



CITY OF PEARLAND

Fourth Quarter Financial Report

Fiscal Year (FY) 2019

Through September 2019

3/26/2020
To: Mayor and City Council members
With the receipt of the Comprehensive Annual Financial Report (CAFR) through Sept 30, 2019, able to produce now the Q4 FY 19 quarterly financial report for your reference. Clay

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This report represents a general overview of financial operations through the 4th 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 \$75,317,257, 101.08% 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 \$33,533,065, 0.8% lower than this time last year.

The **Debt Service** fund balance to date is \$5,426,609.

The **General Fund** fund balance to date is \$17,201,848.

The **Water/Sewer** fund cash equivalents is \$32,692,165.

Property Insurance premiums are budgeted (as amended) at \$1,208,740 while payments to date total \$1,153,580. Ending net assets to date are \$380,804.

Medical claims paid year-to-date total \$6,515,067 and are at 97.7% of the amended budget. Revenues is \$8,006,816, 99.9% of budget.

Hotel/Motel Occupancy Tax revenue to date is \$1,592,711, or 109% of budget.

TIRZ revenues year-to-date total \$31,944,353. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$17,447,544, \$1,877,666 from Fort Bend County and \$6,713,193 from Alvin ISD.

Development Authority Bond Proceeds total \$7,166,900 year-to-date.

Note: Full and audited financial statements can be found in the 2019 Comprehensive Annual Financial Report (CAFR).

Report completed 03/26/2020

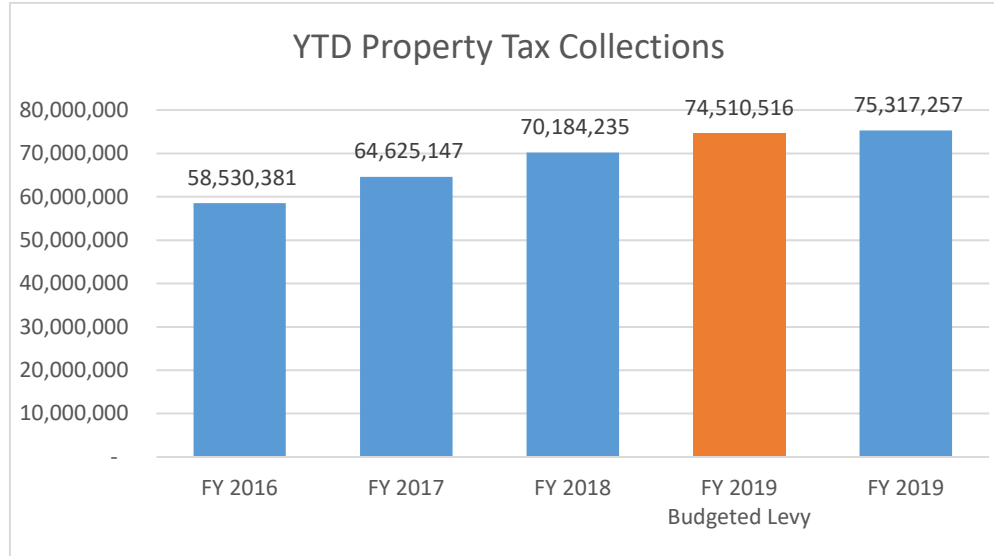
Property Tax

Through September 30, 2019, the City received \$75,317,257 for current taxes, 101.08% 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	75,317,257	101.08%
Uses:			
General Fund	22,650,000	22,780,246	100.58%
Debt Service Fund	34,730,000	35,089,466	101.04%
TIRZ**	17,130,516	17,447,544	101.85%
Total Uses	74,510,516	75,317,257	101.08%

*Unreconciled totals as of the date of this report.

**Only inclusive of the City of Pearland TIRZ portion



Property Taxes

After adjustments to certified value (which is the value as of January 1, 2018) by Harris County, and considering adjustments for protest values of \$240,260,564, the adjusted value as of September 30, 2019 is \$10.95 billion.

Reconciliation of Tax Roll (Tax Year 2018):

¹ Certified Value	\$10,709,618,115
⁴ Adjustments	240,260,564
¹Adjusted Total Taxable Value to Date	\$10,949,878,679

Tax Rate per \$100 Value	0.7092
¹Total Levy @ 100% Collections	\$75,680,438

¹ Current Taxes Receivable	\$404,211
Delinquent Taxes Receivable	\$897,591
Total Taxes Receivable	\$1,301,802

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%

¹Source – Brazoria County Tax Assessor/Collector; levy includes AG Rollback. Adjusted Value to Date includes TIRZ Value.

²Includes Builder Inventory and Vacant Platted Tracts.

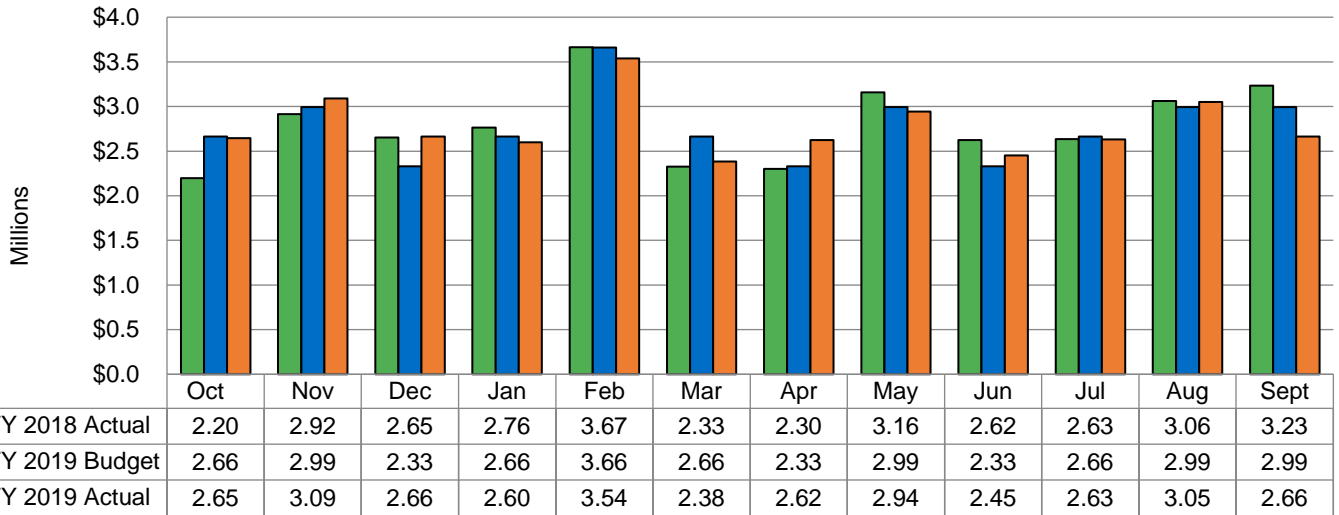
³The total shown is composed of the residential - single family property values.

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

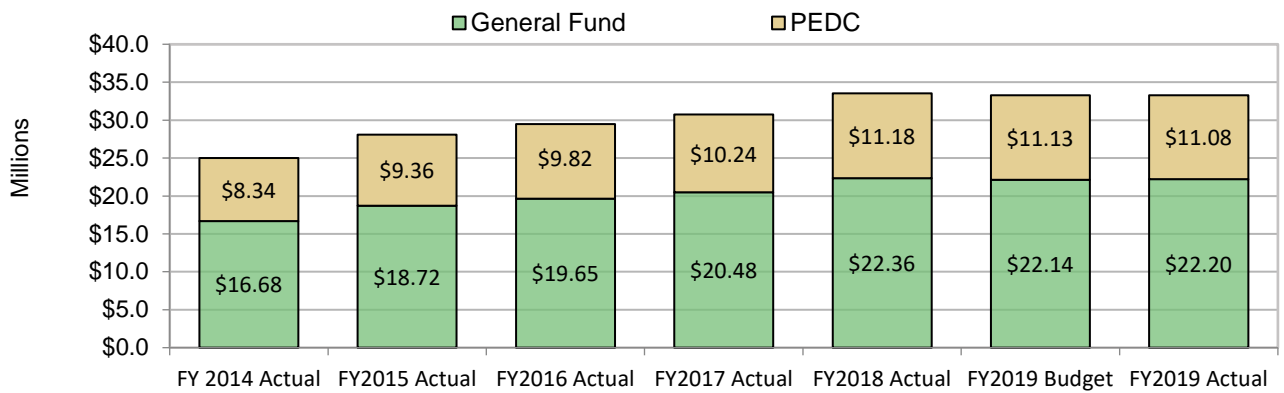
Sales Tax

Sales tax deposits from the State Comptroller's Office for the quarter ending September 30, 2019 totaled \$33,533,065, a -0.8% decrease over the prior year. We received sales tax deposits of \$2,632,767 in July for May collections, \$3,061,533 in August for June collections, and \$3,234,614 in September for July collections.

YTD Sales Tax Deposits



Year-To-Date Sales Tax Deposits



Debt Service

Property taxes received as of the date of this report total \$35,397,758, 101% of amended budget amounts for the total of current and delinquent estimates including penalties and interest. Miscellaneous revenue of \$792,945 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	\$ 35,397,758	101.0%
Interest	300,000	370,115	123.4%
Miscellaneous	794,914	792,945	99.8%
Bond Premiums	-	12,440,938	
Transfers	571,968	572,098	100.0%
Total Revenues	36,696,882	49,573,854	135.1%
Expenditures			
MUD Rebates	7,328,484	7,325,484	100.0%
Bond Payment	31,189,208	31,250,940	100.2%
Fiscal Agent/Arbitrage	138,000	12,367,936	8962.3%
Total Expenditures	38,655,692	50,944,360	131.8%
Net Change in Fund Balance	(1,958,810)	(1,370,505)	
Beginning Fund Balance	6,797,114	6,797,114	
Ending Fund Balance	\$ 4,838,304	\$ 5,426,609	

General Fund

Revenues through September total \$78,405,316, 101.1% of budget.

- Property tax collection for maintenance and operations at \$23,098,213 is 100.6% of the amount budgeted for the year as of the end of September 2019 and is \$2,714,254 (13.3%) higher than September 2018.
- Sales tax deposits from the State Comptroller's Office through September 2019 totaled \$22,427,733, \$234,275 (1%) lower than last year for the same period.
- Franchise Fees through September 2019 are \$7,244,496 and are \$146,928 (2.1%) higher than through September 2018.
- Licenses & Permits total \$4,198,563, at 108.1% of budget, and \$53,067 (1.3%) higher than last year at this time.
- Fines and Forfeitures total \$2,528,927, 103.1% of the budget, greater than last year by \$206,530 (8.9%).
- Charges for Services through September total \$17,150,321, 101.5% of budget; up by \$1,113,632 (6.9%) compared to September 2018.
- Investment earnings are up \$265,156 (82%) over the prior year.
- Other revenue totals \$1,168,357 which is down from the prior year by \$136,442 (10.5%).

Operating Expenditures total \$74,736,060. Total Expenditures of \$76,032,439 include Principal Retirements, Interest and Fiscal Charges, and Capital Outlay.

- General Government expenditures are 98% of the budget.
- Public Safety expenditures totaled \$42,509,292 which is a 3.8% increase from last year at this time.
- Community Services expenditures decreased by (\$133,770) (3.3%).
- Public Works expenditures are \$12,155,030, 93% of the budget and 8.8% lower than last year at this time.
- Parks & Recreation expenditures are 96.1% of the budget, a 1.3% increase compared to prior year.

The Fund Balance in the General Fund as of the end of September 2019 is \$17,201,848 which represents a 23% increase over prior year.

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	\$20,383,959	100.0%	\$22,952,305	\$23,098,213	100.6%
Sales and Use Taxes	22,662,007	100.0%	22,438,980	22,427,733	99.9%
Franchise Fees	7,097,568	100.0%	7,272,488	7,244,496	99.6%
Licenses & Permits	4,145,496	100.0%	3,882,867	4,198,563	108.1%
Fines & Forfeitures	2,322,398	100.0%	2,452,750	2,528,927	103.1%
Charges for Service	16,036,689	100.0%	16,900,459	17,150,321	101.5%
Investment Earnings	323,550	100.0%	537,000	588,706	109.6%
Other	1,304,799	100.0%	1,150,903	1,168,357	101.5%
Total Revenues	74,276,466	100.0%	77,587,752	78,405,316	101.1%
Operating Expenditures					
General Government	10,298,794	100.0%	10,494,725	10,288,118	98.0%
Public Safety	40,950,025	100.0%	43,661,567	42,509,292	97.4%
Public Works	13,326,686	100.0%	13,063,901	12,155,030	93.0%
Community Services	4,024,726	100.0%	4,141,933	3,890,956	93.9%
Parks & Recreation	5,817,486	100.0%	6,133,691	5,892,664	96.1%
Total Operating Expenditures	74,417,716	100.0%	77,495,817	74,736,060	96.4%
Other Expenditures					
Principal Retirement	556,677		520,496	528,212	
Interest and Fiscal Charges	34,922		22,355	14,638	
Capital Outlay	2,323,957		908,188	753,529	
Total Expenditures	77,333,271		78,946,856	76,032,439	
Other Funding Sources/(Uses)					
Transfers In	3,816,116		4,674,460	4,674,460	
Transfer Out	(1,009,451)		(3,811,203)	(3,994,725)	
Other Funding Sources/(Uses)*	(130,216)			162,121	
Total Other	2,676,449		863,257	841,855	
Net Change in Fund Balance	(380,356)		(495,847)	3,214,732	
Beginning Fund Balance	14,362,991		13,987,116	13,987,116	
Ending Fund Balance	\$13,982,635		\$13,491,269	\$17,201,848	

*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.**	13,441,943	13,441,943
Fund Balance over Policy	49,326	3,759,905

Enterprise Fund - Water/Sewer

Revenue totalled \$83,630,092 and is 153.8% of budget and \$28,976,192 (53%) less than last year at this time. FY19 expenses and revenues include \$27 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 September total \$1,714,547 which is 98.4% of budget.

Operating Expenses total \$76,682,104 which represents an increase over the prior year by \$244,941.

	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	\$ 25,920,698	100.0%	\$ 24,380,169	\$ 24,180,338	99.2%
Sewer Revenues	23,762,116	100.0%	22,441,587	23,802,264	106.1%
Other Service Charges	1,725,339	100.0%	1,743,242	1,714,547	98.4%
Other Financing Sources		0.0%		27,998,301	100.0%
Interest Income	288,283	100.0%	475,529	623,493	131.1%
Miscellaneous	7,464	100.0%	2,368,609	2,361,149	99.7%
Transfers In	2,950,000	100.0%	2,950,000	2,950,000	100.0%
Total Revenues	54,653,900	100.0%	54,359,136	83,630,092	153.8%
Expenses					
Utility (Billing) Customer	1,245,700	100.0%	1,537,139	1,457,209	94.8%
Information Technology	744,721	100.0%	1,320,059	1,283,381	97.2%
Public Works		0.0%			
Administration	770,555	100.0%	1,136,912	680,283	59.8%
Ground Maintenance	424,334	100.0%	556,436	554,603	99.7%
Lift Stations	1,408,613	100.0%	1,580,291	1,162,264	73.5%
Wastewater Treatment	4,986,943	100.0%	5,709,881	4,305,640	75.4%
Backflow Compliance		0.0%	239,590	252,089	105.2%
Water Production	9,173,247	100.0%	11,626,580	8,651,688	74.4%
Distribution & Collections	2,264,833	100.0%	3,563,543	3,184,336	89.4%
Construction	1,145,638	100.0%	1,751,855	1,514,266	86.4%
Meter Services	938,159		849,836	587,082	69.1%
Pre-Treatment FOG		0.0%	219,548	208,339	94.9%
Other Requirements	8,087,603	100.0%	7,616,186	7,594,108	99.7%
Debt Service	17,751,235	100.0%	17,238,991	45,246,816	262.5%
Total Expenses	48,941,581	100.0%	54,946,847	76,682,104	139.6%
Other Funding Sources (Uses)					
YTD Change in Cash Equivalents	5,712,319		(587,711)	6,947,988	
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	\$ 22,723,000		\$ 25,156,466	\$ 32,692,165	

Property Insurance Fund

Premiums are budgeted (as amended) at \$1,208,740 while payments to date total \$1,153,580, and are \$18,563 (1.6%) higher than last September.

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 September total \$1,160,000.

Ending net position as of the end of September 2019 are \$380,804.

	FY 2018 ACTUAL TO-DATE	FY 2019 AMENDED BUDGET	FY 2019 ACTUAL TO-DATE	FY 2019 % of BUDGET
Revenues				
Insurance Reimbursements	548,612	120,000	268,831	224.0%
Total Operating Revenues	548,612	120,000	268,831	224.0%
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	136,267	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	42,715	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	46,945	100,705	44,660	44.3%
Claims Paid	184,793	175,000	199,172	113.8%
Other	186	-	-	0.0%
Capital Outlay	-	28,858	28,858	100.0%
Total Operating Expenses	1,366,940	1,634,175	1,506,437	92.2%
Operating Income (Loss)	(818,329)	(1,514,175)	(1,237,606)	
Earnings on Investments	7,689	7,000	7,077	
Other Revenues (Expenses)				
Transfers In	665,000	1,160,000	1,160,000	
Change in Net Position	(145,639)	(347,175)	(70,529)	
Beginning Net Position	596,973	451,333	451,333	
Ending Net Position	451,333	104,158	380,804	

Self-Insured Medical Fund

Revenues through September total \$8,006,816, 99.9% of budget. City, employee, retiree and Cobra contributions received combined total \$7,839,842 and are \$625,520 (8.7%) higher than September

Medical Insurance Claims are budgeted (as amended) at \$6,666,377. Claims paid through September total \$6,515,067, 97.7% of the amended budget which is \$782,305 (13.6%) higher than claims paid through September 2018.

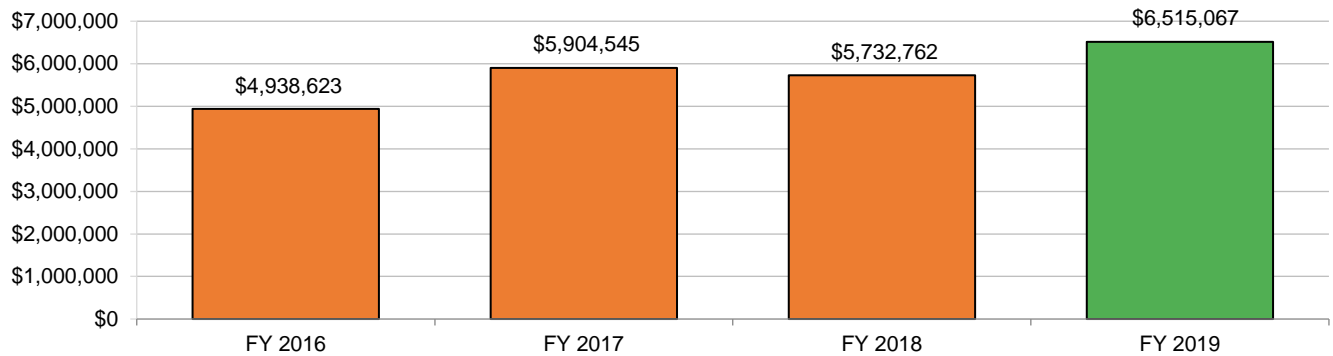
Claims paid through September of this year are \$9,619 per employee, \$492 less than the amount per employee through September 2018. This estimate spreads the FY 2019 budget total monthly by taking the average percentage of expenses for the first quarter from the prior four years.

Fund balance as of the end of September 2019 is \$3,491,878. The amended net position for September 30th 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	\$ 1,116,256	\$ 1,309,752	\$ 1,287,066	98.3%
City Premiums	6,053,301	6,478,787	6,526,114	100.7%
Retiree Premiums	44,578	60,000	25,913	43.2%
Cobra	188		749	100.0%
Miscellaneous	132,325	166,973	166,973	100.0%
Total Operating Revenues	7,346,647	8,015,512	8,006,816	99.9%
Operating Expenses				
Administrative Fees	1,075,188	1,099,902	1,088,718	99.0%
Medical Insurance Claims	5,732,762	6,666,377	6,515,067	97.7%
Health Portability Act	-	5,765	2,752	47.7%
Wellness Programs	18,491	25,000	23,366	93.5%
Total Operating Expenses	6,826,442	7,797,044	7,629,903	97.9%
Operating Income (Loss)	520,206	218,468	376,913	
Earnings on Investments	41,123	74,528	74,004	
Transfers In				
Transfers Out				
Change in Net Position	561,329	292,996	450,917	
Beginning Net Position	2,857,508	3,040,961	3,040,961	
Ending Net Position	\$ 3,418,837	\$ 3,333,957	\$ 3,491,878	

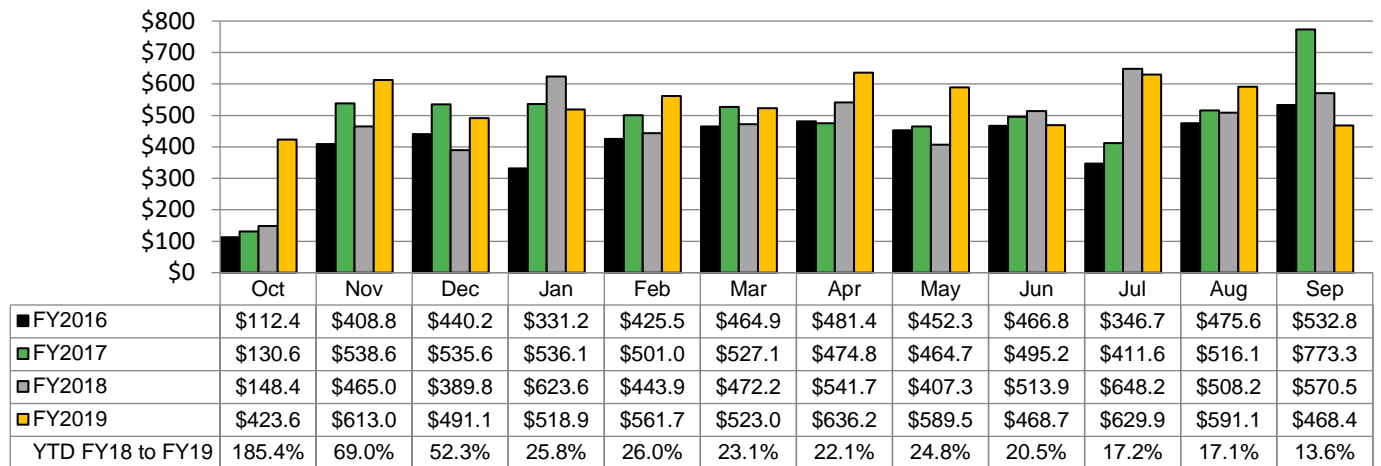
Self-Insured Medical Fund

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	\$8,649	\$10,111	\$9,619	\$10,374

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 Fourth quarter of fiscal year 2019 are received in October or November.

Expenditures through September total \$865,688, 54.9% of budget, mainly for Materials and Supplies and Rent Expense (Lease). Fund balance as of the end of September 2019 is \$5,273,413. 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	\$ 1,597,258	\$ 1,450,000	\$ 1,395,334	96.2%
Interest Income	70,762	10,800	126,357	1170.0%
Miscellaneous	36,611	-	71,021	100.0%
Total Revenues	1,704,631	1,460,800	1,592,711	109.0%
Expenditures				
Salaries and Benefits	290,991	289,401	260,527	90.0%
Materials & Supplies	89,003	117,090	108,436	92.6%
Miscellaneous Services	649,016	670,352	496,059	74.0%
Capital Outlay	-	500,000	-	0.0%
Transfers Out	617,890	665	665	100.0%
Total Expenditures	1,646,899	1,577,508	865,688	54.9%
Other Funding Sources/(Uses)				
Revenues Over (Under) Expenditures	57,732	(116,708)	727,024	
Beginning Fund Balance	4,603,550	4,661,282	\$4,546,389	
Ending Fund Balance	\$ 4,661,282	\$ 4,544,574	\$ 5,273,413	

TIRZ #2

Total revenue through September is \$31,944,353. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$17,447,544, \$1,877,666 from Fort Bend County and \$6,713,193 from Alvin ISD.

Expenditures through September total \$31,356,449; of this total \$10,826,098 was paid to the City of Pearland for services provided. The AISD Suspense Fund totals \$9,459,594. The available balance as of the end of September 2019, net of the AISD Suspense Fund, is \$139,419.

	FY 2018 ACTUAL TO-DATE	FY 2019 ACTUAL TO-DATE	% CHANGE
Revenues			
Taxes			
Alvin ISD	\$ 6,608,908	\$ 6,713,193	1.6%
Brazoria County	2,282,782	2,370,183	3.8%
City of Pearland	16,272,301	17,447,544	7.2%
Fort Bend County	1,807,656	1,877,666	3.9%
Supplemental	1,938,413	3,347,246	72.7%
Interest	135,546	172,264	27.1%
Miscellaneous/AISD	1,827	16,256	789.5%
Total Revenues	29,047,434	31,944,353	10.0%
Expenditures			
Miscellaneous Services	91,828	36,649	-60.1%
Payment to City of Pearland	10,414,273	10,826,098	4.0%
Payment to Development Authority	1,938,413	3,347,246	72.7%
Transfers Out	13,758,032	17,146,455	24.6%
Total Expenditures	26,202,546	31,356,449	19.7%
Net Change in Fund Balance	2,844,888	587,904	-79.3%
Beginning Fund Balance	6,166,223	9,011,110	46.1%
AISD Suspense Fund	6,610,567	9,459,594	43.1%
Ending Fund Balance	\$ 2,400,543	\$ 139,419	-94.2%

Development Authority - DAP

Revenues through September total \$24,495,315 with bond proceeds totaling \$5,835,000. Expenditures total \$24,661,155; \$165,069 for bond issuance costs, \$14,316,194 reimbursement(s) to the developer(s) and \$6,125 for other Professional Services. The available fund balance as of the end of September 2019, excluding the portion for the debt service reserve, is \$7,166,900.

	FY 2018 ACTUAL TO-DATE	FY 2019 ACTUAL TO-DATE	% CHANGE
Revenues			
Transfers In	13,758,032	17,146,455	0.0%
Interfund Reimbursement	1,851,060	\$ 1,496,186	-19.2%
Bond Proceeds	8,555,000	5,835,000	-31.8%
Miscellaneous	7	-	-100.0%
Interest	6,425	17,674	175.1%
Total Revenues	24,170,524	24,495,315	1.3%
Expenditures			
Professional Services	6,503	6,125	-5.8%
Reimbursement to Developer	16,290,413	14,316,194	-12.1%
Bond Payments:			
Interest	2,443,008	2,469,167	1.1%
Principal	6,840,000	7,700,000	12.6%
Bond Issuance Cost	179,483	165,069	-8.0%
Arbitrage/Fiscal Fees	9,400	4,600	-51.1%
Other Debt Service			0.0%
Total Expenditures	25,768,807	24,661,155	-4.3%
Net Change in Fund Balance	(1,598,283)	(165,840)	
Beginning Fund Balance	10,088,725	8,490,442	
Debt Service Reserve	1,162,115	1,157,702	
Ending Fund Balance	\$ 7,328,327	\$ 7,166,900	