	34,872	34,928	40,248	44,699
Franchise taxes	7,358	7,480	7,270	6,940	6,870
Unrestricted grants and contributions					
Investment earnings	1,651	3,293	1,626	209	472
Miscellaneous	4,691	562	4,865	4,793	5,206
Special item	-	-	-	-	-
Transfers	3,103	11,364	5,460	5,548	6,079
Total governmental activities	<u>136,043</u>	<u>147,501</u>	<u>151,256</u>	<u>157,814</u>	<u>164,851</u>
Business-type activities					
Investment earnings	1,361	2,947	1,277	94	1,161
Miscellaneous	7	2,361	13	16	45
Transfers	(3,103)	(11,364)	(5,460)	(5,548)	(6,079)
Total business-type activities	<u>(1,735)</u>	<u>(6,056)</u>	<u>(4,170)</u>	<u>(5,439)</u>	<u>(4,872)</u>
Total primary government	<u>\$ 134,308</u>	<u>\$ 141,445</u>	<u>\$ 147,085</u>	<u>\$ 152,375</u>	<u>\$ 159,979</u>
Change in Net Position					
Governmental activities	\$ 16,117	\$ 25,354	\$ 27,336	\$ 23,216	\$ 30,464
Business-type activities	17,189	16,706	6,991	3,533	1,620
Total primary government	<u>\$ 33,306</u>	<u>\$ 42,060</u>	<u>\$ 34,328</u>	<u>\$ 26,749</u>	<u>\$ 32,084</u>

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

	2013	2014	2015	2016	2017
General fund					
Non-spendable	\$ 158	\$ 202	\$ 293	\$ 151	\$ 101
Restricted	-	-	-	-	-
Assigned	1,554	1,394	1,406	3,994	3,000
Unassigned	16,911	17,859	19,655	16,775	11,262
Total general fund	<u>\$ 18,623</u>	<u>\$ 19,455</u>	<u>\$ 21,354</u>	<u>\$ 20,919</u>	<u>\$ 14,363</u>
All other governmental funds					
Non-spendable	\$ 183	\$ 209	\$ 173	\$ -	\$ 4
Restricted					
Debt service	5,192	5,951	5,835	8,276	5,912
Capital improvements	14,536	17,519	22,484	47,361	59,200
Public safety	715	390	394	342	364
Economic development	20,777	23,814	24,117	32,844	36,795
Community development programs					
Tourism	2,267	2,994	3,685	4,194	4,604
Parks and recreation	985	168	105	131	262
Capital projects - other	866	-	-	-	-
Other	638	918	1,149	1,264	779
Unassigned	-	-	-	-	(28)
Total other governmental funds	<u>\$ 46,159</u>	<u>\$ 51,963</u>	<u>\$ 57,940</u>	<u>\$ 94,411</u>	<u>\$ 107,892</u>

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

	2018	2019	2020	2021	2022
General fund					
Non-spendable	\$ 136	\$ 15	\$ 28	\$ 3	\$ -
Restricted	-	-	-	-	-
Assigned	1,538	1,521	648	216	-
Unassigned	12,314	15,666	28,400	32,305	34,658
Total general fund	<u>\$ 13,988</u>	<u>\$ 17,202</u>	<u>\$ 29,076</u>	<u>\$ 32,524</u>	<u>\$ 34,658</u>
All other governmental funds					
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Debt service	6,797	5,427	6,163	5,887	3,436
Capital improvements	43,912	52,952	73,316	63,182	78,989
Public safety	506	504	453	591	821
Economic development	44,634	34,659	44,068	57,235	60,003
Community development programs					
Tourism	4,661	5,388	5,569	5,918	6,655
Parks and recreation	517	530	537	1,421	1,957
Capital projects - other	-	-	-	-	-
Other	783	1,313	1,180	1,521	948
Unassigned	(52)	(28)	(27)	(4,796)	(3,389)
Total other governmental funds	<u>\$ 101,758</u>	<u>\$ 100,745</u>	<u>\$ 131,259</u>	<u>\$ 130,958</u>	<u>\$ 149,419</u>

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

	2013	2014	2015	2016	2017
Revenues					
Property taxes	\$ 54,475	\$ 57,378	\$ 62,922	\$ 67,569	\$ 76,562
Sales and use taxes	24,942	27,295	29,970	31,293	31,976
Franchise fees	5,999	6,484	6,971	7,228	7,263
Licenses and permits	2,989	4,149	4,544	5,677	5,435
Fines and forfeitures	3,534	3,121	3,108	2,931	2,654
Charges for services	12,982	13,078	14,661	15,313	16,015
Investment earnings	154	254	433	728	619
Intergovernmental	4,595	2,541	3,197	15,959	16,010
Other	7,973	4,157	7,076	5,065	5,736
Total Revenues	<u>117,643</u>	<u>118,457</u>	<u>132,882</u>	<u>151,763</u>	<u>162,270</u>
Expenditures					
General government	7,958	8,027	10,470	11,609	11,223
Public safety	26,204	29,171	32,229	36,818	40,858
Public works	7,812	8,121	10,298	13,292	17,365
Community services	3,523	3,960	3,408	4,294	4,837
Parks and recreation	7,244	7,816	5,823	6,458	6,419
Economic development	17,414	25,248	25,625	31,051	29,001
Debt service:					
Principal	15,637	15,815	23,790	19,736	24,341
Interest and other charges	15,859	16,373	16,595	15,841	15,221
Capital outlay	22,101	15,536	24,471	31,982	43,860
Intergovernmental	4,058	4,307	4,792	4,847	6,937
Total Expenditures	<u>127,810</u>	<u>134,374</u>	<u>157,501</u>	<u>175,928</u>	<u>200,062</u>
Excess of revenues under expenditures	<u>(10,167)</u>	<u>(15,917)</u>	<u>(24,619)</u>	<u>(24,165)</u>	<u>(37,792)</u>
Other Financing Sources (Uses)					
Transfers in	15,515	16,507	17,043	26,062	28,466
Transfers out	(14,583)	(16,967)	(15,233)	(20,844)	(26,860)
Debt issued	12,060	49,560	81,258	142,701	115,718
Payment to Escrow Agent	-	(33,182)	(54,303)	(89,638)	(72,608)
Capital leases	1,179	1,853	574	1,918	-
Other	331	4,784	3,157	-	-
Total Other Financing Sources	<u>14,502</u>	<u>22,555</u>	<u>32,496</u>	<u>60,199</u>	<u>44,716</u>
Net change in fund balances	<u>\$ 4,335</u>	<u>\$ 6,638</u>	<u>\$ 7,877</u>	<u>\$ 36,034</u>	<u>\$ 6,924</u>
Debt service as a percentage of noncapital expenditures	29.8%	27.0%	29.9%	24.8%	25.3%

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

	2018	2019	2020	2021	2022
Revenues					
Property taxes	\$ 83,484	\$ 90,252	\$ 97,106	\$ 100,528	\$ 101,524
Sales and use taxes	35,437	34,872	34,928	40,248	44,699
Franchise fees	7,358	7,480	7,270	6,940	6,870
Licenses and permits	4,146	4,198	4,424	4,258	4,613
Fines and forfeitures	2,468	2,712	1,723	1,868	2,112
Charges for services	16,769	17,726	18,714	19,858	23,301
Investment earnings	1,600	3,186	1,583	208	1,006
Intergovernmental	8,579	10,329	19,480	19,880	19,982
Other	7,200	3,947	2,553	3,207	5,201
Total Revenues	<u>167,041</u>	<u>174,702</u>	<u>187,782</u>	<u>196,995</u>	<u>209,308</u>
Expenditures					
General government	11,300	11,173	12,513	19,460	15,957
Public safety	41,273	42,716	47,218	52,191	59,493
Public works	16,968	12,596	11,693	12,483	13,957
Community services	4,313	4,219	4,452	4,249	4,764
Parks and recreation	5,959	6,065	5,483	6,102	6,704
Economic development	29,195	38,288	25,843	29,175	27,346
Debt service:					
Principal	23,547	38,007	27,796	29,577	30,180
Interest and other charges	15,814	15,646	15,939	17,357	17,283
Capital outlay	43,474	39,541	38,359	77,114	57,619
Intergovernmental	7,168	7,325	7,769	7,116	7,289
Total Expenditures	<u>199,011</u>	<u>215,576</u>	<u>197,065</u>	<u>254,824</u>	<u>240,592</u>
Excess of revenues over (under) expenditures	<u>(31,970)</u>	<u>(40,874)</u>	<u>(9,284)</u>	<u>(57,829)</u>	<u>(31,284)</u>
Other Financing Sources (Uses)					
Transfers in	24,456	34,200	31,561	33,261	35,586
Transfers out	(22,266)	(22,866)	(26,101)	(27,713)	(29,507)
Debt issued	24,223	44,292	44,798	46,562	44,674
Payment to Escrow Agent	-	(12,551)	-	-	-
Capital leases	-	-	-	-	-
Other	-	-	-	7,174	1,155
Total Other Financing Sources	<u>26,413</u>	<u>43,075</u>	<u>50,258</u>	<u>59,284</u>	<u>51,908</u>
Net change in fund balances	<u>\$ (5,557)</u>	<u>\$ 2,201</u>	<u>\$ 40,975</u>	<u>\$ 1,455</u>	<u>\$ 20,624</u>
Debt service as a percentage of noncapital expenditures	24.9%	30.3%	27.6%	26.4%	25.9%

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

Expenditures	2013	2014	2015	2016	2017
General government	\$ 7,958	\$ 8,027	\$ 10,470	\$ 11,609	\$ 11,223
Public safety	26,204	29,171	32,229	36,818	40,858
Public works	7,812	8,121	10,298	13,292	17,365
Community services	3,523	3,960	3,408	4,294	4,837
Parks and recreation	7,244	7,816	5,823	6,458	6,419
Economic development	17,414	25,248	25,625	31,051	29,001
Debt service - principal	15,637	15,815	23,790	19,736	24,341
Debt service - interest	15,859	16,373	16,595	15,841	15,221
Capital outlay	22,101	15,536	24,471	31,982	43,860
Intergovernmental	4,058	4,307	4,792	4,847	6,937
Total	\$ 127,810	\$ 134,374	\$ 157,501	\$ 175,928	\$ 200,062

Distribution of Spending

General government	6.2%	6.0%	6.6%	6.6%	5.6%
Public safety	20.5%	21.7%	20.5%	20.9%	20.4%
Public works	6.1%	6.0%	6.5%	7.6%	8.7%
Community services	2.8%	2.9%	2.2%	2.4%	2.4%
Parks and recreation	5.7%	5.8%	3.7%	3.7%	3.2%
Economic development	13.6%	18.8%	16.3%	17.6%	14.5%
Debt service - principal	12.2%	11.8%	15.1%	11.2%	12.2%
Debt service - interest	12.4%	12.2%	10.5%	9.0%	7.6%
Capital outlay	17.3%	11.6%	15.5%	18.2%	21.9%
Intergovernmental	3.2%	3.2%	3.0%	2.8%	3.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Adjusted for CPI

POPULATION	104,100	106,900	112,300	117,100	121,500
PER CAPITA	\$ 1,228	\$ 1,257	\$ 1,403	\$ 1,502	\$ 1,647
CPI INDEX (NATIONAL)	232.96	234.75	236.70	241.40	246.37
PER CAPITA ADJ TO 2022	\$ 1,561	\$ 1,586	\$ 1,755	\$ 1,843	\$ 1,979
PER CAPITA ADJ TO 2013	\$ 1,228	\$ 1,247	\$ 1,380	\$ 1,450	\$ 1,557

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

Expenditures	2018	2019	2020	2021	2022	Ten Year % CHG	Average Compounded Growth Rate
General government	\$ 11,300	\$ 11,173	\$ 12,513	\$ 19,460	\$ 15,957	100.5%	8.04%
Public safety	41,273	42,716	47,218	52,191	59,493	127.0%	9.54%
Public works	16,968	12,596	11,693	12,483	13,957	78.7%	6.66%
Community services	4,313	4,219	4,452	4,249	4,764	35.2%	3.41%
Parks and recreation	5,959	6,065	5,483	6,102	6,704	-7.5%	-0.86%
Economic development	29,195	38,288	25,843	29,175	27,346	57.0%	5.14%
Debt service - principal	23,547	38,007	27,796	29,577	30,180	93.0%	7.58%
Debt service - interest	15,814	15,646	15,939	17,357	17,283	9.0%	0.96%
Capital outlay	43,474	39,541	38,359	77,114	57,619	160.7%	11.23%
Intergovernmental	7,168	7,325	7,769	7,116	7,289	79.6%	6.72%
Total	<u>\$ 199,011</u>	<u>\$ 215,576</u>	<u>\$ 197,065</u>	<u>\$ 254,824</u>	<u>\$ 240,592</u>	88.2%	7.28%

Distribution of Spending

General government	5.7%	5.2%	6.3%	7.6%	6.6%
Public safety	20.7%	19.8%	24.0%	20.5%	24.7%
Public works	8.5%	5.8%	5.9%	4.9%	5.8%
Community services	2.2%	2.0%	2.3%	1.7%	2.0%
Parks and recreation	3.0%	2.8%	2.8%	2.4%	2.8%
Economic development	14.7%	17.8%	13.1%	11.4%	11.4%
Debt service - principal	11.8%	17.6%	14.1%	11.6%	12.5%
Debt service - interest	7.9%	7.3%	8.1%	6.8%	7.2%
Capital outlay	21.8%	18.3%	19.5%	30.3%	23.9%
Intergovernmental	3.6%	3.4%	3.9%	2.8%	3.0%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Adjusted for CPI						Average Compounded Growth Rate
POPULATION	125,198	127,500	131,448	125,828	129,600	2.46%
PER CAPITA	\$ 1,590	\$ 1,691	\$ 1,499	\$ 2,025.18	\$ 1,856	4.70%
CPI INDEX (NATIONAL)	252.44	256.76	260.28	274.31	296.17	2.70%
PER CAPITA ADJ TO 2022	\$ 1,865	\$ 1,691	\$ 1,499	\$ 2,025	\$ 1,856	1.95%
PER CAPITA ADJ TO 2013	\$ 1,467	\$ 1,534	\$ 1,342	\$ 1,720	\$ 1,460	1.95%

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

Real Property

Fiscal Year	Tax Year	Residential	Commercial	Personal Property	Less Tax Exempt Real Property
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
2022	2021	11,111,640,283	1,901,930,199	797,254,587	1,020,672,002

Notes:

- (1) Assessed valuation for FY 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 FYs

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
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%
2022	2021	908,022,173	11,882,130,894	1.0000	11,882,130,894	100%

Notes:

- (1) Assessed valuation for FY 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 FYs
(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
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
2022	0.309	0.392	0.701	1.315	1.316	1.398	0.183	0.337	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 FYs
(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
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
2022	0.377	0.009	0.034	0.162	0.005	0.848	0.330	0.250	0.290

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 FYs
 (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>
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
2022	0.440	0.100	0.820	0.690	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 FYs

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
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%
2022	87,070,808	86,638,471	99.50%	-	86,638,471	99.5%

Source: Brazoria County Tax Office

Note: Taxes levied based on adjusted tax roll.

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

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Pearland Town Center LP	\$ 81,504,820	1	0.69%	\$ 68,763,470	1	0.98%
HCA Healthcare Corp	72,388,870	2	0.61%			
Amreit SPF Shadow Creek LP	65,672,559	3	0.55%	43,681,670	2	0.62%
Mar Shadow Creek LP	58,300,000	4	0.49%			
Centerpoint Energy Inc	42,037,830	5	0.35%	28,444,700	4	0.41%
Goodgarden Owner GP	41,000,000	6	0.35%			
2500 Business Center Owner LP	40,000,000	7	0.34%			
DD Shadow Creek V LLC	39,819,900	8	0.34%			
W-F&B 11900 Shadow Creek VIII	39,299,900	9	0.33%			
Brazoria-SCR Associates LLC	37,300,000	10	0.31%			
Pearland Investments Inc.				21,154,900	10	0.30%
Weatherford U.S., Inc.				37,689,240	3	0.54%
Villas Shadow Creek Ranch LP						
Walmart Real Estate Bus TR				23,179,360	9	0.33%
Shadow Kirby LTD Partnership				25,000,000	7	0.36%
MRP Shadow Creek LP						
12400 Shadow Creek Parkway LLC				28,229,200	5	0.40%
Discovery Shadow Creek Owner				26,391,910	6	0.38%
Pearland Lifestyle Center LP				23,731,897	8	0.34%
Total	\$ 517,323,879		4.35%	\$ 326,266,347		4.66%

Source: Brazoria County Appraisal District

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 and 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 and 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	\$ -	\$ 611,375
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 and 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 and 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 and 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 and 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				
	2013	2014	2015	2016	2017
Retail Trade	\$ 828,225	\$ 871,813	\$ 961,565	\$ 999,033	\$ 1,042,624
Accommodations and Food Services	215,705	240,961	272,540	298,860	316,070
Real Estate/Rental/Leasing	55,811	61,392	48,024	32,786	44,540
Manufacturing	34,562	51,274	41,175	40,192	39,860
Wholesale Trade	34,356	42,915	41,491	48,114	49,702
Other Services (Except Public Admin)	34,119	38,539	40,373	40,181	41,711
Information	24,369	29,602	33,614	33,449	35,824
Construction	24,367	26,350	32,168	24,655	21,363
Arts, Entertainment & Recreation	13,569	14,692	15,555	16,020	16,344
Mining, Quarrying, Oil and Gas	12,865	14,520	7,285	8,141	11,682
Admin/Support/Waste Mgmt/Remediation	13,344	12,963	12,808	12,725	14,489
Professional/Scientific/Technical	11,210	10,531	11,307	12,177	6,689
Health Care/Social Assistance	1,065	3,205	5,007	2,307	3,751
Finance/Insurance	1,246	1,483	2,226	2,182	2,108
Agriculture, Forestry, Fishing	772	728	1,609	2,112	3,471
Transportation/Warehousing	318	406	285	372	560
Educational Services	372	350	393	406	439
Utilities	7	7	-	-	-
Total	<u>\$ 1,306,282</u>	<u>\$ 1,421,731</u>	<u>\$ 1,527,425</u>	<u>\$ 1,573,712</u>	<u>\$ 1,651,227</u>
City direct sales tax rate ^b	1.00%	1.00%	1.00%	1.00%	1.00%

Source: State Comptroller's Office

^a 2022 taxable sales through 1st quarter of 2022.

^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				
	2018	2019	2020	2021	2022 a
Retail Trade	\$ 1,056,690	\$ 1,030,791	\$ 1,056,636	\$ 1,252,310	\$ 291,805
Accommodations and Food Services	341,462	375,329	343,407	435,702	112,746
Real Estate/Rental/Leasing	44,467	-	39,671	30,393	15,371
Manufacturing	39,133	32,215	20,889	21,765	6,114
Wholesale Trade	56,347	58,202	47,894	61,786	14,705
Other Services (Except Public Admin)	43,812	42,928	41,106	50,165	-
Information	39,187	34,340	22,832	26,644	6,388
Construction	27,310	33,948	31,595	36,189	7,757
Arts, Entertainment & Recreation	17,127	-	15,182	19,263	5,190
Mining, Quarrying, Oil and Gas	11,125	3,794	2,287	2,528	570
Admin/Support/Waste Mgmt/Remediation	16,918	-	17,681	18,258	7,760
Professional/Scientific/Technical	8,371	30,721	8,852	11,512	1,911
Health Care/Social Assistance	3,355	-	4,386	3,175	17
Finance/Insurance	1,906	43,987	1,853	3,094	537
Agriculture, Forestry, Fishing	2,496	-	2,049	3,654	916
Transportation/Warehousing	678	763	538	234	50
Educational Services	512	5,103	390	1,017	133
Utilities	-	-	5	284	-
Total	\$ 1,710,896	\$ 1,692,121	\$ 1,657,253	\$ 1,977,974	\$ 471,971
City direct sales tax rate ^b	1.00%	1.00%	1.00%	1.00%	1.00%

Source: State Comptroller's Office

^a 2022 taxable sales through 1st quarter of 2022.

^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 FYs
(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	Certificates of Obligation	Permanent Improvement Bonds
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
2022	265,615	101,660	64,810	36,213	131	382,785	45,710	2,710

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

CITY OF PEARLAND, TEXAS
Outstanding Debt by Type (Continued)
Last Ten FYs
(dollars in thousands, except per capita)

Fiscal Year	<u>Business-type Activities</u>			Percentage of Personal Income	Total Per Capita	Excluding Component Units Per Capita
	Unamortized Premiums/ (Discounts)	Capital Lease Obligations	Total Primary Government			
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	15.1%	6,296	5,657
2021	16,917	-	880,163	14.6%	6,696	6,139
2022	18,575	-	918,208	15.3%	7,085	6,585

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

CITY OF PEARLAND, TEXAS
Ratio of Net General Bonded Debt to Assessed
Value and Net Bonded Debt Per Capita
Last Ten FYs
(dollars in thousands, except per capita)

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>General Bonded Debt^a</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Percentage of Personal Income^b</u>	<u>Per Capita^b</u>
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%	2,636
2022	2021	367,275	3,436	363,839	3.1%	6.0%	2,807

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

^a Includes general obligation bonds and certificates of obligation.

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

CITY OF PEARLAND, TEXAS
Direct and Overlapping Governmental Activities Debt
September 30, 2022 and 2021

Taxing Jurisdiction	Debt as of September 30, 2022	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	41,165,000	100.00%	41,165,000
Lower Kirby Pearland Management District	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 Overlapping Debt			<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
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	\$ 24,305,000	25.06%	\$ 6,090,833
Alvin ISD	968,580,000	29.60%	286,699,680
Brazoria County	213,253,313	20.11%	42,885,241
Brazoria County MUD No. 6	8,065,000	0.30%	24,195
Brazoria County MUD No. 17	16,185,000	100.00%	16,185,000
Brazoria County MUD No. 18	16,470,000	100.00%	16,470,000
Brazoria County MUD No. 19	19,275,000	100.00%	19,275,000
Brazoria County MUD No. 21	24,545,000	1.58%	387,811
Brazoria County MUD No. 22	45,085,000	1.90%	856,615
Brazoria County MUD No. 23	12,850,000	100.00%	12,850,000
Brazoria County MUD No. 26	-	0.00%	-
Brazoria County MUD No. 28	56,300,000	100.00%	56,300,000
Brazoria County MUD No. 34	32,845,000	100.00%	32,845,000
Brazoria County MUD No. 35	7,375,000	100.00%	7,375,000
Brazoria-Fort Bend County MUD No. 1	44,375,000	100.00%	44,375,000
Clear Creek ISD	1,011,865,000	0.92%	9,309,158
Fort Bend County	839,325,542	0.75%	6,294,942
Fort Bend County Drainage District	24,530,000	0.75%	183,975
Friendswood ISD	196,190,000	0.04%	78,476
Harris County (a)	1,863,542,125	0.23%	4,286,147
Harris County Dept. of Education	20,185,000	0.23%	46,426
Harris County Flood Control District	807,875,000	0.23%	1,858,113
Harris County Hospital District	76,385,000	0.23%	175,686
Harris-Brazoria Counties MUD No. 509	46,995,000	100.00%	46,995,000
Houston Community College Sys	469,970,000	**	-
Houston ISD	2,336,360,000	0.14%	3,270,904
Lower Kirby Pearland Management District	29,160,000	100.00%	29,160,000
Pasadena ISD	792,040,000	1.87%	14,811,148
Pearland ISD	379,670,000	79.20%	300,698,640
Port of Houston Authority	469,434,397	0.23%	1,079,699
San Jacinto CCD	551,322,427	**	-
Total Estimated Overlapping			<u>960,867,687</u>
The City	\$ 415,695,000	100.00%	<u>415,695,000</u>
Total Direct and Estimated Overlapping Debt			<u>\$ 1,376,562,687</u>
Population			125,828
Per Capita Debt - Direct and Overlapping Debt			<u>\$ 10,940</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 FYs
Amounts in (000's)

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

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 FYs

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)
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 8	28,568	6.7%
2021	129,600	6,015,060	46,413	36.1	14.2 8	28,568	4.1%*
2022	129,600	5,758,128	44,430	35.3	14.2 8	28,568	3.2%

(A) Pearland Economic Development Corporation, 2021 American Community Survey five-year estimates. Note: Personal Income is calculated by multiplying Per Capita Personal Income by Population.

(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

Employer	2022			2013		
	Employees *	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pearland ISD	2,700	1	4.26%	2,450	1	5.37%
Wal-Mart				1,185	2	2.60%
Kelsey Seybold	1,413	2	2.23%	800	3	1.75%
Lonza	850	3	1.34%			
Alvin ISD	753	4	1.19%			
City of Pearland	768	5	1.21%	614	4	1.35%
Memorial Hermann	520	6	0.82%			
HCA (Pearland Medical Center)	450	7	0.71%			
HEB				350	5	0.77%
Dover Energy	255	8	0.40%			
Merit Medical	240	9	0.38%			
Home Depot				230	7	0.50%
Kemlon	228	10	0.36%	200	10	0.44%
Super Target				205	8	0.45%
Bass Pro Shop				200	9	0.44%
Davis Lynch (Forum Energy)				275	6	0.60%
Total	8,177		12.92%	6,509		14.27%

Sources:

Pearland Economic Development Corp.

*For 2022, the above list does not include retail employers, such as Wal-Mart, Super Target, Lowe's, Home Depot, HEB or Kroger.

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities					
General government	44	45	52	62	52
Public safety	295	313	339	370	370
Public works	57	60	67	54	65
Community services	51	53	40	42	50
Parks and recreation	101	99	88	89	84
Business-type activities					
Water and sewer	99	101	105	106	109
Component unit					
Economic development	5	9	5	5	5
Total	<u>652</u>	<u>680</u>	<u>696</u>	<u>728</u>	<u>735</u>

Source: City Budget

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

<u>Function/Program</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental activities					
General government	54	55	66	64	98
Public safety	379	390	408	424	433
Public works	73	85	80	76	60
Community services	46	46	48	47	49
Parks and recreation	89	90	94	97	98
Business-type activities					
Water and sewer	114	108	117	134	148
Component unit					
Economic development	6	6	6	6	7
Total	<u>761</u>	<u>780</u>	<u>819</u>	<u>848</u>	<u>893</u>

Source: City Budget

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
GENERAL GOVERNMENT					
Finance					
Number of purchase orders	2,671	2,640	2,377	2,159	589
Number of budget transfers	465	548	489	362	750
Number of invoices paid	23,512	21,486	22,212	26,675	24,548
Average number of employees paid per month	1,527	1,548	1,523	1,536	1,704
Human Resources					
Number of hires	94	98	131	194	170
Number of applications received	7,642	8,507	9,132	10,420	13,010
Legal					
Number of resolutions and ordinances prepared	254	243	271	279	276
Information Technology					
Average monthly service requests	843	838	854	871	894
Number of PCs supported	454	575	649	680	706
PUBLIC SAFETY					
Police					
Part 1 crimes	2,115	2,098	2,411	2,202	2,193
Traffic crashes	1,529	1,590	1,761	1,728	1,813
Arrests	6,946	6,705	5,781	5,044	4,865
Citizen calls for service	29,242	29,744	31,474	31,744	31,945
Traffic stops	52,945	43,783	33,472	35,764	37,025
Priority 1 average response time	4:15	3:50	4:16	4:11	3:40
Fire					
Total number of arson incidents	6	7	1	7	4
Fires investigated	16	25	20	27	19
Total annual inspections	1,958	1,644	1,640	1,244	2,607
Total code violation cases	2,244	2,140	4,596	2,560	2,302
Total calls for service	10,789	15,048	17,407	9,904	9,965
Patients treated	6,537	6,936	7,180	6,117	4,610

Sources: Various city departments.

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

Function/Program (continued)	2018	2019	2020	2021	2022
GENERAL GOVERNMENT					
Finance					
Number of purchase orders	1,811	1,673	1,724	2,090	2,126
Number of budget transfers	552	509	472	475	609
Number of invoices paid	21,547	17,641	16,482	17,387	16,424
Average number of employees paid per month	1,641	1,665	1,713	1,800	845
Human Resources					
Number of hires	163	183	161	212	242
Number of applications received	15,452	17,382	16,610	12,226	12,450
Legal					
Number of resolutions and ordinances prepared	290	340	307	310	308
Information Technology					
Average monthly service requests	325	400	347	380	335
Number of PCs supported	715	732	782	810	794
PUBLIC SAFETY					
Police					
Part 1 crimes	1,962	2,175	1,934	1,876	2,325
Traffic crashes	2,150	2,150	1,719	1,857	1,850
Arrests	4,844	4,604	2,613	3,018	3,903
Citizen calls for service	31,579	32,548	30,341	31,092	33,842
Traffic stops	33,101	33,559	21,764	26,806	30,710
Priority 1 average response time	4:03	3:53	3:59	4:00	4:29
Fire					
Total number of arson incidents	2	2	4	9	8
Fires investigated	15	23	60	47	54
Total annual inspections	3,123	1,263	1,155	569	589
Total code violation cases	2,034	2,387	1,577	1,866	1,321
Total calls for service	10,666	10,720	10,587	12,677	13,114
Patients treated	6,273	7,181	7,618	8,891	7,788

Sources: Various city departments.

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

Function/Program (continued)	2013	2014	2015	2016	2017
PUBLIC WORKS					
Fleet Maintenance					
Fleet maintenance jobs completed	3,817	3,860	3,887	1,452	1,797
Preventative maintenance performed	611	610	437	750	742
Other Public Works					
Fuel issued (gallons)	350,186	353,890	332,745	265,669	331,005
Street sweeping (miles)	1,155	871	648	1,160	1,112
Street signs maintained/replaced	884	993	1,477	1,370	1,179
Total work orders completed	18,346	21,212	25,873	31,163	25,688
PARKS AND RECREATION					
All Parks and Recreation					
ROW maintained - acres	251	251	550	459	327
Trees maintained	6,312	6,313	6,430	7,922	8,355
Acres of city property mowed	1,035	1,035	1,116	632	664
Total number of park work orders received	140	180	147	190	114
Parkland - acres	138	138	138	337	388
Total number of special events held	22	20	19	16	19
Total number of tournaments held	1	3	-	26	-
Number of recreation classes offered ⁽¹⁾	281	272	306	384	265
Average monthly attendance (all locations) ⁽²⁾	18,980	21,366	14,371	19,636	16,814

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 FYs

Function/Program (continued)	2018	2019	2020	2021	2022
PUBLIC WORKS					
Fleet Maintenance					
Fleet maintenance jobs completed	1,382	1,998	1,632	1,704	1,699
Preventative maintenance performed	663	856	645	721	784
Other Public Works					
Fuel issued (gallons)	315,941	323,734	351,123	277,230	375,002
Street sweeping (miles)	1,815	497	564	453	671
Street signs maintained/replaced	1,471	1,511	4,638	662	856
Total work orders completed	24,529	20,791	17,696	17,431	16,153
PARKS AND RECREATION					
All Parks and Recreation					
ROW maintained - acres	345	404	381	299	353
Trees maintained	8,523	8,873	9,223	10,873	13,688
Acres of city property mowed	443	523	523	561	561
Total number of park work orders received	147	55	19	22	51
Parkland - acres	392	547	547	547	547
Total number of special events held	17	23	13	11	35
Total number of tournaments held	5	12	18	19	9
Number of recreation classes offered ⁽¹⁾	868	908	289	237	1,753
Average monthly attendance (all locations) ⁽²⁾	24,035	19,518	9,661	9,872	33,371

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 FYs

Function/Program (continued)	2013	2014	2015	2016	2017
COMMUNITY SERVICES					
Animal Control					
Animal services calls for service	5,167	5,822	5,230	5,484	5,153
Animal shelter live release %	42%	48%	53%	54%	56%
Inspection Services					
Total building inspections	26,274	28,434	36,497	37,206	34,880
Total permits issued	10,630	13,972	18,186	14,612	13,075
Number of plans reviewed	939	1,185	1,584	1,349	1,278
Municipal Court					
Number of trials ⁽³⁾	885	839	856	443	656
Number of charges ⁽³⁾	27,439	23,182	19,223	17,611	16,334
Warrants cleared ⁽³⁾	10,328	9,050	7,476	7,525	8,463
WATER AND SEWER					
Distribution and Collection					
Fire hydrant maintenance and inspections ⁽³⁾	1,399	837	612	854	186
Backed up sewer repairs	286	334	305	497	545
Water mains repaired	380	111	189	120	102
Water Production					
Water produced - wells (in millions of gallons)	2,859	2,470	1,933	2,190	2,417
Surface water purchased (in millions of gallons)	1,816	2,133	2,276	2,517	2,584
Billing and Collections					
Annual meter reads	403,220	414,499	428,265	445,154	461,502
Number of bills	387,997	388,338	400,662	417,312	471,549
Wastewater Treatment					
Wastewater treated (in millions of gallons)	2,530	2,493	3,067	3,367	3,455

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 FYs

<u>Function/Program (continued)</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
COMMUNITY SERVICES					
Animal Control					
Animal services calls for service	4,699	4,582	4,596	5,237	4,420
Animal shelter live release %	56%	55%	80%	94%	93%
Inspection Services					
Total building inspections	36,774	36,481	30,781	29,525	27,919
Total permits issued	8,894	7,270	5,545	11,066	10,794
Number of plans reviewed	1,971	2,419	2,196	1,926	2,052
Municipal Court					
Number of trials ⁽³⁾	567	664	390	233	506
Number of charges ⁽³⁾	15,463	19,020	9,577	11,351	13,159
Warrants cleared ⁽³⁾	5,801	6,095	3,757	3,873	4,866
WATER AND SEWER					
Distribution and Collection					
Fire hydrant maintenance and inspections ⁽³⁾	114	87	2,358	903	1,412
Backed up sewer repairs	308	196	233	178	60
Water mains repaired	126	125	114	121	252
Water Production					
Water produced - wells (in millions of gallons)	3,024	2,333	3,816	2,211	2,939
Surface water purchased (in millions of gallons)	2,545	2,754	2,975	2,506	2,533
Billing and Collections					
Annual meter reads	467,910	469,499	469,908	486,717	464,691
Number of bills	445,446	449,933	452,465	460,147	482,741
Wastewater Treatment					
Wastewater treated (in millions of gallons)	3,308	3,775	3,577	3,737	3,380

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 FYs

Function/Program	Fiscal Year				
	2013	2014	2015	2016	2017
PUBLIC SAFETY					
Police					
Police stations	1	1	1	1	1
Police vehicles	157	161	143	186	194
Police K9s	-	-	2	4	5
FARO Laser Scanning System ⁽¹⁾	-	-	-	1	1
Pole Camera System ⁽²⁾	-	-	-	-	-
Animal Services					
Animal Services building (shelter)	1	1	1	1	1
Animal Services vehicles ⁽²⁾	-	-	10	10	10
Fire					
Fire stations	6	6	6	6	7
Fire vehicles	26	26	26	42	56
Ambulances ⁽³⁾	-	9	7	9	9
EMS					
Ambulances ⁽³⁾	9	-	-	-	-
PUBLIC WORKS					
Other public works					
Streets (miles)	839	844	842	936	928
Vehicle inventory	374	375	372	451	385
Traffic signals	81	81	73	87	91
PARKS AND RECREATION					
Parks and recreation					
Developed acreage	138	138	168	334	388
Pools	3	3	3	3	3
Outdoor basketball courts	6	6	6	6	6
Soccer fields	12	12	12	18	12
Activity buildings	3	3	3	3	3
Baseball/softball fields	4	4	4	6	14
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	15
Elevated towers	6	6	6	6	6
Wastewater					
Treatment plants	5	5	5	5	5
Lift stations	75	76	73	74	72
Distribution and Collection					
Water mains (miles)	469	488	509	537	546
Sanitary sewers (miles)	400	415	433	440	448

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 FYs

	2018	2019	2020	2021	2022
Function/Program					
PUBLIC SAFETY					
Police					
Police stations	1	1	1	1	1
Police vehicles	209	211	210	201	202
Police K9s	5	5	5	4	4
FARO Laser Scanning System ⁽¹⁾	1	1	1	1	1
Pole Camera System ⁽²⁾	-	-	1	1	3
RKT GPS System for crash recon	-	-	-	-	1
DJI Zenmuse P1 Camera (Drone)	-	-	-	-	1
Mavic 2 Enterprise Drones	-	-	-	-	5
SWAT Negotiations Control System	-	-	-	-	1
Ballistic Shield	-	-	-	-	1
Animal Services					
Animal Services building (shelter)	1	1	1	1	1
Animal Services vehicles ⁽²⁾	11	11	11	11	11
Fire					
Fire stations	6	5	6	6	6
Fire vehicles	60	61	56	55	41
Ambulances ⁽³⁾	10	10	9	9	10
EMS					
Ambulances ⁽³⁾	-	-	-	-	-
PUBLIC WORKS					
Other public works					
Streets (miles)	940	978	978	971	971
Vehicle inventory	338	434	502	443	626
Traffic signals	96	97	100	104	109
PARKS AND RECREATION					
Parks and recreation					
Developed acreage	392	443	458	458	458
Pools	3	2	2	2	2
Outdoor basketball courts	6	8	8	8	8
Soccer fields	14	12	12	11	13
Activity buildings	3	4	4	4	4
Baseball/softball fields	16	16	16	16	17
WATER AND SEWER					
Water Production					
Water wells	10	10	10	10	10
Pumping stations	3	3	3	3	2
Ground storage tanks	15	15	15	16	16
Elevated towers	6	6	6	6	6
Wastewater					
Treatment plants	5	6	5	5	5
Lift stations	78	69	69	68	68
Distribution and Collection					
Water mains (miles)	551	553	553	538	545
Sanitary sewers (miles)	456	459	459	453	455

Sources: Various city departments.

Note: No capital asset indicators are available for the general government and community services functions. Information not presented was not available at time of publication.

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

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

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

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



CITY OF PEARLAND

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