



CITY OF PEARLAND

Second Quarter Financial Report

Fiscal Year (FY) 2019

Through March 2019

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This report represents a general overview of financial operations through the 2nd 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 \$72,763,287, 97.66% of the Budgeted Levy. Taxes received this year are \$5,072,304 (7.5%) higher than last year at this time.

Actual **Sales Tax** deposits year-to-date total \$16,520,481, 2.4% higher than this time last year.

The **Debt Service** fund balance to date is \$16,925,381.

The **General Fund** fund balance to date is \$33,766,746.

The **Water/Sewer** fund net position is \$33,192,350.

Property Insurance premiums are budgeted (as amended) at \$1,208,740 while payments to date total \$631,052. Ending net assets to date are \$506,994.

Medical claims paid year-to-date total \$3,131,208 and are at 47% of the amended budget. Revenues is \$3,964,150, 49.5% of budget.

Hotel/Motel Occupancy Tax revenue to date is \$279,373, or 25.9% of budget, which includes only first quarter payments.

TIRZ revenues year-to-date total \$24,422,844. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$16,989,249, \$1,858,090 from Fort Bend County and \$3,635,949 from Alvin ISD.

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

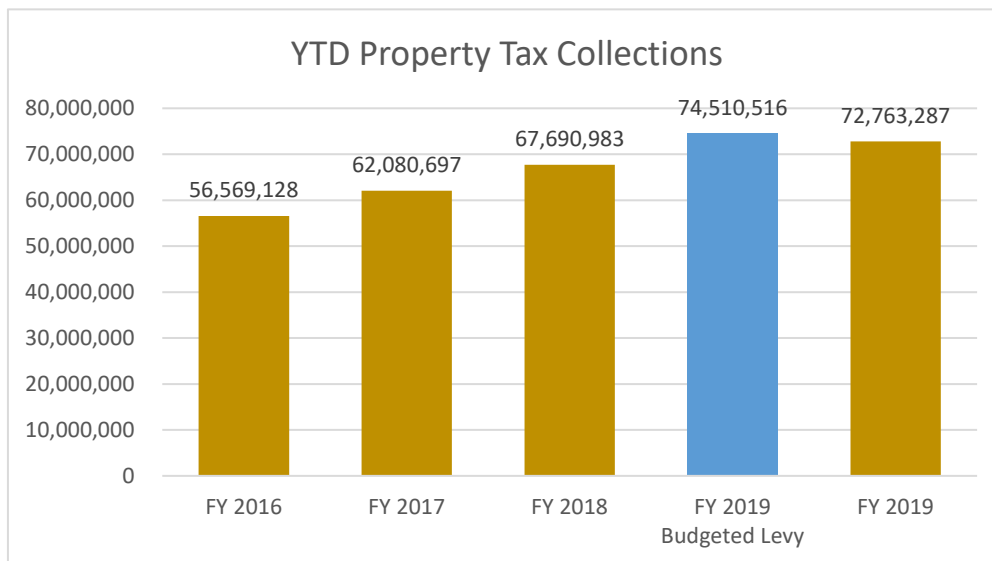
Property Tax

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 March, the City received \$72,763,287 for current taxes, 97.66% 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	72,763,287	97.66%
Uses:			
General Fund	22,650,000	21,955,290	96.93%
Debt Service Fund	34,730,000	33,818,748	97.38%
TIRZ**	17,130,516	16,989,249	99.18%
Total Uses	74,510,516	72,763,287	97.66%

*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.

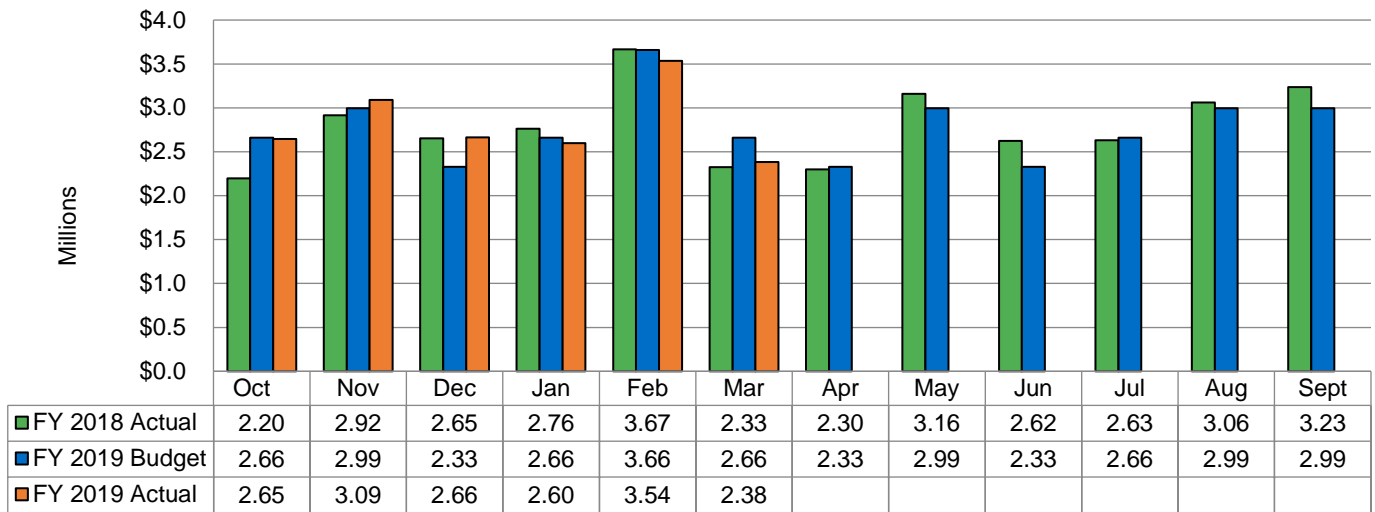
³The total shown is composed of the residential - single family property values.

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

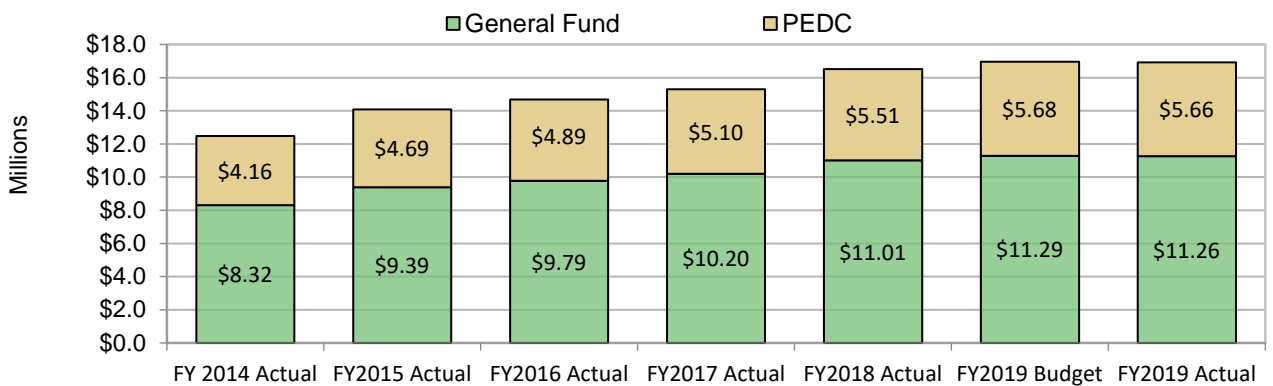
Sales Tax

Sales tax deposits from the State Comptroller's Office for the quarter ending March 31, 2019 totaled \$16,520,481, a 2.4% increase over the prior year. We received sales tax deposits of \$2,763,318 in January for November collections, \$3,665,445 in February for December collections, and \$2,325,594 in March for January collections.

YTD Sales Tax Deposits



Year-To-Date Sales Tax Deposits



Debt Service

Property taxes received as of the date of this report total \$34,002,060, 97.1% of amended budget amounts for the total of current and delinquent estimates including penalties and interest. Miscellaneous revenue of \$397,445 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	\$ 34,002,060	97.1%
Interest	300,000	217,022	72.3%
Miscellaneous	794,914	397,445	50.0%
Bond Premiums	-	-	
Transfers	571,968	271,127	47.4%
Total Revenues	36,696,882	34,887,653	95.1%
Expenditures			
MUD Rebates	7,328,484	-	0.0%
Bond Payment	31,189,208	24,750,287	79.4%
Fiscal Agent/Arbitrage	138,000	9,100	6.6%
Total Expenditures	38,655,692	24,759,387	64.1%
Net Change in Fund Balance	(1,958,810)	10,128,266	
Beginning Fund Balance	6,797,114	6,797,114	
Ending Fund Balance	\$ 4,838,304	\$ 16,925,381	

General Fund

Revenues through March total \$54,542,874, 71.5% of budget.

- Property tax collection for maintenance and operations at \$22,175,162 is 103.9% of the amount budgeted for the year as of the end of March 2019 and is \$2,641,280 (13.5%) higher than March 2018.
- Sales tax deposits from the State Comptroller's Office through March 2019 totaled \$11,336,427, \$250,093 (2.3%) higher than last year for the same period.
- Franchise Fees through March 2019 are \$2,651,943 and are \$503,363 (16%) lower than through March 2018.
- Licenses & Permits total \$2,045,528, at 54% of budget, and \$273,712 (15.4%) higher than last year at this time.
- Fines and Forfeitures total \$1,310,341, 62.1% of the budget, greater than last year by \$111,299
- Charges for Services through March total \$13,806,064, 78.4% of budget; up by \$1,142,838 (9%) compared to March 2018.
- Investment earnings are up \$137,807 (85%) over the prior year.
- Other revenue totals \$917,548 which is down from the prior year by \$154,512 (14.4%).

Operating Expenditures total \$34,907,745. Total Expenditures of \$35,448,792 include Principal Retirements, Interest and Fiscal Charges, and Capital Outlay.

- General Government expenditures are 50% of the budget.
- Public Safety expenditures totaled \$20,749,153 which is a 6.5% increase from last year at this time.
- Community Services expenditures decreased by (\$124,921) (6.1%).
- Public Works expenditures are \$4,661,923, 35.9% of the budget and 16.8% lower than last year at this time.
- Parks & Recreation expenditures are 41.6% of the budget, a 1.1% increase compared to prior year.

The Fund Balance in the General Fund as of the end of March 2019 is \$33,766,746 which represents a 9.4% 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	\$19,533,882	95.8%	\$21,332,769	\$22,175,162	103.9%
Sales and Use Taxes	11,086,334	48.9%	22,855,294	11,336,427	49.6%
Franchise Fees	3,155,305	44.5%	7,296,694	2,651,943	36.3%
Licenses & Permits	1,771,817	42.7%	3,785,535	2,045,528	54.0%
Fines & Forfeitures	1,199,042	51.6%	2,110,750	1,310,341	62.1%
Charges for Service	12,663,226	78.9%	17,618,566	13,806,064	78.4%
Investment Earnings	162,053	50.1%	250,000	299,860	119.9%
Other	1,072,061	82.2%	983,806	917,548	93.3%
Total Revenues	50,643,720	68.2%	76,233,414	54,542,874	71.5%
Operating Expenditures					
General Government	4,881,979	47.4%	9,951,098	4,979,135	50.0%
Public Safety	19,476,847	47.6%	43,722,966	20,749,153	47.5%
Public Works	5,601,875	42.1%	12,996,125	4,661,923	35.9%
Community Services	2,032,615	50.5%	4,282,621	1,907,695	44.5%
Parks & Recreation	2,581,107	44.4%	6,278,772	2,609,840	41.6%
Total Operating Expenditures	34,574,424	46.5%	77,231,582	34,907,745	45.2%
Other Expenditures					
Principal Retirement	276,788		520,496	287,919	
Interest and Fiscal Charges	19,011		22,355	7,880	
Capital Outlay	633,196		793,673	245,248	
Total Expenditures	35,503,419		78,568,106	35,448,792	
Other Funding Sources/(Uses)					
Transfers In	1,908,058		4,560,460	2,280,230	
Transfer Out	(553,220)		(3,394,072)	(1,754,132)	
Other Funding Sources/(Uses)*	0			159,450	
Total Other	1,354,838		1,166,388	685,548	
Net Change in Fund Balance	16,495,139		(1,168,304)	19,779,630	
Beginning Fund Balance	14,362,991		13,987,116	13,987,116	
Ending Fund Balance	\$30,858,130		\$12,818,812	\$33,766,746	

*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 \$24,152,865 and is 44.4% of budget and (\$1,708,885) (-6.6%) 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 March total \$793,339 which is 45.5% of budget.

Operating Expenses total \$16,704,691 which represents an increase over the prior year by \$276,673.

	FY 2018 ACTUAL TO-DATE	FY 2017 % of ACTUAL	FY 2019 AMENDED BUDGET	FY 2019 ACTUAL TO-DATE	FY 2019 % of BUDGET
Revenues					
Sale of Water	\$ 11,529,833	44.5%	\$ 24,380,169	\$ 10,451,187	42.9%
Sewer Revenues	11,949,909	50.3%	22,441,587	11,103,431	49.5%
Other Service Charges	776,642	45.0%	1,743,242	793,339	45.5%
Other Financing Sources		0.0%			0.0%
Interest Income	125,502	43.5%	475,529	293,980	61.8%
Miscellaneous	4,865	65.2%	2,368,609	35,929	1.5%
Transfers In	1,475,000	50.0%	2,950,000	1,475,000	50.0%
Total Revenues	25,861,750	47.3%	54,359,136	24,152,865	44.4%
Expenses					
Utility (Billing) Customer	660,023	53.0%	1,537,139	706,546	46.0%
Information Technology	283,770	38.1%	1,320,059	531,309	40.2%
Public Works		0.0%			
Administration	337,590	43.8%	1,136,912	335,471	29.5%
Ground Maintenance	161,208	38.0%	556,436	306,179	55.0%
Lift Stations	714,416	50.7%	1,580,291	565,715	35.8%
Wastewater Treatment	2,334,426	46.8%	5,709,881	1,673,963	29.3%
Backflow Compliance		0.0%	239,590	94,017	39.2%
Water Production	3,624,332	39.5%	11,626,580	2,499,670	21.5%
Distribution & Collections	1,006,835	44.5%	3,563,543	1,640,312	46.0%
Construction	312,839	27.3%	1,751,855	1,061,012	60.6%
Meter Services	428,393	45.7%	849,836	309,154	36.4%
Pre-Treatment FOG		0.0%	219,548	94,087	42.9%
Other Requirements	3,061,303	17.2%	7,616,186	3,384,372	44.4%
Debt Service	5,429,029	30.6%	17,238,991	3,502,884	20.3%
Total Expenses	18,354,163	37.5%	54,946,847	16,704,691	30.4%
Other Funding Sources (Uses)					
YTD Change in Cash Equivalents	7,507,587		(587,711)	7,448,174	
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	\$ 24,518,268		\$ 25,156,466	\$ 33,192,350	

Property Insurance Fund

Premiums are budgeted (as amended) at \$1,208,740 while payments to date total \$550,885, and are \$13,947 (2.6%) higher than last March.

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 March total \$666,638.

Ending net assets as of the end of March 2019 are \$506,994.

	FY 2018 ACTUAL TO-DATE	FY 2019 AMENDED BUDGET	FY 2019 ACTUAL TO-DATE	FY 2019 % of BUDGET
Revenues				
Insurance Reimbursements	173,709	120,000	98,003	81.7%
Total Operating Revenues	173,709	120,000	98,003	81.7%
Operating Expenses				
Contractual Services				
General Liability	34,581	36,096	36,096	100.0%
Errors & Omissions	60,674	49,659	47,139	94.9%
Public Employee Dishonesty	2,175	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	122,972	100.0%
Windstorm Damage	-	575,000	-	0.0%
Automobile	111,713	101,145	101,145	100.0%
Auto Damage	120,573	136,008	136,008	100.0%
Mobile Equipment	13,209	15,925	15,924	100.0%
Pollution Liability	4,004	4,138	4,138	100.0%
Misc Premiums	-	60,000	-	0.0%
Sewage Back-up	16,673	16,984	16,984	100.0%
Rain-Out (Parks)	1,550	6,636	4,116	62.0%
Flood	-	86,145	45,440	52.7%
Cyber Security	-	34,727	34,727	100.0%
Administration and Other Operating Exp	15,075	100,705	28,768	28.6%
Claims Paid	35,516	175,000	23,752	13.6%
Capital Outlay	-	28,858	28,858	100.0%
Total Operating Expenses	587,529	1,634,175	712,430	43.6%
Operating Income (Loss)	(413,820)	(1,514,175)	(614,427)	
Earnings on Investments	2,211	7,000	3,450	
Other Revenues (Expenses)				
Transfers In	457,091	1,160,000	666,638	
Change in Net Position	45,482	(347,175)	55,661	
Beginning Net Position	596,973	451,333	451,333	
Ending Net Position	642,454	104,158	506,994	

Self-Insured Medical Fund

Revenues through March total \$3,964,150, 49.5% of budget. City, employee, retiree and Cobra contributions received combined total \$3,797,177 and are \$174,618 (4.8%) higher than March 2018.

Medical Insurance Claims are budgeted (as amended) at \$6,666,377. Claims paid through March total \$3,131,208, 47% of the amended budget which is \$588,306 (23.1%) higher than claims paid through March 2018.

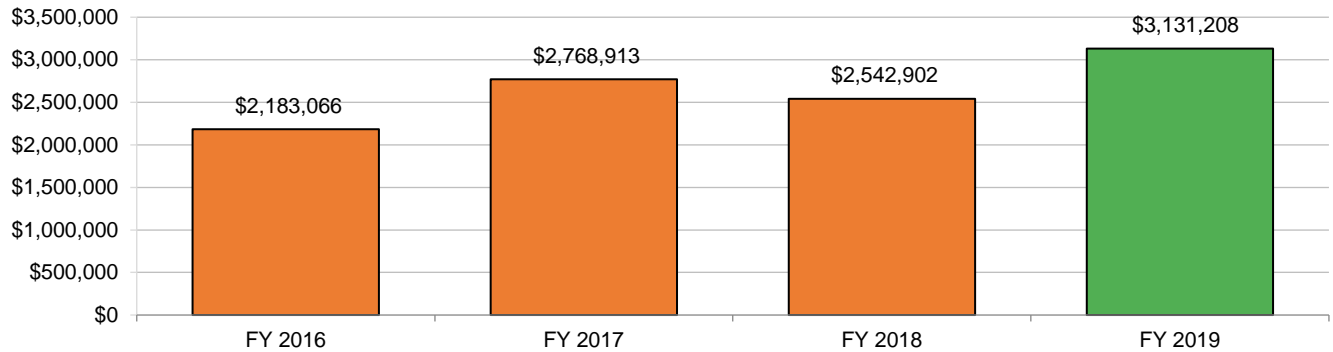
Claims paid through March of this year are \$4,267 per employee, \$475 less than the amount per employee through March 2018. This estimate spreads the FY 2019 budget total monthly by taking the average percentage of expenses for the first quarter from the prior four years.

Fund balance as of the end of March 2019 is \$3,382,776. 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	\$ 781,375	\$1,309,752	\$ 636,378	48.6%
City Premiums	2,815,753	6,478,787	3,146,758	48.6%
Retiree Premiums	25,337	60,000	13,322	22.2%
Cobra	94		719	100.0%
Miscellaneous	127,797	166,973	166,973	100.0%
Total Operating Revenues	3,750,356	8,015,512	3,964,150	49.5%
Operating Expenses				
Administrative Fees	554,576	1,099,902	504,936	45.9%
Medical Insurance Claims	2,542,902	6,666,377	3,131,208	47.0%
Health Portability Act	-	5,765	-	0.0%
Wellness Programs	10,322	25,000	22,463	89.9%
Total Operating Expenses	3,107,801	7,797,044	3,658,606	46.9%
Operating Income (Loss)	642,555	218,468	305,544	
Earnings on Investments	10,947	74,528	36,272	
Transfers In				
Transfers Out				
Change in Net Position	653,503	292,996	341,815	
Beginning Net Position	2,857,508	3,040,961	3,040,961	
Ending Net Position	\$ 3,511,010	\$3,333,957	\$3,382,776	

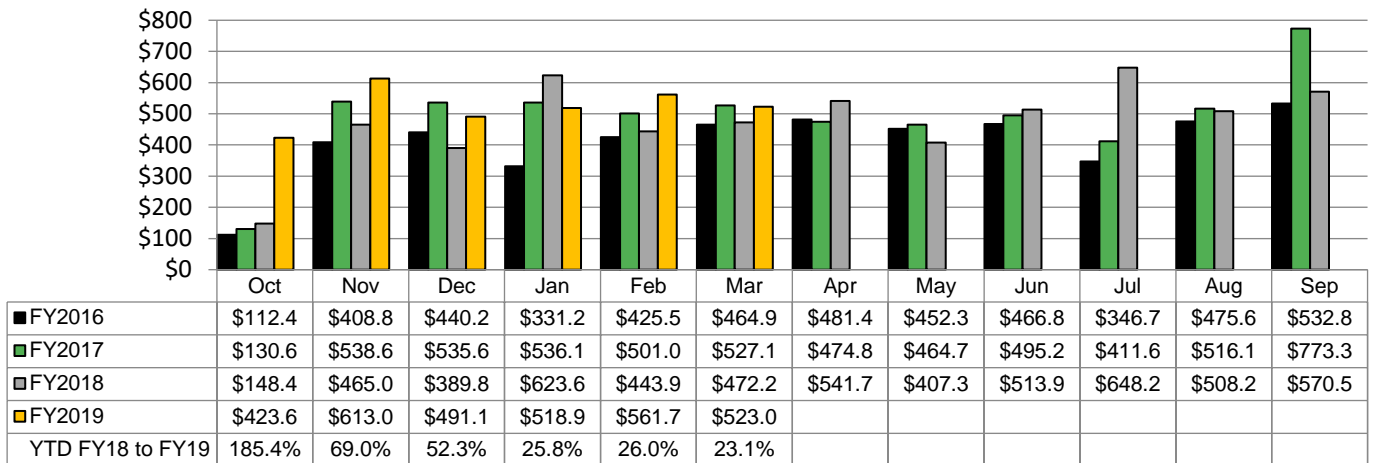
Self-Insured Medical Fund

Medical Claims Paid Year-to-Date Excluding Accruals



Claims Paid per Employee:	FY2016	FY2017	FY2018	FY2019
Number of Employeess 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 2019 from the Pearland hotels totals \$1,450,000. Revenues for the second quarter of fiscal year 2019 are received in March or April.

Expenditures through March total \$160,822, 10.2% of budget, mainly for Materials and Supplies and Rent Expense (Lease). Fund balance as of the end of March 2019 is \$4,764,336. 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	\$ 426,412	\$ 1,450,000	\$ 279,373	19.3%
Interest Income	36,022	10,800	70,419	652.0%
Miscellaneous	26,677	-	28,978	100.0%
Total Revenues	489,112	1,460,800	378,769	25.9%
Expenditures				
Salaries and Benefits	140,894	289,401	63,054	21.8%
Materials & Supplies	18,900	117,090	2,858	2.4%
Miscellaneous Services	251,363	670,352	94,577	14.1%
Capital Outlay	-	500,000	-	0.0%
Transfers Out	457	665	333	50.0%
Total Expenditures	411,614	1,577,508	160,822	10.2%
Other Funding Sources/(Uses)				0.0%
Revenues Over (Under) Expenditures	77,498	(116,708)	217,947	
Beginning Fund Balance	4,603,550	4,661,282	\$4,546,389	
Ending Fund Balance	\$4,681,049	\$ 4,544,574	\$ 4,764,336	

TIRZ #2

Total revenue through March is \$24,422,844. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$16,989,249, \$1,858,090 from Fort Bend County and \$3,635,949 from Alvin ISD.

Expenditures through March total \$12,741,327; of this total \$10,873,119 was paid to the City of Pearland for services provided. The AISD Suspense Fund totals \$10,251,892. The available balance as of the end of March 2019, net of the AISD Suspense Fund, is \$10,440,734.

	FY 2018 ACTUAL TO-DATE	FY 2019 ACTUAL TO-DATE	% CHANGE
Revenues			
Taxes			
Alvin ISD	\$ 3,292,623	\$ 3,635,949	10.4%
Brazoria County	1,938,413	1,851,060	-4.5%
City of Pearland	15,805,090	16,989,249	7.5%
Fort Bend County	1,783,418	1,858,090	4.2%
Interest	48,862	83,121	70.1%
Miscellaneous/AISD	569	5,376	844.3%
Total Revenues	22,868,977	24,422,844	6.8%
Expenditures			
Miscellaneous Services	33,320	17,148	-48.5%
Payment to City of Pearland	10,115,258	10,873,119	7.5%
Payment to Development Authority	1,938,413	1,851,060	-4.5%
Transfers Out			0.0%
Total Expenditures	12,086,991	12,741,327	5.4%
Net Change in Fund Balance	10,781,986	11,681,517	8.3%
Beginning Fund Balance	6,166,223	9,011,110	46.1%
AISD Suspense Fund	5,595,728	10,251,892	83.2%
Ending Fund Balance	\$ 11,352,480	\$ 10,440,734	-8.0%

Development Authority - DAP

Revenues through March total \$5,848,696 with bond proceeds totaling \$5,835,000. Expenditures total \$13,374,262; \$165,069 for bond issuance costs, \$11,988,992 reimbursement(s) to the developer(s) and \$3,000 for other Professional Services. The available fund balance as of the end of March 2019, excluding the portion for the debt service reserve, is \$952,552.

	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	4,752	13,696	188.2%
Total Revenues	8,559,752	5,848,696	-31.7%
Expenditures			
Professional Services	3,393	3,000	-11.6%
Reimbursement to Developer	16,290,413	11,988,992	-26.4%
Bond Payments:			
Interest	1,193,902	1,212,752	1.6%
Principal	-	-	0.0%
Bond Issuance Cost	179,483	165,069	-8.0%
Arbitrage/Fiscal Fees	8,450	4,450	-47.3%
Other Debt Service			0.0%
Total Expenditures	17,675,641	13,374,262	-24.3%
Net Change in Fund Balance	(9,115,889)	(7,525,566)	
Beginning Fund Balance	10,088,725	8,490,442	
Debt Service Reserve	4,236	12,325	
Ending Fund Balance	\$ 968,600	\$ 952,552	