



CITY OF PEARLAND

Third Quarter Financial Report

Fiscal Year (FY) 2019

Through June 2019

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This report represents a general overview of financial operations through the 3rd 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 \$75,021,238, 101.69% of the Budgeted Levy. Taxes received this year are \$5,122,128 (7.3%) higher than last year at this time.

Actual **Sales Tax** deposits year-to-date total \$24,604,151, 2.4% higher than this time last year.

The **Debt Service** fund balance to date is \$11,104,100.

The **General Fund** fund balance to date is \$27,156,100.

The **Water/Sewer** fund net position is \$38,562,911.

Property Insurance premiums are budgeted (as amended) at \$1,329,612 while payments to date total \$1,233,747. Ending net assets to date are \$239,221.

Medical claims paid year-to-date total \$4,825,603 and are at 72% of the amended budget. Revenues is \$5,889,743, 73.5% of budget.

Hotel/Motel Occupancy Tax revenue to date is \$792,929, or 54.3% of budget, which includes only first quarter payments.

TIRZ revenues year-to-date total \$27,802,027. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$17,406,658, \$1,858,090 from Fort Bend County and \$6,525,684 from Alvin ISD.

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

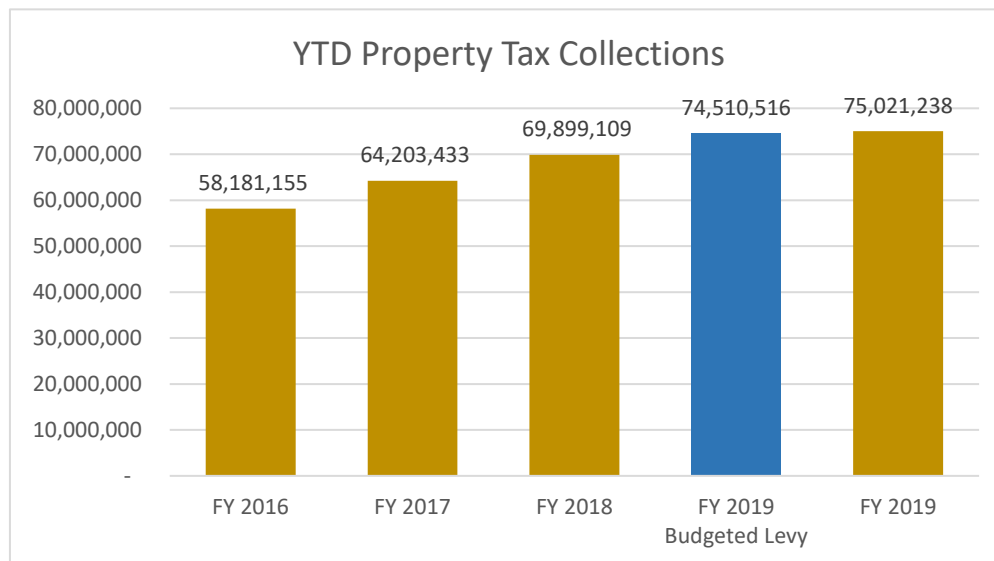
Property Tax

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 June, the City received \$75,021,238 for current taxes, 100.69% 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	75,021,238	100.69%
Uses:			
General Fund	22,650,000	22,679,814	100.13%
Debt Service Fund	34,730,000	34,934,765	100.59%
TIRZ**	17,130,516	17,406,658	101.61%
Total Uses	74,510,516	75,021,238	100.69%

*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%

2018 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.

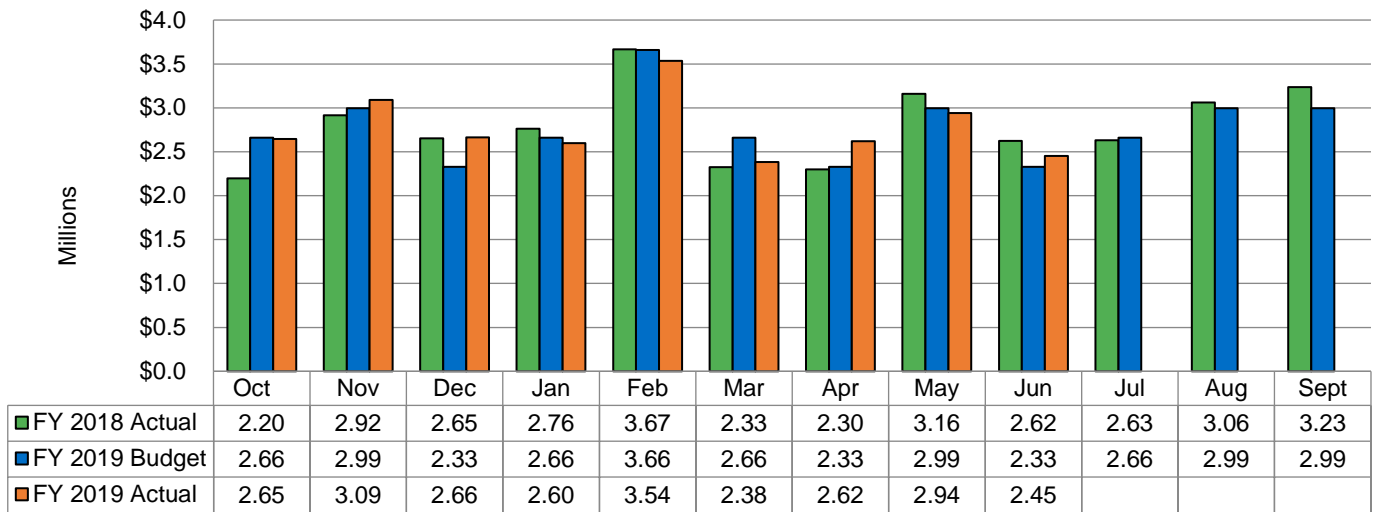
³The total shown is composed of the residential - single family property values.

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

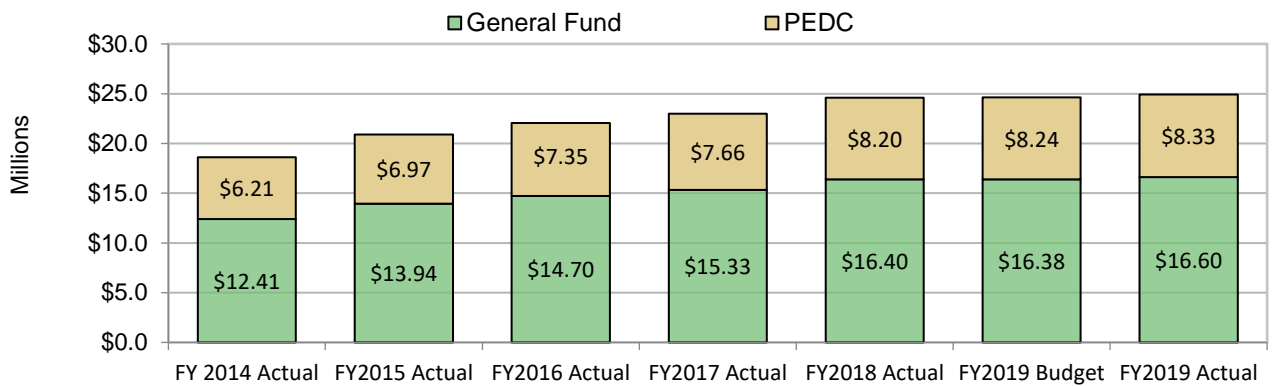
Sales Tax

Sales tax deposits from the State Comptroller's Office for the quarter ending July 30, 2019 totaled \$24,604,151, a 2.4% increase over the prior year. We received sales tax deposits of \$2,299,485 in April for February collections, \$3,159,499 in May for March collections, and \$2,624,686 in June for April collections.

YTD Sales Tax Deposits



Year-To-Date Sales Tax Deposits



Debt Service

Property taxes received as of the date of this report total \$35,194,184, 100.5% of amended budget amounts for the total of current and delinquent estimates including penalties and interest. Miscellaneous revenue of \$596,167 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	\$ 35,194,184	100.5%
Interest	300,000	315,468	105.2%
Miscellaneous	794,914	596,167	75.0%
Bond Premiums	-	-	
Transfers	571,968	271,127	47.4%
Total Revenues	36,696,882	36,376,945	99.1%
Expenditures			
MUD Rebates	7,328,484	7,307,573	99.7%
Bond Payment	31,189,208	24,750,287	79.4%
Fiscal Agent/Arbitrage	138,000	12,100	8.8%
Total Expenditures	38,655,692	32,069,960	83.0%
Net Change in Fund Balance	(1,958,810)	4,306,985	
Beginning Fund Balance	6,797,114	6,797,114	
Ending Fund Balance	\$ 4,838,304	\$ 11,104,100	

General Fund

Revenues through June total \$65,922,833, 85% of budget.

- Property tax collection for maintenance and operations at \$22,966,773 is 100.1% of the amount budgeted for the year as of the end of June 2019 and is \$2,692,233 (13.3%) higher than June 2018.
- Sales tax deposits from the State Comptroller's Office through June 2019 totaled \$16,759,531, \$213,933 (1.3%) higher than last year for the same period.
- Franchise Fees through June 2019 are \$4,038,380 and are \$625,836 (13.4%) lower than through June 2018.
- Licenses & Permits total \$3,234,867, at 83.3% of budget, and \$266,903 (9%) higher than last year at this time.
- Fines and Forfeitures total \$1,920,080, 78.3% of the budget, greater than last year by \$148,171
- Charges for Services through June total \$15,469,582, 91.5% of budget; up by \$840,048 (5.7%) compared to June 2018.
- Investment earnings are up \$193,977 (75.1%) over the prior year.
- Other revenue totals \$1,081,225 which is down from the prior year by \$176,294 (14%).

Operating Expenditures total \$52,266,426. Total Expenditures of \$53,256,245 include Principal Retirements, Interest and Fiscal Charges, and Capital Outlay.

- General Government expenditures are 73.7% of the budget.
- Public Safety expenditures totaled \$30,353,293 which is a 4% increase from last year at this time.
- Community Services expenditures decreased by (\$105,800) (3.6%).
- Public Works expenditures are \$7,361,246, 56.4% of the budget and 19.1% lower than last year at this time.
- Parks & Recreation expenditures are 64.4% of the budget, a 1.4% decrease compared to prior year.

The Fund Balance in the General Fund as of the end of June 2019 is \$27,156,100 which represents a 11.1% increase over prior year. The amended fund balance is \$41,655 over the fund balance policy of \$13,449,614.

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	\$20,274,541	99.5%	\$22,952,305	\$22,966,773	100.1%
Sales and Use Taxes	16,545,597	73.0%	22,438,980	16,759,531	74.7%
Franchise Fees	4,664,216	65.7%	7,272,488	4,038,380	55.5%
Licenses & Permits	2,967,964	71.6%	3,882,867	3,234,867	83.3%
Fines & Forfeitures	1,771,909	76.3%	2,452,750	1,920,080	78.3%
Charges for Service	14,629,534	91.1%	16,900,459	15,469,582	91.5%
Investment Earnings	258,417	79.9%	537,000	452,394	84.2%
Other	1,257,519	96.4%	1,150,903	1,081,225	93.9%
Total Revenues	62,369,698	84.0%	77,587,752	65,922,833	85.0%
Operating Expenditures					
General Government	7,227,977	70.2%	10,525,349	7,759,631	73.7%
Public Safety	29,181,012	71.3%	43,685,878	30,353,293	69.5%
Public Works	9,094,624	68.3%	13,043,594	7,361,246	56.4%
Community Services	2,946,241	73.2%	4,122,933	2,840,441	68.9%
Parks & Recreation	4,006,202	68.9%	6,132,578	3,951,816	64.4%
Total Operating Expenditures	52,456,057	70.5%	77,510,332	52,266,426	67.4%
Other Expenditures					
Principal Retirement	556,677		520,496	528,212	
Interest and Fiscal Charges	34,922		22,355	14,638	
Capital Outlay	1,246,493		893,673	446,969	
Total Expenditures	54,294,148		78,946,856	53,256,245	
Other Funding Sources/(Uses)					
Transfers In	2,862,087		4,674,460	2,280,230	
Transfer Out	(897,900)		(3,811,203)	(1,937,285)	
Other Funding Sources/(Uses)*	29,234			159,450	
Total Other	1,993,421		863,257	502,396	
Net Change in Fund Balance	10,068,971		(495,847)	13,168,984	
Beginning Fund Balance	14,362,991		13,987,116	13,987,116	
Ending Fund Balance	\$24,431,963		\$13,491,269	\$27,156,100	

*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.**	13,449,614
Fund Balance over Policy	41,655

**Adjusted to control for Mark-to-Market journal entry

Enterprise Fund - Water/Sewer

Revenue totalled \$35,438,656 and is 65.2% of budget and (\$4,108,722) (-10.4%) 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 June total \$1,251,151 which is 71.8% of budget.

Operating Expenses total \$22,619,921 which represents a decrease from prior year of (\$1,648,287).

	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	\$ 18,230,158	70.3%	\$ 24,380,169	\$ 15,689,113	64.4%
Sewer Revenues	17,624,527	74.2%	22,441,587	16,477,313	73.4%
Other Service Charges	1,249,882	72.4%	1,743,242	1,251,151	71.8%
Other Financing Sources		0.0%			0.0%
Interest Income	224,282	77.8%	475,529	478,630	100.7%
Miscellaneous	6,028	80.8%	2,368,609	67,448	2.8%
Transfers In	2,212,500	75.0%	2,950,000	1,475,000	50.0%
Total Revenues	39,547,378	72.4%	54,359,136	35,438,656	65.2%
Expenses					
Utility (Billing) Customer	972,140	78.0%	1,537,139	1,032,820	67.2%
Information Technology	460,148	61.8%	1,320,059	953,810	72.3%
Public Works		0.0%			
Administration	541,307	70.2%	1,136,912	502,447	44.2%
Ground Maintenance	285,103	67.2%	556,436	383,223	68.9%
Lift Stations	1,013,104	71.9%	1,580,291	764,035	48.3%
Wastewater Treatment	3,710,815	74.4%	5,709,881	2,569,577	45.0%
Backflow Compliance		0.0%	239,590	152,301	63.6%
Water Production	6,474,063	70.6%	11,626,580	5,396,988	46.4%
Distribution & Collections	1,468,155	64.8%	3,563,543	2,064,652	57.9%
Construction	515,084	45.0%	1,751,855	1,226,077	70.0%
Meter Services	693,227	73.9%	849,836	412,175	48.5%
Pre-Treatment FOG		0.0%	219,548	137,301	62.5%
Other Requirements	4,586,052	56.7%	7,616,186	3,475,505	45.6%
Debt Service	5,475,154	30.8%	17,238,991	3,549,009	20.6%
Total Expenses	26,194,353	53.5%	54,946,847	22,619,921	41.2%
Other Funding Sources (Uses)					
YTD Change in Cash Equivalents	13,353,025		(587,711)	12,818,735	
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	\$ 30,363,706		\$ 25,156,466	\$ 38,562,911	

Property Insurance Fund

Premiums are budgeted (as amended) at \$1,208,740 while payments to date total \$1,153,580, and are \$25,615 (2.3%) higher than last June.

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 June total \$999,956.

Ending net assets as of the end of June 2019 are \$239,221.

	FY 2018 ACTUAL TO-DATE	FY 2019 AMENDED BUDGET	FY 2019 ACTUAL TO-DATE	FY 2019 % of BUDGET
Revenues				
Insurance Reimbursements	456,649	120,000	192,640	160.5%
Total Operating Revenues	456,649	120,000	192,640	160.5%
Operating Expenses				
Contractual Services				
General Liability	37,331	36,096	36,096	100.0%
Errors & Omissions	60,674	49,659	49,659	100.0%
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	92,722	122,973	122,972	100.0%
Windstorm Damage	536,340	575,000	558,075	97.1%
Automobile	111,713	101,145	101,145	100.0%
Auto Damage	130,416	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	41,515	60,000	42,100	70.2%
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	34,287	100,705	33,313	33.1%
Claims Paid	147,655	175,000	113,303	64.7%
Capital Outlay	-	28,858	28,858	100.0%
Total Operating Expenses	1,309,907	1,634,175	1,409,221	86.2%
Operating Income (Loss)	(853,259)	(1,514,175)	(1,216,581)	
Earnings on Investments	4,796	7,000	4,513	
Other Revenues (Expenses)				
Transfers In	685,636	1,160,000	999,956	
Change in Net Position	(162,827)	(347,175)	(212,112)	
Beginning Net Position	596,973	451,333	451,333	
Ending Net Position	434,146	104,158	239,221	

Self-Insured Medical Fund

Revenues through June total \$5,889,743, 73.5% of budget. City, employee, retiree and Cobra contributions received combined total \$5,722,770 and are \$319,169 (5.9%) higher than June 2018.

Medical Insurance Claims are budgeted (as amended) at \$6,666,377. Claims paid through June total \$4,825,603, 72.4% of the amended budget which is \$819,808 (20.5%) higher than claims paid through June 2018.

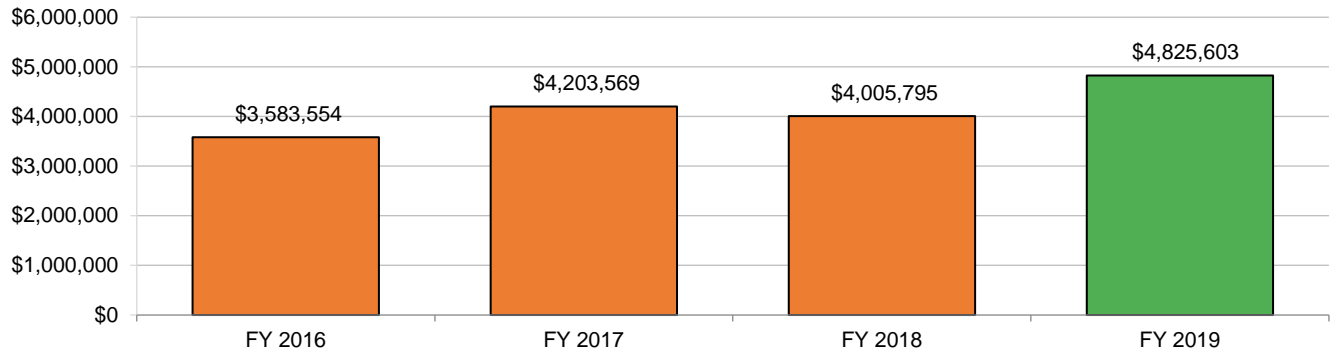
Claims paid through June of this year are \$6,721 per employee, \$477 less than the amount per employee through June 2018. This estimate spreads the FY 2019 budget total monthly by taking the average percentage of expenses for the first quarter from the prior four years.

Fund balance as of the end of June 2019 is \$3,343,314. 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	\$ 822,225	\$1,309,752	\$ 959,154	73.2%
City Premiums	4,544,424	6,478,787	4,743,455	73.2%
Retiree Premiums	36,796	60,000	19,412	32.4%
Cobra	157		749	100.0%
Miscellaneous	128,394	166,973	166,973	100.0%
Total Operating Revenues	5,531,995	8,015,512	5,889,743	73.5%
Operating Expenses				
Administrative Fees	810,913	1,099,902	793,528	72.1%
Medical Insurance Claims	4,005,795	6,666,377	4,825,603	72.4%
Health Portability Act	-	5,765	2,752	47.7%
Wellness Programs	15,881	25,000	20,660	82.6%
Total Operating Expenses	4,832,588	7,797,044	5,642,542	72.4%
Operating Income (Loss)	699,407	218,468	247,201	
Earnings on Investments	23,619	74,528	55,152	
Transfers In				
Transfers Out				
Change in Net Position	723,026	292,996	302,353	
Beginning Net Position	2,857,508	3,040,961	3,040,961	
Ending Net Position	\$ 3,580,533	\$3,333,957	\$3,343,314	

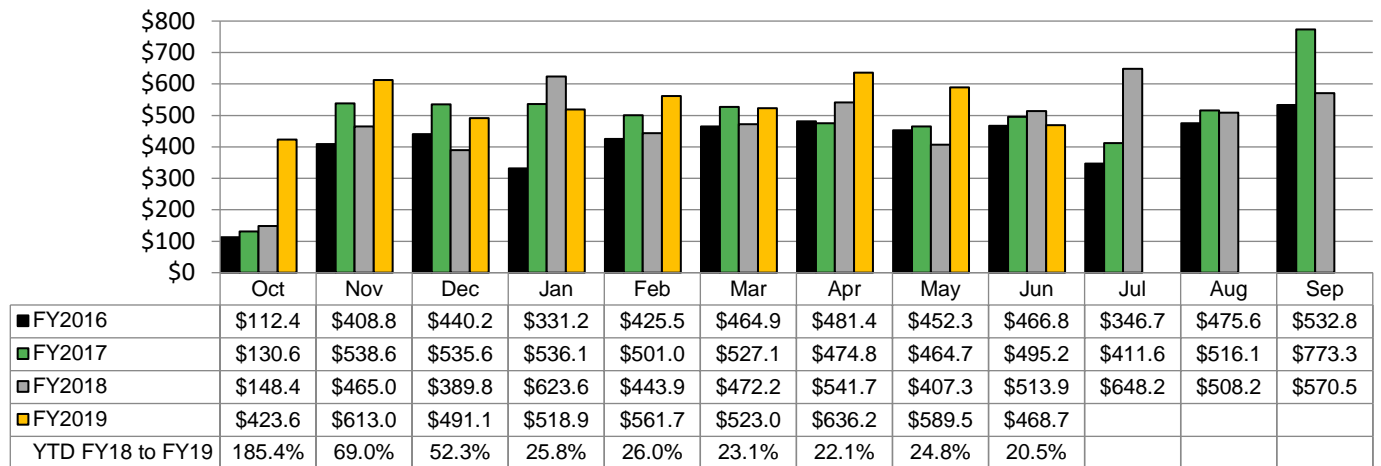
Self-Insured Medical Fund

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	\$6,276	\$7,198	\$6,721	\$7,684

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 third quarter of fiscal year 2019 are received in July or August.

Expenditures through June total \$584,146, 37% of budget, mainly for Materials and Supplies and Rent Expense (Lease). Fund balance as of the end of June 2019 is \$4,755,171. 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	\$ 846,811	\$ 1,450,000	\$ 642,293	44.3%
Interest Income	60,456	10,800	101,240	937.4%
Miscellaneous	29,345	-	49,395	100.0%
Total Revenues	936,612	1,460,800	792,929	54.3%
Expenditures				
Salaries and Benefits	208,345	289,401	189,685	65.5%
Materials & Supplies	38,376	117,090	40,660	34.7%
Miscellaneous Services	401,365	670,352	353,468	52.7%
Capital Outlay	-	500,000	-	0.0%
Transfers Out	686	665	333	50.0%
Total Expenditures	648,771	1,577,508	584,146	37.0%
Other Funding Sources/(Uses)				0.0%
Revenues Over (Under) Expenditures	287,841	(116,708)	208,783	
Beginning Fund Balance	4,603,550	4,661,282	\$4,546,389	
Ending Fund Balance	\$4,891,391	\$ 4,544,574	\$ 4,755,171	

TIRZ #2

Total revenue through June is \$27,802,027. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$17,406,658, \$1,858,090 from Fort Bend County and \$6,525,684 from Alvin ISD.

Expenditures through June total \$15,003,393; of this total \$10,800,716 was paid to the City of Pearland for services provided. The AISD Suspense Fund totals \$13,147,370. The available balance as of the end of June 2019, net of the AISD Suspense Fund, is \$8,662,374.

	FY 2018 ACTUAL TO-DATE	FY 2019 ACTUAL TO-DATE	% CHANGE
Revenues			
Taxes			
Alvin ISD	\$ 6,436,629	\$ 6,525,684	1.4%
Brazoria County	1,938,413	1,851,060	-4.5%
City of Pearland	16,189,143	17,406,658	7.5%
Fort Bend County	1,783,418	1,858,090	4.2%
Interest	99,121	149,417	50.7%
Miscellaneous/AISD	1,223	11,118	809.1%
Total Revenues	26,447,947	27,802,027	5.1%
Expenditures			
Miscellaneous Services	63,322	24,416	-61.4%
Payment to City of Pearland	10,361,052	10,800,716	4.2%
Payment to Development Authority	1,938,413	1,851,060	-4.5%
Transfers Out		2,327,202	100.0%
Total Expenditures	12,362,787	15,003,393	21.4%
Net Change in Fund Balance	14,085,160	12,798,634	-9.1%
Beginning Fund Balance	6,166,223	9,011,110	46.1%
AISD Suspense Fund	8,740,342	13,147,370	50.4%
Ending Fund Balance	\$ 11,511,040	\$ 8,662,374	-24.7%

Development Authority - DAP

Revenues through March total \$8,176,437 with bond proceeds totaling \$5,835,000. Expenditures total \$15,703,089; \$165,069 for bond issuance costs, \$14,316,194 reimbursement(s) to the developer(s) and \$4,625 for other Professional Services. The available fund balance as of the end of March 2019, excluding the portion for the debt service reserve, is \$951,401.

	FY 2018 ACTUAL TO-DATE	FY 2019 ACTUAL TO-DATE	% CHANGE
Revenues			
Transfers In		2,327,202	0.0%
Interfund Reimbursement			0.0%
Bond Proceeds	8,555,000	5,835,000	-31.8%
Miscellaneous			0.0%
Interest	4,886	14,235	191.4%
Total Revenues	8,559,886	8,176,437	-4.5%
Expenditures			
Professional Services	5,003	4,625	-7.6%
Reimbursement to Developer	16,290,413	14,316,194	-12.1%
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	17,677,251	15,703,089	-11.2%
Net Change in Fund Balance	(9,117,366)	(7,526,652)	
Beginning Fund Balance	10,088,725	8,490,442	
Debt Service Reserve	4,250	12,389	
Ending Fund Balance	\$ 967,110	\$ 951,401	