



CITY OF PEARLAND

First Quarter Financial Report

Fiscal Year (FY) 2018

Through December 2017

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This report was generated using New World Systems Business Analytics.

This report represents a general overview of financial operations through the 1st quarter of the Fiscal Year 2018.

Beginning fund balances reflect actual balances. Revenue and expenditure budget numbers reflect the budget for FY 2018 as amended by the City Council.

Summary

Property Tax received through December totals \$40,043,662, 55.5% of the Budgeted Levy. Taxes received this year are \$5,500,915 (15.9%) higher than last year at this time.

Actual **Sales Tax** deposits through December total \$7,766,125, 7.9% higher than this time last year.

The **Debt Service** fund balance as of December 31, 2017 is \$25,689,155. MUD Rebate and Bond Payments are yet to be paid this Fiscal Year.

The **General Fund** fund balance as of December 31, 2017 is \$26,390,117.

The **Water/Sewer** operating revenues total \$13,687,187, 27.7% of budget and are higher than last year by \$2,514,248 (18%). Operating expenses are 13.0% of budget at \$6,407,582. Ending YTD Net Position as of December 31, 2017 is \$24,293,097.

Property Insurance premiums are budgeted (as amended) at \$1,103,232 while payments to date total \$524,529. Ending net assets as of December 31, 2017 are \$496,175.

Medical claims paid through December total \$1,003,145 and are at 15.1% of the amended budget. Revenues from premiums is \$1,795,475, 24.5% of budget.

Hotel/Motel Occupancy Tax first quarter payment has not yet been received.

TIRZ revenues through December total \$11,091,777. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$9,142,641, \$0 from Fort Bend County, \$0 from Brazoria County and \$0 from Alvin ISD.

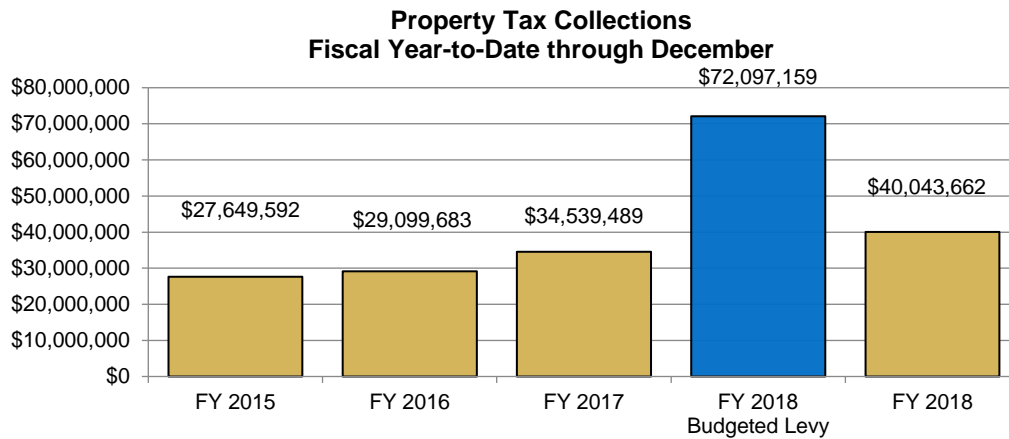
Development Authority Bond Proceeds total \$8,555,000 through December.

Property Tax

After adjustments to certified values by Harris County, and considering adjustments for protest values of \$680,016,001, the adjusted value to date is \$10.61 billion. Through December, the City received \$40,043,661 for current taxes, 55.54% of the certified tax levy. This does not include delinquent, prior years' collections or audit adjustments. The budget incorporates a 99.1% collection rate.

Tax Summary	FY 2018 BUDGETED LEVY	FY 2018 ACTUAL COLLECTIONS*	% BUDGETED LEVY COLLECTED
Sources:			
Ad Valorem Taxes	72,097,159	40,043,661	55.54%
Uses:			
General Fund	20,465,007	11,507,453	56.23%
Debt Service Fund	34,501,636	19,393,567	56.21%
TIRZ	17,130,516	9,142,641	53.37%
Total Uses	72,097,159	40,043,661	55.54%

*Unreconciled totals as of the date of this report.



Property Tax

Reconciliation of Tax Roll:

¹ Certified Value	\$9,929,146,756
⁴ Adjustments	680,016,001
¹Adjusted Value to Date	\$10,609,162,757

Tax Rate per \$100 Value	0.6851
¹Total Levy @ 100% Collections	\$70,933,609

¹ Current Taxes Receivable	\$30,859,400
Delinquent Taxes Receivable	\$1,061,876
Total Taxes Receivable	\$31,921,276

³ Certified Residential Market Value	\$7,644,722,577
² Certified Commercial Market Value	\$3,914,519,683
Total Certified Market Value	\$11,559,242,260

Homestead Productivity Value Loss	(\$124,408,369)	-1.08%
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Exemptions

Abatements	(\$16,882,821)	-0.15%
Disabled	\$ (108,138,861)	-0.94%
Total (Fully) Exempt Property	(\$906,880,202)	-7.85%
Exempt Property Pro-Rated	(\$450,109)	0.00%
HB 366	(\$46,461)	0.00%
Freeport	(\$72,303,683)	-0.63%
Goods In Transit	\$0	0.00%
Homestead	(\$165,292,405)	-1.43%
MASSS	(\$231,820)	0.00%
Over 65	(\$231,360,106)	-2.00%
Pollution Control	(\$3,299,947)	-0.03%
Auto Leased Vehicles	(\$800,720)	-0.01%
Total Exemptions	(\$1,505,687,135)	-13.03%

2016 Certified Taxable Value	\$9,929,146,756	85.90%
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¹Source – Brazoria County Tax Assessor/Collector; levy includes AG Rollback.

²Includes Builder Inventory and Vacant Platted Tracts.

³The total shown is composed of the residential - single family property values.

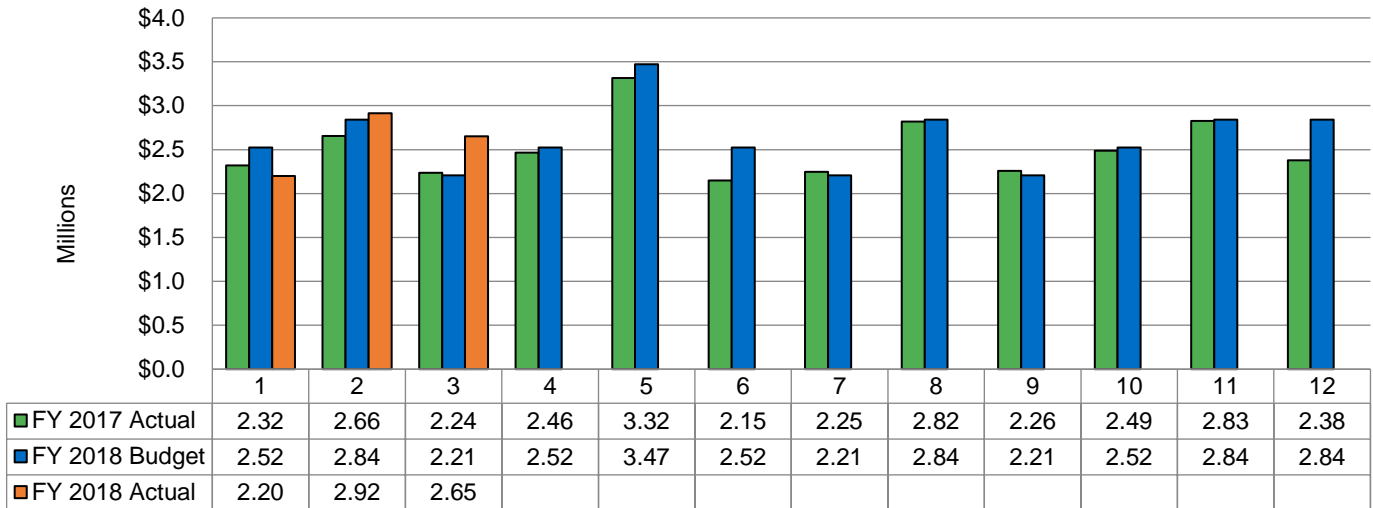
⁴Adjustments include are from the protests that are settled by the appraisal review board on the value or exemption of property after the roll is certified

Sales Tax

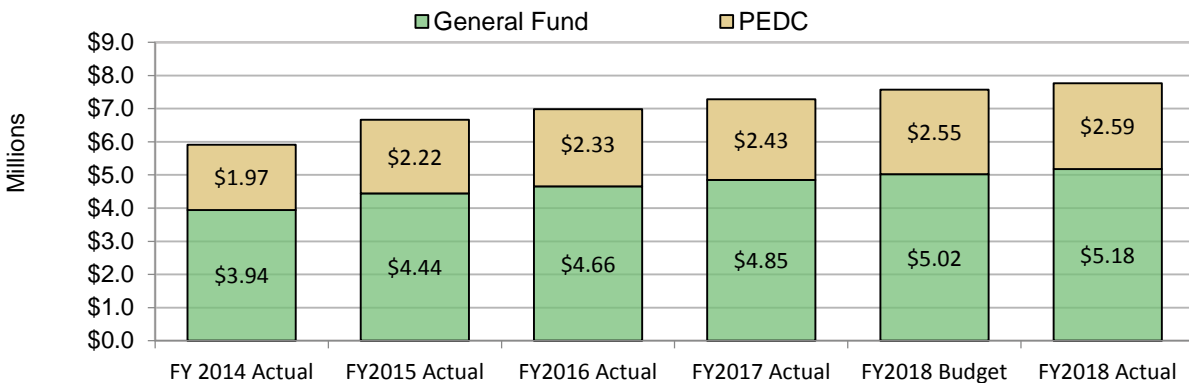
Sales tax deposits from the State Comptroller's Office for the quarter ending December 31, 2018 totaled \$7,766,125, a 7.9% increase over the prior year. We received sales tax deposits of \$2,320,960 in October for August collections, \$2,656,614 in November for September collections, and \$2,235,596 in December for October collections.

We received sales tax deposits of \$2,198,333 in October for August sales, \$2,915,425 in November for September sales and \$2,652,368 in November for October sales.

Sales Tax Deposits through December



Year-To-Date Sales Tax Deposits



Debt Service

Property taxes received as of the date of this report total \$19,427,844, 55.8% of amended budget amounts for the total of current and delinquent estimates including penalties and interest. Miscellaneous revenue of \$203,808 consists of pro-rata lease payments from the tenants in the University of Houston facility.

When the FY 2018 budget was prepared, staff are not aware of any debt service refunding that will take place over the course of the Fiscal Year. If the opportunity to refinance debt is available and approved by Council, it may result in notable variances between budget and actual totals.

	FY 2018 ADOPTED BUDGET	FY 2018 ACTUAL TO-DATE	FY 2018 % of BUDGET
Revenues			
Property Taxes	\$ 34,791,636	\$ 19,427,844	55.8%
Interest	80,000	12,283	15.4%
Miscellaneous	815,275	203,808	25.0%
Bond Premiums	-	-	
Transfers	548,132	137,033	25.0%
Total Revenues	36,235,043	19,780,969	54.6%
Expenditures			
MUD Rebates	7,710,558	-	0.0%
Bond Payment	27,904,304	-	0.0%
Fiscal Agent/Arbitrage	138,000	3,275	2.4%
Short-Term Note	-	-	0.0%
Total Expenditures	35,752,862	3,275	0.0%
Net Change in Fund Balance	482,181	19,777,694	
Beginning Fund Balance	5,756,659	5,911,461	
Ending Fund Balance	\$ 6,238,840	\$ 25,689,155	

General Fund

Revenues through December total \$27,162,726, 35.8% of the budget.

- Property tax collection for maintenance and operations at \$11,565,292 is 55.9% of the amount budgeted for the year as of the end of December 2018 and is \$2,103,576 (22.2%) higher than December 2017.
- Sales tax deposits from the State Comptroller's Office through December 2018 totaled \$5,177,417, \$368,637 (7.7%) higher than last year for the same period.
- Franchise Fees through December 2018 are \$1,204,850 and are \$92,598 (8.3%) higher than through December 2017.
- Licenses & Permits total \$739,624, at 13.2% of budget, and \$853,529 (53.6%) lower than last year at this time, mainly due to continued development.
- Fines and Forfeitures total \$525,013, 20.6% of the budget, less than last year by \$40,861 (7.2%).
- Charges for Services through December total \$6,954,820, 41.5% of budget; up by \$111,360 (1.6%) compared to December 2017.
- Investment earnings are up \$14,485 (34.8%) over the prior year.
- Other revenue totals \$939,566 which is up from the prior year by \$731,636 (351.9%).

Operating Expenditures total \$15,427,763. Total Expenditures of \$15,859,661 include Principal Retirements, Interest and Fiscal Charges, and Capital Outlay.

- General Government expenditures are 20.9% of the budget. Notable expenditures include other ERP conversion services, repair & maintenance to system hardware, professional contractual tax (Appraisal District) services.
- Public Safety expenditures totaled \$8,735,892 which is a 0.2% increase from last year at this time.
- Community Services expenditures increased by \$66,051 (7.7%).
- Public Works expenditures are \$2,268,817, 15.6% of the budget and 0.7% higher than last year at this time.
- Parks & Recreation expenditures are 19% of the budget, a 0.5% decrease compared to prior year. The prior year totals included expenditures to upgrade the Recreation Center/Natatorium security system and the weight room floor replacement.

The Fund Balance in the General Fund as of the end of December 2018 is \$26,390,117 which represents a 10.7% decrease from prior year. The amended fund balance is \$60,575 over the fund balance policy of \$11,923,040.

General Fund

	FY 2017 ACTUAL TO-DATE	FY 2017 % of BUDGET	FY 2018 AMENDED BUDGET	FY 2018 ACTUAL TO-DATE	FY 2018 % of BUDGET
Revenues					
Property Taxes	\$9,461,716	51.1%	\$20,705,007	\$11,565,292	55.9%
Sales and Use Taxes	4,808,780	23.4%	21,070,364	5,177,417	24.6%
Franchise Fees	1,112,252	16.0%	7,120,000	1,204,850	16.9%
Licenses & Permits	1,593,153	30.7%	5,590,150	739,624	13.2%
Fines & Forfeitures	565,874	19.5%	2,550,450	525,013	20.6%
Charges for Service	7,066,181	43.7%	16,753,256	6,954,820	41.5%
Investment Earnings	41,658	39.7%	220,000	56,143	25.5%
Other	207,930	37.1%	1,794,304	939,566	52.4%
Total Revenues	24,857,543	35.1%	75,803,531	27,162,726	35.8%
Operating Expenditures					
General Government	2,590,570	24.7%	11,144,738	2,333,777	20.9%
Public Safety	8,720,053	22.5%	41,181,699	8,735,892	21.2%
Public Works	2,252,742	17.6%	14,558,448	2,268,817	15.6%
Community Services	862,407	21.4%	4,362,426	928,458	21.3%
Parks & Recreation	1,167,031	18.7%	6,110,660	1,160,820	19.0%
Total Operating Expenditures	15,592,803	21.6%	77,357,971	15,427,763	19.9%
Other Expenditures					
Principal Retirement	195,660	45.6%	564,303	224,153	39.7%
Interest and Fiscal Charges	16,735	52.4%	34,922	14,403	41.2%
Capital Outlay	764,400	15.0%	3,013,307	193,342	6.4%
Total Expenditures	16,569,598	21.3%	80,970,503	15,859,661	19.6%
Other Funding Sources/(Uses)					
Transfers In	815,318		3,824,407	954,029	
Transfer Out	(350,697)		(1,036,811)	(259,203)	
Other Funding Sources/(Uses)*	(116,540)			29,234	
Total Other	348,081		2,787,596	724,060	
Net Change in Fund Balance	8,636,026		(2,379,376)	12,027,126	
Beginning Fund Balance	20,919,485		14,362,991	14,362,991	
Ending Fund Balance	\$29,555,511		\$11,983,615	\$26,390,117	

*Other Funding Sources and Uses includes proceeds from capital leases and the reversal of a year-end Mark-to-Market adjustment.

Policy - 2 months Recurring Oper.
Fund Balance over Policy

11,923,040
60,575

Enterprise Fund - Water/Sewer

Charges for Services total \$13,687,187 and are 27.7% of budget and \$2,514,248 (22.5%) more than last year at this time. FY17 expenses and revenues include \$56.7 million in unbudgeted refunding of bonds, which drove a variance on both the expense and revenue side of the fund.

Other Service Charges include Water & Sewer Impact Fees, Water & Sewer Tap Fees, Connection Fees, Reconnect Fees, et al. Other Service Charges as of the end of December total \$381,456 which is 21.6% of budget.

Operating Expenses total \$6,407,582 which represents an increase over the prior year by \$1,232,595. Repairs and Maintenance represent about 49.2% of this increase. The current year budget for Repairs and Maintenance is greater than the prior year by over \$11 million which indicates an anticipated increase in Repairs and Maintenance this year of about 23.7%.

	FY 2017 ACTUAL TO-DATE	FY 2017 %of BUDGET	FY 2018 AMENDED BUDGET	FY 2018 ACTUAL TO-DATE	FY 2018 %of BUDGET
Revenues					
Sale of Water	\$ 5,315,713	26.9%	\$ 22,233,388	\$ 6,335,300	28.5%
Sewer Revenues	4,721,685	23.1%	22,374,169	6,188,458	27.7%
Other Service Charges	438,028	24.3%	1,766,500	381,456	21.6%
Other Financing Sources		0.0%			0.0%
Interest Income	35,013	28.0%	175,000	44,472	25.4%
Transfers In	662,499	25.0%	2,950,000	737,500	25.0%
Total Revenues	11,172,939	24.9%	49,499,057	13,687,187	27.7%
Expenses					
Utility (Billing) Customer	177,134	13.5%	1,366,734	282,390	20.7%
Information Technology	183,331	38.6%	737,960	139,977	19.0%
Public Works					
Administration	156,762	19.8%	1,064,498	151,216	14.2%
Ground Maintenance	92,387	22.7%	583,155	78,079	13.4%
Lift Stations	193,308	8.5%	1,794,835	341,774	19.0%
Wastewater Treatment	946,706	15.6%	5,358,354	1,256,405	23.4%
Water Production	1,638,134	15.7%	9,640,784	1,649,086	17.1%
Distribution & Collections	485,866	19.5%	2,610,640	497,711	19.1%
Construction	180,181	19.4%	1,086,984	125,640	11.6%
Meter Services	134,289	7.6%	1,412,002	291,494	20.6%
Other Requirements	938,963	24.3%	6,042,239	1,545,886	25.6%
Debt Service	25,662	0.2%	17,688,807	47,925	0.3%
Total Expenses	5,152,724	11.0%	49,386,992	6,407,582	13.0%
Other Funding Sources (Uses)	(97,786)		-	2,812	
YTD Change in Net Position	5,922,429		112,065	7,282,416	
Beginning Net Position	18,500,872		16,671,900	20,807,406	
Reserve for Debt Service	3,616,964		3,796,725	3,796,725	
YTD Net Position	\$ 20,806,337		\$ 12,987,240	\$ 24,293,097	

Property Insurance Fund

Premiums are budgeted (as amended) at \$1,103,232 while payments to date total \$524,529, and are \$18,733 (3.7%) higher than last December.

Based on the type of insurance and values of property, the General Fund, Water & Sewer Fund, and Hotel/Motel Fund reimburse the Property Insurance Fund each quarter. The total reimbursed through December total \$228,545.

Ending net assets as of the end of December 2018 are \$424,772, as the majority of expenditures for the year are paid but contributions into the fund are at 25%. Ending net assets are budgeted to be \$181,194.

	FY 2017 ACTUAL TO-DATE	FY 2018 AMENDED BUDGET	FY 2018 ACTUAL TO-DATE	FY 2018 % of BUDGET
Revenues				
Insurance Reimbursements	28,049	70,000	128,415	183.4%
Total Operating Revenues	28,049	70,000	128,415	183.4%
Operating Expenses				
Contractual Services				
General Liability	36,840	43,700	34,431	78.8%
Errors & Omissions	73,590	69,382	60,674	87.4%
Public Employee Dishonesty	1,789	3,150	1,575	50.0%
Animal Mortality	2,500	7,550	4,774	63.2%
Law Enforcement	64,241	74,870	74,870	100.0%
Real & PP Property	93,507	101,200	92,142	91.0%
Windstorm Damage	-	536,876	-	0.0%
Automobile	97,029	114,500	111,713	97.6%
Auto Damage	106,065	112,554	114,467	101.7%
Mobile Equipment	13,562	15,200	13,209	86.9%
Pollution Liability	-	4,100	-	0.0%
Rain-Out (Parks)	-	2,650	-	0.0%
Sewage Back-up	16,673	17,500	16,673	95.3%
Administration and Other Operating Exp	1,295	134,000	4,672	3.5%
Capital Outlay	-	31,100	-	0.0%
Total Operating Expenses	507,091	1,237,232	529,201	42.8%
Operating Income (Loss)	(479,042)	(1,167,232)	(400,786)	34.3%
Earnings on Investments	74	100	40	40.2%
Other Revenues (Expenses)	-	50	-	0.0%
Transfers In	350,193	914,181	228,545	25.0%
Change in Net Position	(128,775)	(252,901)	(172,201)	
Beginning Net Position	303,244	434,095	596,973	
Ending Net Position	174,469	181,194	424,772	

Self-Insured Medical Fund

Revenues through December total \$1,808,086, 23.9% of budget. City, employee, retiree and Cobra contributions received combined total \$1,808,144 and are (\$104,230) (-5.5%) lower than December

Medical Insurance Claims are budgeted (as amended) at \$6,625,376. Claims paid through December total \$1,003,145, 15.1% of the amended budget which is \$201,636 (16.7%) lower than claims paid through December 2017.

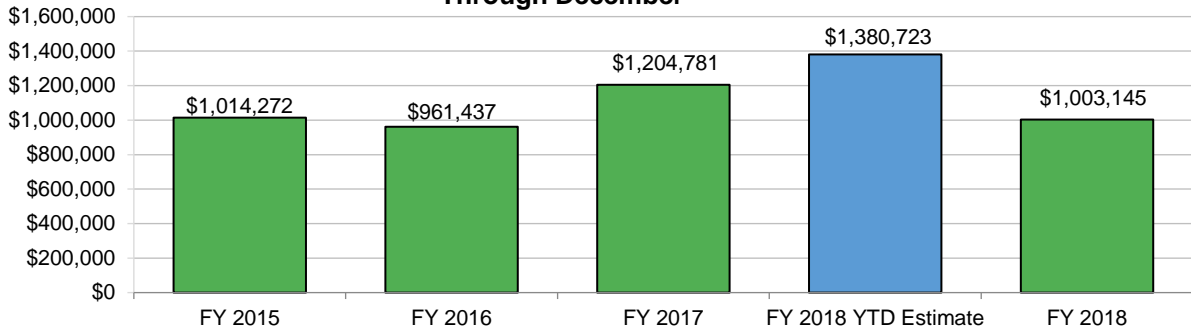
Claims paid through December of this year are \$1,661 per employee, \$402 less than the amount per employee through December 2017. This estimate spreads the FY 2018 budget total monthly by taking the average percentage of expenses for the first quarter from the prior four years.

Fund balance as of the end of December 2018 is \$2,978,202. The amended fund balance for September 30, 2017 is budgeted at \$2,458,277.

	FY 2017 ACTUAL TO-DATE	FY 2018 AMENDED BUDGET	FY 2018 ACTUAL TO-DATE	FY 2018 % of BUDGET
Revenues				
Employee and City Premiums	\$ 1,897,160	\$7,320,705	\$ 1,795,475	24.5%
Retiree Premiums	15,215	60,000	12,669	21.1%
Cobra	-	-	-	0.0%
Miscellaneous	-	197,829	(58)	0.0%
Total Operating Revenues	1,912,374	7,578,534	1,808,086	23.9%
Operating Expenses				
Administrative Fees	240,579	1,093,971	293,023	26.8%
Medical Insurance Claims	1,204,781	6,625,376	1,003,145	15.1%
Health Portability Act	-	35,471	-	0.0%
Wellness Programs	2,437	25,000	6,140	24.6%
Total Operating Expenses	1,447,798	7,779,818	1,302,308	16.7%
Operating Income (Loss)	464,576	(201,284)	505,778	-251.3%
Earnings on Investments	968	2,000	382	19.1%
Transfers In	-	-	-	0.0%
Transfers Out	-	-	-	0.0%
Change in Net Position	465,544	(199,284)	506,160	
Beginning Net Position	2,089,303	2,657,561	2,472,042	
Ending Net Position	\$ 2,554,847	\$ 2,458,277	\$ 2,978,202	

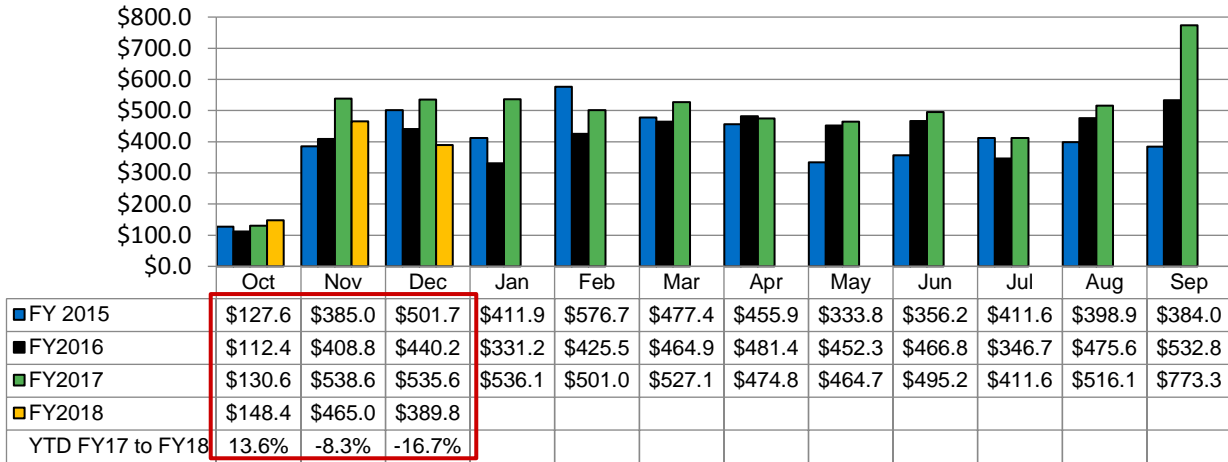
Self-Insured Medical Fund

**Medical Claims Paid
Year-to-Date Excluding Accruals
Through December**



Claims Paid per Employee:	FY2015	FY2016	FY2017	FY2018
Number of Employees on Medical Insurance	548	571	584	604
Actual YTD per Enrollee	\$1,851	\$1,684	\$2,063	\$1,661

**Medical Claims Paid Monthly
Excluding Accruals
Through December**



Hotel/Motel Occupancy Tax - Convention & Visitors' Bureau

The budgeted occupancy tax (as amended) for FY 2018 from the Pearland hotels totals \$1,450,000. Revenues for the first quarter of fiscal year 2018 will be received in January or February.

Expenditures through December total \$160,554, 10.9% of budget, mainly for Materials and Supplies and Rent Expense (Lease). Fund balance as of the end of December 2018 is \$4,454,385. The projected fund balance for September 30, 2017 is expected to be \$4,544,459.

	FY 2017 ACTUAL TO-DATE	FY 2018 ADOPTED BUDGET	FY 2018 ACTUAL TO-DATE	FY 2018 % of BUDGET
Revenues				
Hotel/Motel Occupancy Tax	\$ (0)	\$ 1,450,000	\$ (11,280)	-0.8%
Interest Income	4,550	10,800	13,969	129.3%
Miscellaneous	1,986	20,475	5,246	25.6%
Total Revenues	6,537	1,481,275	7,935	0.5%
Expenditures				
Salaries and Benefits	60,890	285,791	62,615	21.9%
Inventory	1,003			0.0%
Materials & Supplies	14,048	132,336	7,613	5.8%
Miscellaneous Services	66,017	664,443	90,098	13.6%
Capital Outlay		-	-	
Transfers Out	193	390,914	229	0.1%
Total Expenditures	142,151	1,473,484	160,554	10.9%
Other Funding Sources/(Uses)	(14,460)	-	3,454	100.0%
Revenues Over (Under) Expenditures	(150,074)	7,791	(149,165)	-1914.6%
Beginning Fund Balance	4,194,254	4,536,668	\$4,603,550	101.5%
Ending Fund Balance	\$4,044,180	\$ 4,544,459	\$ 4,454,385	98.0%

*Other Funding Sources and Uses relates to Unrealized Gains and Losses of invested funds.

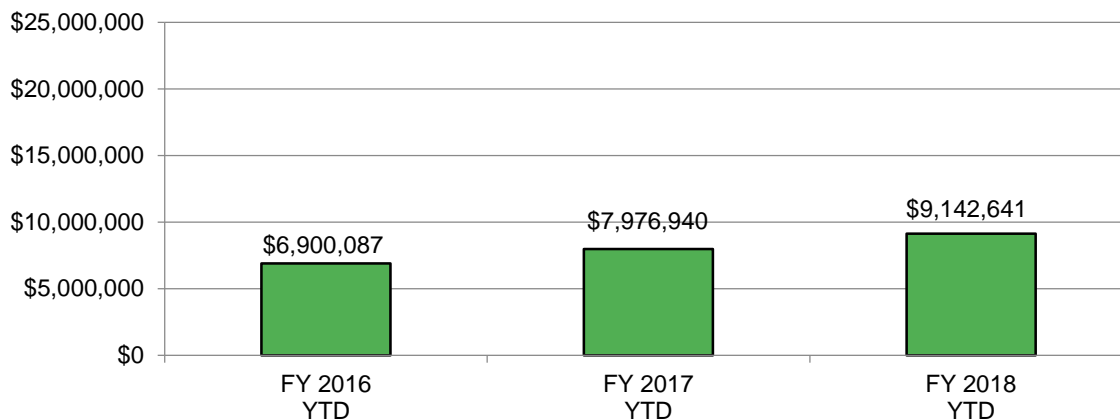
TIRZ #2

Total revenue through December is \$11,091,777. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$9,142,641, \$0 from Fort Bend County and \$0 from Alvin ISD.

Expenditures through December total \$7,807,273; of this total \$5,851,290 was paid to the City of Pearland for services provided. The AISD Suspense Fund totals \$2,302,819. The available balance as of the end of December 2018, net of the AISD Suspense Fund, is \$7,147,906.

	FY 2017 ACTUAL TO-DATE	FY 2018 ACTUAL TO-DATE	% CHANGE
Revenues			
Taxes			
Alvin ISD	\$ 30,510	\$ -	-100.0%
Brazoria County	-	-	0.0%
City of Pearland	7,946,430	9,142,641	15.1%
Fort Bend County	-	-	0.0%
Interest	6,803	10,723	57.6%
Miscellaneous/AISD	1,646,306	1,938,413	17.7%
Total Revenues	9,630,048	11,091,777	15.2%
Expenditures			
Miscellaneous Services	162	17,570	10736.7%
Payment to City of Pearland	5,085,715	5,851,290	15.1%
Payment to Development Authority	1,646,306	1,938,413	17.7%
Transfers Out			0.0%
Total Expenditures	6,732,183	7,807,273	16.0%
Net Change in Fund Balance	2,897,865	3,284,504	13.3%
Beginning Fund Balance	5,106,621	6,166,223	20.7%
AISD Suspense Fund	1,322,595	2,302,819	74.1%
Ending Fund Balance	\$ 6,681,892	\$ 7,147,906	7.0%

TIRZ Tax Revenue 3-Yr History
Fiscal Year-to-Date Through December



Development Authority - DAP

Revenues through December total \$8,557,090 with bond proceeds totaling \$8,555,000. Expenditures total \$16,478,523; \$178,227 for bond issuance costs, \$16,290,413 reimbursement(s) to the developer(s) and \$1,583 for other Professional Services. The available fund balance as of the end of December 2018, excluding the portion for the debt service reserve, is \$1,012,119.

	FY 2017 ACTUAL TO-DATE	FY 2018 ACTUAL TO-DATE	% CHANGE
Revenues			
Transfers In	-	-	0.0%
Interfund Reimbursement		\$ -	0.0%
Bond Proceeds	12,320,000	8,555,000	-30.6%
Interest	1,238	2,090	68.9%
Total Revenues	12,321,238	8,557,090	-30.6%
Expenditures			
Professional Services	2,487	1,583	-36.4%
Reimbursement to Developer	19,400,405	16,290,413	-16.0%
Bond Payments:			
Interest	-	-	0.0%
Principal	-	-	0.0%
Bond Issuance Cost	187,930	178,227	-5.2%
Arbitrage/Fiscal Fees	9,850	8,300	-15.7%
Other Debt Service	-	-	
Total Expenditures	19,600,672	16,478,523	-15.9%
Net Change in Fund Balance	(7,279,435)	(7,921,433)	
Beginning Fund Balance	7,735,156	10,088,725	
Debt Service Reserve	1,092,284	1,155,174	
Ending Fund Balance	\$ (636,563)	\$ 1,012,119	