



CITY OF PEARLAND

First Quarter Financial Report

Fiscal Year (FY) 2019

Through December 2018

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This report represents a general overview of financial operations through the 1st quarter of the Fiscal Year 2019.

Beginning fund balances reflect actual balances. Revenue and expenditure budget numbers reflect the budget for FY 2019 as amended by the City Council.

Summary

Property Tax received year-to-date totals \$45,430,602, 60.97% of the Budgeted Levy. Taxes received this year are \$5,386,941 (13.5%) higher than last year at this time.

Actual **Sales Tax** deposits year-to-date total \$7,766,125, 8.2% higher than this time last year.

The **Debt Service** fund balance to date is \$28,386,516.

The **General Fund** fund balance to date is \$28,981,066.

The **Water/Sewer** fund net position is \$31,894,782.

Property Insurance premiums are budgeted (as amended) at \$1,208,740 while payments to date total \$538,885. Ending net assets to date are \$207,661.

Medical claims paid year-to-date total \$1,527,585 and are at 22.9% of the amended budget. Revenues is \$1,888,821, 23.6% of budget.

Hotel/Motel Occupancy Tax revenue to date is \$45,763, or 3.1% of budget, which includes only first quarter payments.

TIRZ revenues year-to-date total \$12,540,928. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$10,630,945, \$0 from Fort Bend County, \$0 from Brazoria County and \$1,888,586 from Alvin ISD.

Development Authority Bond Proceeds total \$5,835,000 year-to-date.

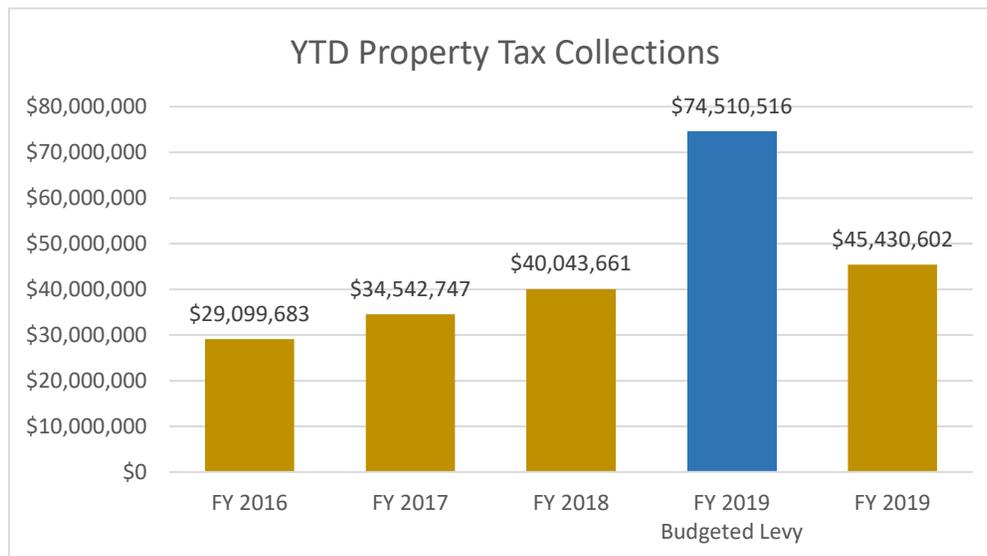
Property Tax

After adjustments to certified values by Harris County, and considering adjustments for protest values of \$250,874,114, the adjusted value to date is \$10.96 billion. Through December, the City received \$45,430,602 for current taxes, 60.97% 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 2019 BUDGETED LEVY	FY 2019 ACTUAL COLLECTIONS*	% BUDGETED LEVY COLLECTED
Sources:			
Ad Valorem Taxes	74,510,516	45,430,602	60.97%
Uses:			
General Fund	22,650,000	13,698,785	60.48%
Debt Service Fund	34,730,000	21,100,872	60.76%
TIRZ**	17,130,516	10,630,945	62.06%
Total Uses	74,510,516	45,430,602	60.97%

*Unreconciled totals as of the date of this report.

**Only inclusive of the City of Pearland TIRZ portion



Property Taxes

Reconciliation of Tax Roll (Tax Year 2018):

¹ Certified Value	\$10,709,618,115
⁴ Adjustments	250,874,114
¹Adjusted Total Taxable Value to Date	\$10,960,492,229

Tax Rate per \$100 Value	0.7092
¹Total Levy @ 100% Collections	\$75,757,706

¹ Current Taxes Receivable	\$30,333,721
Delinquent Taxes Receivable	\$1,147,157
Total Taxes Receivable	\$31,480,878

³ Certified Residential Market Value	\$8,178,968,585
² Certified Commercial Market Value	\$4,271,654,223
Total Certified Market Value	\$12,450,622,808

Homestead Productivity Value Loss	(\$78,509,802)	-0.63%
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Exemptions

Abatements	(\$95,240,956)	-0.76%
Disabled	\$ (122,430,583)	-0.98%
Total (Fully) Exempt Property	(\$924,236,674)	-7.42%
Exempt Property Pro-Rated	(\$481,883)	0.00%
HB 366	(\$44,982)	0.00%
Freeport	(\$86,363,123)	-0.69%
Goods In Transit	\$0	0.00%
Homestead	(\$177,462,827)	-1.43%
Solar	(\$28,150)	0.00%
MASSS	(\$2,391,915)	-0.02%
Over 65	(\$250,640,498)	-2.01%
Pollution Control	(\$3,173,300)	-0.03%
Auto Leased Vehicles		0.00%
Total Exemptions	(\$1,662,494,891)	-13.35%

2017 Certified Taxable Value	\$10,709,618,115	86.02%
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¹Source – Brazoria County Tax Assessor/Collector; levy includes AG Rollback. Adjusted Value to Date includes TIRZ Value.

²Includes Builder Inventory and Vacant Platted Tracts.

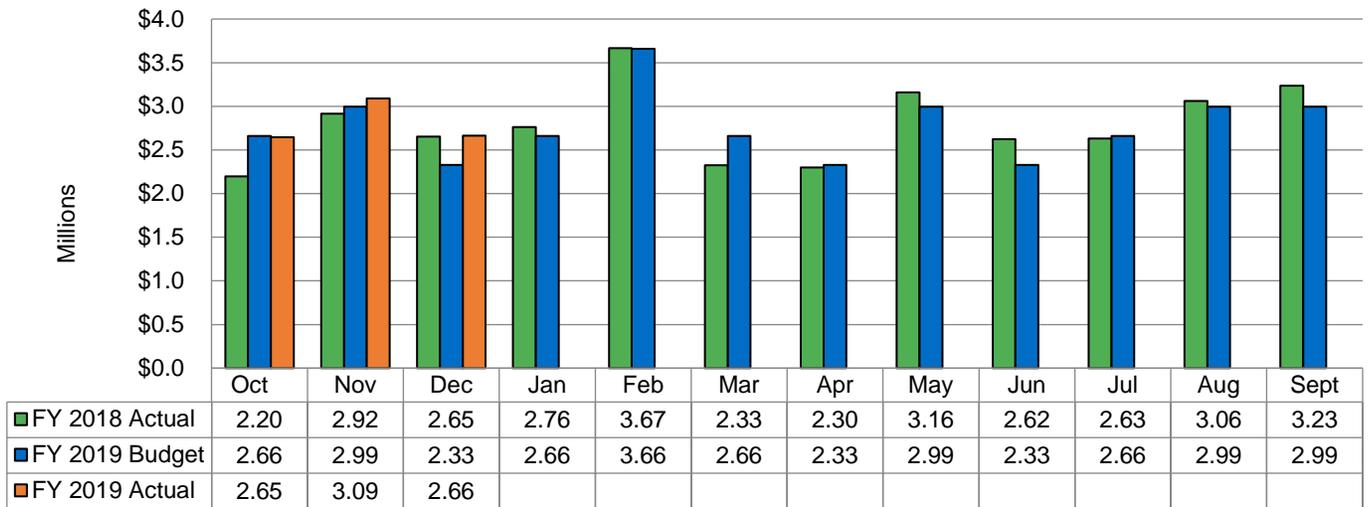
³The total shown is composed of the residential - single family property values.

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

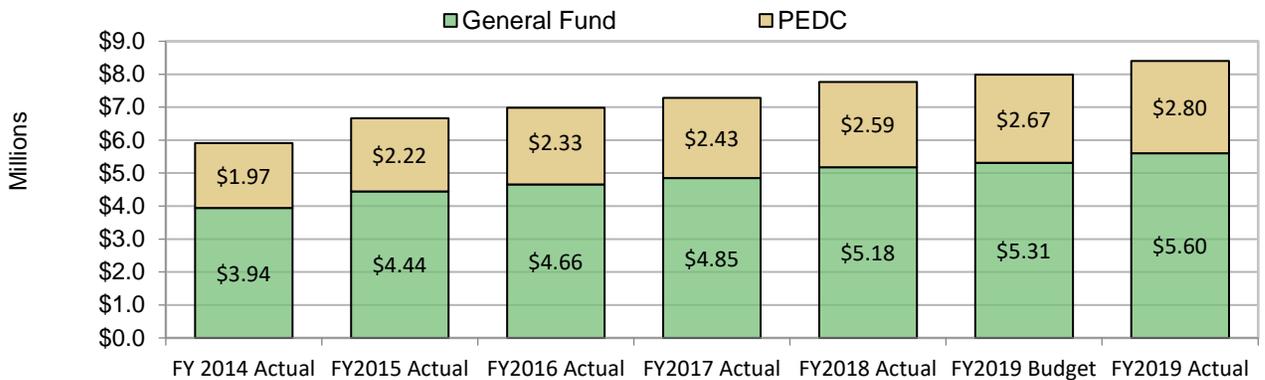
Sales Tax

Sales tax deposits from the State Comptroller's Office for the quarter ending December 31, 2018 totaled \$7,766,125, a 8.2% increase over the prior year. We received sales tax deposits of \$2,198,333 in October for August collections, \$2,915,425 in November for September collections, and \$2,652,368 in December for October collections.

YTD Sales Tax Deposits



Year-To-Date Sales Tax Deposits



Debt Service

Property taxes received as of the date of this report total \$21,170,530, 60.4% of amended budget amounts for the total of current and delinquent estimates including penalties and interest. Miscellaneous revenue of \$198,722 consists of pro-rata lease payments from the tenants in the University of Houston facility.

When the FY 2019 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 2019 AMENDED BUDGET	FY 2019 ACTUAL TO-DATE	FY 2019 % of BUDGET
Revenues			
Property Taxes	\$ 35,030,000	\$ 21,170,530	60.4%
Interest	300,000	88,086	29.4%
Miscellaneous	794,914	198,722	25.0%
Bond Premiums	-	-	
Transfers	571,968	135,563	23.7%
Total Revenues	36,696,882	21,592,901	58.8%
Expenditures			
MUD Rebates	7,328,484	-	0.0%
Bond Payment	31,189,208	-	0.0%
Fiscal Agent/Arbitrage	138,000	3,500	2.5%
Total Expenditures	38,655,692	3,500	0.0%
Net Change in Fund Balance	(1,958,810)	21,589,401	
Beginning Fund Balance	6,797,114	6,797,114	
Ending Fund Balance	\$ 4,838,304	\$ 28,386,516	

General Fund

Revenues through December total \$30,470,882, 40% of budget.

- Property tax collection for maintenance and operations at \$13,845,559 is 64.9% of the amount budgeted for the year as of the end of December 2019 and is \$2,280,267 (19.7%) higher than December 2018.
- Sales tax deposits from the State Comptroller's Office through December 2019 totaled \$5,600,103, \$422,686 (8.2%) higher than last year for the same period.
- Franchise Fees through December 2019 are \$471,237 and are \$733,614 (60.9%) lower than through December 2018.
- Licenses & Permits total \$1,002,801, at 26.5% of budget, and \$263,177 (35.6%) higher than last year at this time.
- Fines and Forfeitures total \$549,119, 26% of the budget, greater than last year by \$24,106
- Charges for Services through December total \$8,098,517, 46% of budget; up by \$1,143,696 (16.4%) compared to December 2018.
- Investment earnings are up \$43,060 (76.7%) over the prior year.
- Other revenue totals \$804,343 which is down from the prior year by \$135,223 (14.4%).

Operating Expenditures total \$15,488,422. Total Expenditures of \$15,829,971 include Principal Retirements, Interest and Fiscal Charges, and Capital Outlay.

- General Government expenditures are 19.3% of the budget.
- Public Safety expenditures totaled \$9,286,907 which is a 6.3% increase from last year at this time.
- Community Services expenditures decreased by (\$51,578) (5.6%).
- Public Works expenditures are \$2,312,289, 17.8% of the budget and 1.9% higher than last year at this time.
- Parks & Recreation expenditures are 17.4% of the budget, a 6.1% decrease compared to prior year.

The Fund Balance in the General Fund as of the end of December 2019 is \$28,981,066 which represents a 9.9% increase over prior year. The amended fund balance is \$636,972 over the fund balance policy of \$12,181,840.

General Fund

	FY 2018 ACTUAL TO-DATE	FY 2018 % of TOTAL	FY 2019 AMENDED BUDGET	FY 2019 ACTUAL TO-DATE	FY 2019 % of BUDGET
Revenues					
Property Taxes	\$11,565,292	56.7%	\$21,332,769	\$13,845,559	64.9%
Sales and Use Taxes	5,177,417	22.8%	22,855,294	5,600,103	24.5%
Franchise Fees	1,204,850	17.0%	7,296,694	471,237	6.5%
Licenses & Permits	739,624	17.8%	3,785,535	1,002,801	26.5%
Fines & Forfeitures	525,013	22.6%	2,110,750	549,119	26.0%
Charges for Service	6,954,820	43.3%	17,618,566	8,098,517	46.0%
Investment Earnings	56,143	17.4%	250,000	99,203	39.7%
Other	939,566	72.0%	983,806	804,343	81.8%
Total Revenues	27,162,724	36.6%	76,233,414	30,470,882	40.0%
Operating Expenditures					
General Government	2,333,777	22.7%	9,965,652	1,922,700	19.3%
Public Safety	8,735,892	21.3%	43,738,058	9,286,907	21.2%
Public Works	2,268,817	17.0%	12,996,125	2,312,289	17.8%
Community Services	928,458	23.1%	4,282,621	876,880	20.5%
Parks & Recreation	1,160,820	20.0%	6,278,772	1,089,646	17.4%
Total Operating Expenditures	15,427,763	20.7%	77,261,228	15,488,422	20.0%
Other Expenditures					
Principal Retirement	224,153		520,496	206,617	
Interest and Fiscal Charges	14,403		22,355	5,778	
Capital Outlay	193,342		764,027	129,155	
Total Expenditures	15,859,661		78,568,106	15,829,971	
Other Funding Sources/(Uses)					
Transfers In	954,029		4,560,460	1,140,115	
Transfer Out	(259,203)		(3,394,072)	(946,526)	
Other Funding Sources/(Uses)*	0			159,450	
Total Other	694,826		1,166,388	353,039	
Net Change in Fund Balance	11,997,890		(1,168,304)	14,993,950	
Beginning Fund Balance	14,362,991		13,987,116	13,987,116	
Ending Fund Balance	\$26,360,881		\$12,818,812	\$28,981,066	

*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

12,181,840
636,972

Enterprise Fund - Water/Sewer

Revenue totalled \$12,464,634 and is 22.9% of budget and (\$1,225,365) (-9%) less than last year at this time.

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 \$378,860 which is 21.7% of budget.

Operating Expenses total \$6,314,029 which represents a decrease from prior year of (\$47,629).

	FY 2018 ACTUAL TO-DATE	FY 2018 % of ACTUAL	FY 2019 AMENDED BUDGET	FY 2019 ACTUAL TO-DATE	FY 2019 % of BUDGET
Revenues					
Sale of Water	\$ 6,335,300	24.4%	\$ 24,380,169	\$ 5,607,150	23.0%
Sewer Revenues	6,188,458	26.0%	22,441,587	5,580,951	24.9%
Other Service Charges	380,960	22.1%	1,743,242	378,860	21.7%
Other Financing Sources		0.0%			0.0%
Interest Income	47,284	16.4%	475,529	159,137	33.5%
Miscellaneous	496	6.6%	2,368,609	1,037	0.0%
Transfers In	737,500	25.0%	2,950,000	737,500	25.0%
Total Revenues	13,689,999	25.0%	54,359,136	12,464,634	22.9%
Expenses					
Utility (Billing) Customer	282,390	22.7%	1,537,139	298,821	19.4%
Information Technology	139,977	18.8%	1,320,059	261,234	19.8%
Public Works		0.0%			
Administration	151,216	19.6%	1,136,912	148,509	13.1%
Ground Maintenance	78,079	18.4%	556,436	173,254	31.1%
Lift Stations	341,774	24.3%	1,580,291	193,436	12.2%
Wastewater Treatment	1,256,405	25.2%	5,709,881	635,047	11.1%
Backflow Compliance		0.0%	239,590	46,720	19.5%
Water Production	1,649,086	18.0%	11,626,580	922,788	7.9%
Distribution & Collections	497,711	22.0%	3,563,543	882,422	24.8%
Construction	125,640	11.0%	1,751,855	861,351	49.2%
Meter Services	291,494	31.1%	849,836	131,555	15.5%
Pre-Treatment FOG		0.0%	219,548	62,340	28.4%
Other Requirements	1,545,886	19.1%	7,616,186	1,694,551	22.2%
Debt Service	47,925	0.3%	17,238,991	2,000	0.0%
Total Expenses	6,407,582	13.1%	54,946,847	6,314,029	11.5%
Other Funding Sources (Uses)					
YTD Change in Cash Equivalents	7,282,416		(587,711)	6,150,606	
Beginning Cash Equivalents	20,807,406		30,100,199	30,100,199	
Reserve for Debt Service	3,796,725		4,356,022	4,356,022	
YTD Cash Equivalents	\$ 24,293,098		\$ 25,156,466	\$ 31,894,782	

Property Insurance Fund

Premiums are budgeted (as amended) at \$1,208,740 while payments to date total \$538,885, and are \$14,357 (2.7%) 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 \$333,319.

Ending net assets as of the end of December 2018 are \$207,661.

	FY 2018 ACTUAL TO-DATE	FY 2019 AMENDED BUDGET	FY 2019 ACTUAL TO-DATE	FY 2019 % of BUDGET
Revenues				
Insurance Reimbursements	128,415	120,000	25,935	21.6%
Total Operating Revenues	128,415	120,000	25,935	21.6%
Operating Expenses				
Contractual Services				
General Liability	34,431	36,096	33,878	93.9%
Errors & Omissions	60,674	49,659	47,139	94.9%
Public Employee Dishonesty	1,575	1,404	1,404	100.0%
Animal Mortality	4,774	5,072	5,072	100.0%
Law Enforcement	74,870	77,700	59,887	77.1%
Real & PP Property	92,142	122,973	121,444	98.8%
Windstorm Damage	-	575,000	-	0.0%
Automobile	111,713	101,145	101,145	100.0%
Auto Damage	114,467	136,008	136,008	100.0%
Mobile Equipment	13,209	15,925	15,924	100.0%
Pollution Liability	-	4,138	-	0.0%
Misc Premiums	-	60,000	-	0.0%
Sewage Back-up	16,673	16,984	16,984	100.0%
Rain-Out (Parks)	-	6,636	-	0.0%
Flood		86,145		
Cyber Security		34,727		
Administration and Other Operating Exp	4,684	100,705	13,233	13.1%
Claims Paid	-	175,000	51,991	29.7%
Capital Outlay	-	28,858	-	0.0%
Total Operating Expenses	529,213	1,634,175	604,109	37.0%
Operating Income (Loss)	(400,798)	(1,514,175)	(578,174)	
Earnings on Investments	40	7,000	1,184	
Other Revenues (Expenses)				
Transfers In	228,545	1,160,000	333,319	
Change in Net Position	(172,212)	(347,175)	(243,672)	
Beginning Net Position	596,973	451,333	451,333	
Ending Net Position	424,760	104,158	207,661	

Self-Insured Medical Fund

Revenues through December total \$1,888,821, 23.6% of budget. City, employee, retiree and Cobra contributions received combined total \$1,888,821 and are \$80,677 (4.5%) higher than December

Medical Insurance Claims are budgeted (as amended) at \$6,666,377. Claims paid through December total \$1,527,585, 22.9% of the amended budget which is \$524,440 (52.3%) higher than claims paid through December 2017.

Claims paid through December of this year are \$1,683 per employee, \$380 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.

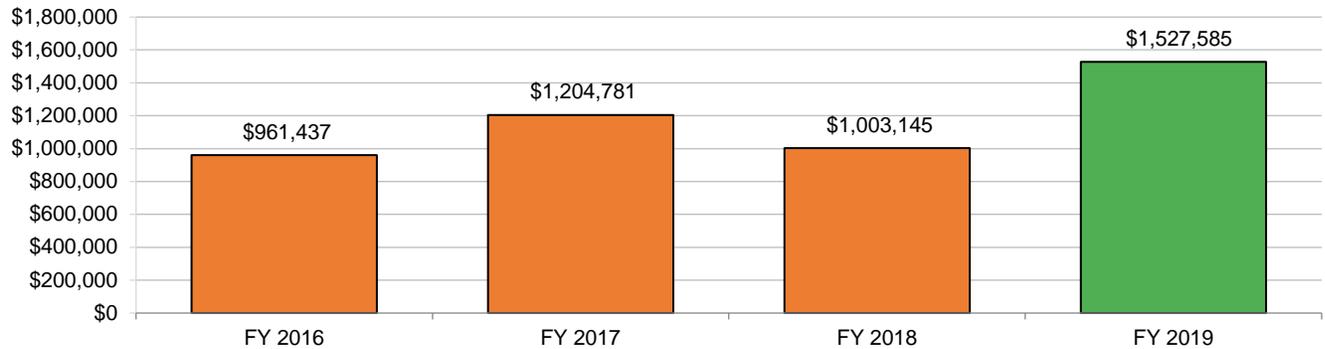
Fund balance as of the end of December 2018 is \$3,174,703. The amended fund balance for September 30, 2017 is budgeted at \$3,333,957.

	FY 2018 ACTUAL TO-DATE	FY 2019 AMENDED BUDGET	FY 2019 ACTUAL TO-DATE	FY 2019 % of BUDGET
Revenues				
Employee Premiums*	\$ 1,795,475	\$1,309,752	\$ 317,215	24.2%
City Premiums		\$6,478,787	\$1,564,050	24.1%
Retiree Premiums	12,669	60,000	7,556	12.6%
Miscellaneous	(58)	166,973	-	0.0%
Total Operating Revenues	1,808,086	8,015,512	1,888,821	23.6%
Operating Expenses				
Administrative Fees	293,023	1,099,902	223,604	20.3%
Medical Insurance Claims	1,003,145	6,666,377	1,527,585	22.9%
Health Portability Act	-	5,765	-	0.0%
Wellness Programs	6,140	25,000	19,859	79.4%
Total Operating Expenses	1,302,308	7,797,044	1,771,048	22.7%
Operating Income (Loss)	505,778	218,468	117,773	
Earnings on Investments	382	74,528	15,969	
Transfers In				
Transfers Out				
Change in Net Position	506,160	292,996	133,742	
Beginning Net Position	2,857,508	3,040,961	3,040,961	
Ending Net Position	\$ 3,363,668	\$3,333,957	\$3,174,703	

*Prior to FY 19 Employee and City Premiums were not separated into distinct line-items. FY18 amount is combined employee & City-paid premiums.

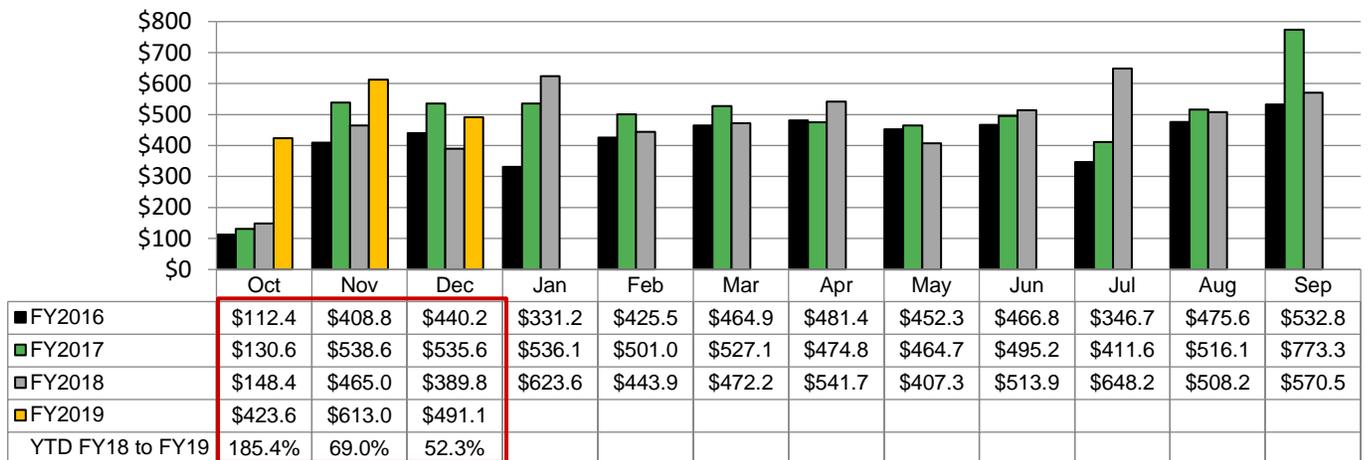
Self-Insured Medical Fund

Medical Claims Paid Year-to-Date Excluding Accruals



Claims Paid per Employee:	FY2016	FY2017	FY2018	FY2019
Number of Employees on Medical Insurance	571	584	596	628
Actual YTD per Enrollee	\$1,684	\$2,063	\$1,683	\$2,432

Medical Claims Paid Monthly Excluding Accruals



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 are received in January or February.

Expenditures through December total \$160,656, 10.2% of budget, mainly for Materials and Supplies and Rent Expense (Lease). Fund balance as of the end of December 2018 is \$4,431,495. The projected fund balance at year end is expected to be \$4,544,574.

	FY 2018 ACTUAL TO-DATE	FY 2019 AMENDED BUDGET	FY 2019 ACTUAL TO-DATE	FY 2019 % of BUDGET
Revenues				
Hotel/Motel Occupancy Tax	\$ (11,280)	\$ 1,450,000	\$ -	0.0%
Interest Income	17,423	10,800	44,173	409.0%
Miscellaneous	5,246	-	1,590	100.0%
Total Revenues	11,389	1,460,800	45,763	3.1%
Expenditures				
Salaries and Benefits	63,264	289,401	63,054	21.8%
Materials & Supplies	7,613	117,090	2,858	2.4%
Miscellaneous Services	89,448	670,352	94,577	14.1%
Capital Outlay	-	500,000	-	0.0%
Transfers Out	229	665	166	25.0%
Total Expenditures	160,554	1,577,508	160,656	10.2%
Other Funding Sources/(Uses)				0.0%
Revenues Over (Under) Expenditures	(149,165)	(116,708)	(114,893)	
Beginning Fund Balance	4,603,550	4,661,282	\$4,546,389	
Ending Fund Balance	\$4,454,385	\$ 4,544,574	\$ 4,431,495	

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

TIRZ #2

Total revenue through December is \$12,540,928. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$10,630,945, \$0 from Fort Bend County and \$37,526 from Alvin ISD.

Expenditures through December total \$8,661,900; of this total \$6,803,805 was paid to the City of Pearland for services provided. The AISD Suspense Fund totals \$10,248,910. The available balance as of the end of December 2018, net of the AISD Suspense Fund, is \$2,641,228.

	FY 2018 ACTUAL TO-DATE	FY 2019 ACTUAL TO-DATE	% CHANGE
Revenues			
Taxes			
Alvin ISD		\$ 37,526	100.0%
Brazoria County			0.0%
City of Pearland	9,142,641	10,630,945	16.3%
Fort Bend County			0.0%
Interest	10,723	21,397	99.6%
Miscellaneous/AISD	1,938,413	1,851,060	-4.5%
Total Revenues	11,091,777	12,540,928	13.1%
Expenditures			
Miscellaneous Services	17,570	7,035	-60.0%
Payment to City of Pearland	5,851,290	6,803,805	16.3%
Payment to Development Authority	1,938,413	1,851,060	-4.5%
Transfers Out			0.0%
Total Expenditures	7,807,273	8,661,900	10.9%
Net Change in Fund Balance	3,284,504	3,879,028	18.1%
Beginning Fund Balance	6,166,223	9,011,110	46.1%
AISD Suspense Fund	5,595,457	10,248,910	83.2%
Ending Fund Balance	\$ 3,855,269	\$ 2,641,228	-31.5%

Development Authority - DAP

Revenues through December total \$5,842,468 with bond proceeds totaling \$5,835,000. Expenditures total \$12,155,560; \$165,068 for bond issuance costs, \$11,988,992 reimbursement(s) to the developer(s) and \$1,500 for other Professional Services. The available fund balance as of the end of December 2018, excluding the portion for the debt service reserve, is \$1,009,388.

	FY 2018 ACTUAL TO-DATE	FY 2019 ACTUAL TO-DATE	% CHANGE
Revenues			
Transfers In	-	-	0.0%
Interfund Reimbursement	-	\$ -	0.0%
Bond Proceeds	8,555,000	5,835,000	-31.8%
Miscellaneous	-	-	0.0%
Interest	2,090	7,468	257.4%
Total Revenues	8,557,090	5,842,468	-31.7%
Expenditures			
Professional Services	1,583	1,500	-5.2%
Reimbursement to Developer	16,290,413	11,988,992	-26.4%
Bond Payments:			
Interest	-	-	0.0%
Principal	-	-	0.0%
Bond Issuance Cost	178,227	165,068	-7.4%
Arbitrage/Fiscal Fees	8,300	-	-100.0%
Other Debt Service	-	-	0.0%
Total Expenditures	16,478,523	12,155,560	-26.2%
Net Change in Fund Balance	(7,921,433)	(6,313,091)	
Beginning Fund Balance	10,088,725	8,490,442	
Debt Service Reserve	1,152,559	1,167,962	
Ending Fund Balance	\$ 1,014,734	\$ 1,009,388	