



CITY OF PEARLAND

Second Quarter Financial Report Fiscal Year (FY) 2020 Through March 2020

4/16/2020
TO: Mayor and City Council members
FY 20 financial report through 1/2 of the fiscal year. GF revenues and expenditures tracking to budget pre-COVID-19.
From here, we can next look to the data points for revenue and expenses during and after the pandemic emergency for our planning and adjustments. Clay

Inside This Report

Page

1-2	Property Tax
3	Sales Tax
4	Debt Service Fund
5-6	General Fund
7	Enterprise Fund - Water/Sewer
8	Internal Service Fund: Property Insurance
9-10	Internal Service Fund: Medical Self-Insurance
11	Hotel/Motel Occupancy Tax Convention & Visitors' Bureau
12	TIRZ
13	Development Authority

Note: Financials included in this report are unaudited.

This report represents a general overview of financial operations through the 2nd quarter of the Fiscal Year 2020.

Beginning fund balances reflect actual balances. Revenue and expenditure budget numbers reflect the budget for FY 2020 as amended by the City Council.

Summary

Property Tax received year-to-date totals \$79,750,795 for current taxes, 100.76% of the budgeted tax levy. Taxes received this year are \$6,987,508, (9.6%) higher than last year at this time.

Actual **Sales Tax** deposits year-to-date total \$16,916,049, a 2.1% decrease over the prior year.

The **Debt Service** fund balance to date is \$18,831,409.

The **General Fund** fund balance to date is \$40,066,708.

The **Water/Sewer** fund cash equivalents is \$42,152,882.

Property Insurance premiums are budgeted at \$1,269,847 while payments to date total \$569,911. Ending net assets to date are \$559,994.

Medical claims paid year-to-date total \$3,574,214 and are at 50% of the amended budget. Revenues is \$4,045,157 and are at 49% of the amended budget.

Hotel/Motel Occupancy Tax revenue to date is \$399,147, or 27.3% of budget.

TIRZ revenue through December is \$23,805,747. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$18,312,013, \$1,371,017 from Fort Bend County and \$3,775,484 from Alvin ISD.

Development Authority Bond Proceeds total \$4,255,000 year-to-date.

Report completed 04/16/2020

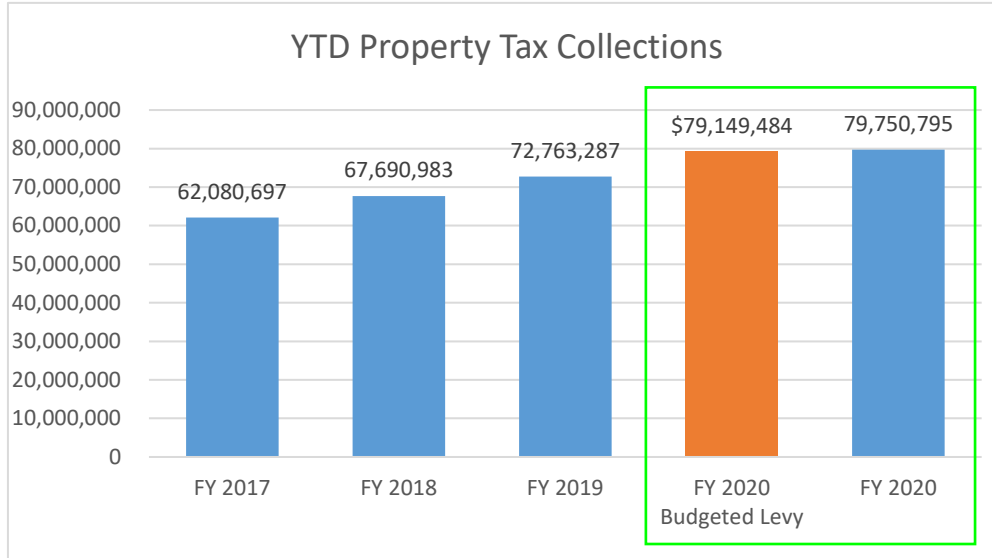
Property Tax

Through March 31, 2020, the City received \$79,750,795 for current taxes, 100.76% of the budgeted tax levy. This does not include delinquent, prior years' collections or audit adjustments. The budget incorporates a 99.1% collection rate.

Tax Summary	FY 2020 BUDGETED LEVY	FY 2020 ACTUAL COLLECTIONS*	% BUDGETED LEVY COLLECTED
Sources:			
Ad Valorem Taxes	79,149,484	79,750,795	100.76%
Uses:			
General Fund	25,409,801	25,438,177	100.11%
Debt Service Fund	35,976,300	36,023,465	100.13%
TIRZ**	17,763,383	18,289,153	102.96%
Total Uses	79,149,484	79,750,795	100.76%

*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, 2019) by Harris County, and considering adjustments for protest values through December 31, 2019 of \$436,813,069, the current adjusted value is \$11.54 billion.

Reconciliation of Tax Roll (Tax Year 2019):

¹ Certified Value	\$11,107,673,547
⁴ Adjustments	436,813,069
¹Adjusted Total Taxable Value to Date	\$11,544,486,616

Tax Rate per \$100 Value	0.741212
¹Total Levy @ 100% Collections	\$83,128,276

¹ Current Taxes Receivable	\$3,329,650
Delinquent Taxes Receivable	\$1,007,975
Total Taxes Receivable	\$4,337,626

³ Certified Residential Market Value	\$8,511,025,715
² Certified Commercial Market Value	\$4,474,072,747
Total Certified Market Value	\$12,985,098,462

Homestead Productivity Value Loss	(\$125,786,177)	-0.97%
-----------------------------------	-----------------	--------

Exemptions

Abatements	(94,110,149)	-0.72%
Disabled	(137,522,274)	-1.06%
Total (Fully) Exempt Property	(966,051,357)	-7.44%
Exempt Property Pro-Rated	(1,157,435)	-0.01%
HB 366	(40,045)	0.00%
Freeport	(90,394,470)	-0.70%
Goods In Transit	-	0.00%
Homestead	(181,140,449)	-1.39%
Solar	(89,810)	0.00%
MASSS	-	0.00%
Over 65	(270,943,157)	-2.09%
Pollution Control	(3,095,640)	-0.02%
Auto Leased Vehicles	(2,061,000)	-0.02%
Total Exemptions	(\$1,746,605,786)	-13.45%
2019 Certified Taxable Value	\$11,112,706,499	85.58%

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

²Includes Builder Inventory and Vacant Platted Tracts.

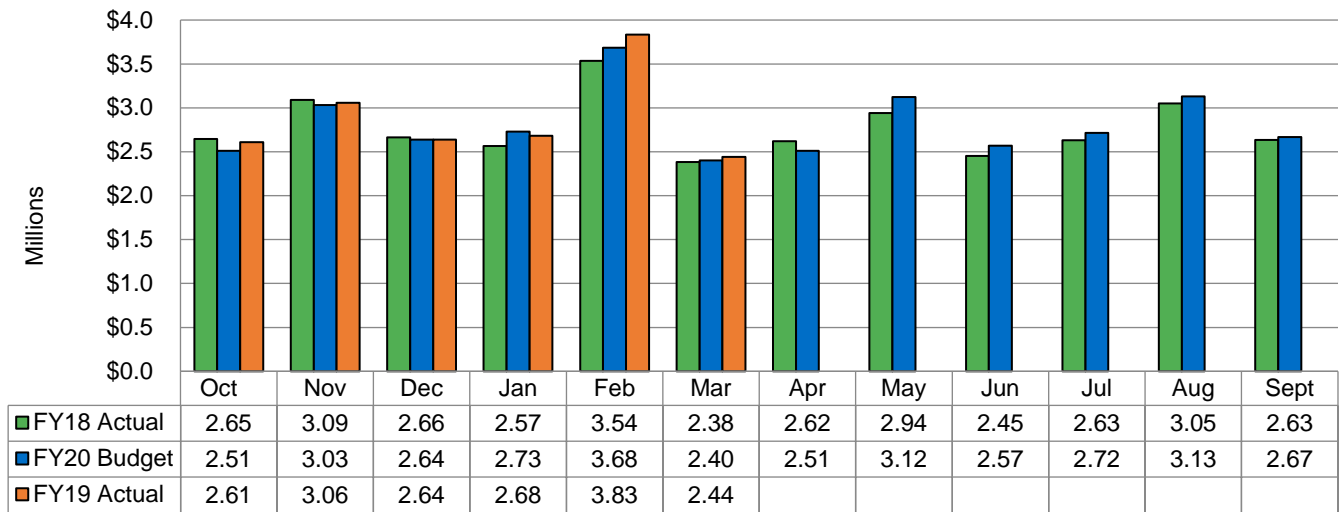
³The total shown is composed of the residential - single family property values.

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

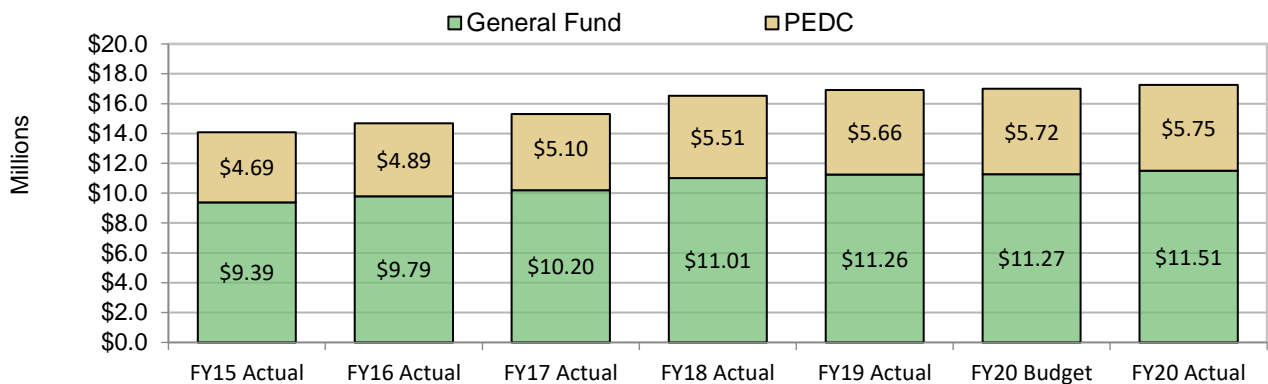
Sales Tax

Sales tax deposits from the State Comptroller's Office for the quarter ending March 31, 2020 totaled \$17,264,469, a 2.2% increase over the prior year. We received sales tax deposits of \$2,682,731 in January for November collections, \$3,834,531 in February for December collections, and \$2,441,057 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 \$36,249,147, 99.9% of amended budget amounts for the total of current and delinquent estimates including penalties and interest. Miscellaneous revenue of \$385,779 consists of pro-rata lease payments from the tenants in the University of Houston facility.

When the FY 2020 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 2020 AMENDED BUDGET	FY 2020 ACTUAL TO-DATE	FY 2020 % of BUDGET
Revenues			
Property Taxes	\$ 36,301,300	\$ 36,249,147	99.9%
Interest	350,000	139,413	39.8%
Miscellaneous	771,581	385,779	50.0%
Bond Premiums	-	-	
Transfers	2,035,747	1,017,873	50.0%
Total Revenues	39,458,628	37,792,212	95.8%
Expenditures			
MUD Rebates	7,435,253	-	0.0%
Bond Payment	32,436,336	25,750,368	79.4%
Fiscal Agent/Arbitrage	138,000	7,550	5.5%
Total Expenditures	40,009,589	25,757,918	64.4%
Net Change in Fund Balance	(550,961)	12,034,294	
Beginning Fund Balance	5,426,609	6,797,114	
Ending Fund Balance	\$ 4,875,648	\$ 18,831,409	

General Fund

Revenues through March total \$58,743,581, 70.3% of budget.

- Property tax collection for maintenance and operations at \$25,748,210 is 100.2% of the amount budgeted for the year as of the end of March 2020 and is \$3,573,048 (16.1%) higher than March 2019.
- Sales tax deposits from the State Comptroller's Office through March 2020 totaled \$11,591,241, \$254,815 (2.2%) higher than last year for the same period.
- Franchise Fees through March 2020 are \$2,817,175 and are \$165,233 (6.2%) higher than through March 2019.
- Licenses & Permits total \$2,124,338, at 54.6% of budget, and \$78,809 (3.9%) higher than last year at this time.
- Fines and Forfeitures total \$1,051,406, 43% of the budget, less than last year by \$258,935 (19.8%).
- Charges for Services through March total \$14,520,131, 79.4% of budget; up by \$714,066 (5.2%) compared to March 2019.
- Investment earnings are up \$63 (0%) over the prior year.
- Other revenue totals \$591,157 which is down from the prior year by \$326,392 (35.6%).

Operating Expenditures total \$36,063,469. Total Expenditures of \$36,418,345 include Principal Retirements, Interest and Fiscal Charges, and Capital Outlay.

- General Government expenditures are 45.1% of the budget.
- Public Safety expenditures totaled \$21,792,925 which is a 5% increase from last year at this time.
- Community Services expenditures increased by \$2,232 (0.1%).
- Public Works expenditures are \$4,465,711, 35.8% of the budget and 4.2% lower than last year at this time.
- Parks & Recreation expenditures are 41.6% of the budget, a 3.9% increase compared to prior year.

The Fund Balance in the General Fund as of the end of March 2020 is \$40,066,708 which represents a 17.9% increase over prior year.

General Fund

	FY 2019 ACTUAL TO-DATE	FY 2019 % of TOTAL	FY 2020 AMENDED BUDGET	FY 2020 ACTUAL TO-DATE	FY 2020 % of BUDGET
Revenues					
Property Taxes	\$22,175,162	96.0%	\$25,704,801	\$25,748,210	100.2%
Sales and Use Taxes	11,336,427	50.5%	22,669,370	11,591,241	51.1%
Franchise Fees	2,651,943	36.6%	7,242,757	2,817,175	38.9%
Licenses & Permits	2,045,528	48.7%	3,887,350	2,124,338	54.6%
Fines & Forfeitures	1,310,341	51.8%	2,445,750	1,051,406	43.0%
Charges for Service	13,806,064	80.5%	18,291,338	14,520,131	79.4%
Investment Earnings	299,860	50.9%	622,000	299,923	48.2%
Other	917,548	78.5%	2,722,392	591,157	21.7%
Total Revenues	54,542,874	69.6%	83,585,758	58,743,581	70.3%
Operating Expenditures					
General Government	4,760,181	46.3%	11,499,133	5,183,527	45.1%
Public Safety	20,749,153	48.8%	46,561,750	21,792,925	46.8%
Public Works	4,661,923	38.4%	12,459,497	4,465,711	35.8%
Community Services	1,907,695	49.0%	4,506,185	1,909,927	42.4%
Parks & Recreation	2,609,840	44.3%	6,521,279	2,711,378	41.6%
Total Operating Expenditures	34,688,791	46.4%	81,547,844	36,063,469	44.2%
Other Expenditures					
Principal Retirement	287,919		367,691	183,633	
Interest and Fiscal Charges	7,880		11,925	6,174	
Capital Outlay	245,248		419,537	165,068	
Total Expenditures	35,229,838		82,346,997	36,418,345	
Other Funding Sources/(Uses)					
Transfers In	2,280,230		4,949,456	2,474,728	
Transfer Out	(1,754,132)		(6,090,657)	(1,932,435)	
Other Funding Sources/(Uses)*	159,450			(2,670)	
Total Other	685,548		(1,141,201)	539,623	
Net Change in Fund Balance	19,998,584		97,560	22,864,859	
Beginning Fund Balance	13,987,116		17,201,848	17,201,848	
Ending Fund Balance	\$33,985,700		\$17,299,408	\$40,066,708	

*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 Exp.**	13,606,734	13,606,734
Fund Balance over Policy	3,692,674	26,459,973

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

Enterprise Fund - Water/Sewer

Revenue totalled \$26,878,647 and is 44.4% of budget and \$2,771,625 (11.5%) more than last year at this time. Revenue is for consumption from August 2019 through October 2019 and does not account for the year-end accrual, which will be completed in September 2020.

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 \$680,921 which is 39.6% of budget.

Expenses total \$18,471,487 which represents an increase over the prior year by \$1,766,796.

	FY 2019 ACTUAL TO-DATE	FY 2019 % of ACTUAL	FY 2020 AMENDED BUDGET	FY 2020 ACTUAL TO-DATE	FY 2020 % of BUDGET
Revenues					
Sale of Water	\$ 10,451,187	43.2%	\$ 27,426,593	\$ 12,279,624	44.8%
Sewer Revenues	11,103,431	46.6%	25,052,606	10,791,207	43.1%
Other Service Charges	793,339	46.3%	1,720,000	680,921	39.6%
Other Financing Sources					
Interest Income	248,138	39.8%	500,000	204,143	40.8%
Miscellaneous	35,929	1.5%	12,500	4,903	39.2%
Transfers In	1,475,000	50.0%	5,835,697	2,917,848	50.0%
Total Revenues	24,107,023	28.8%	60,547,396	26,878,647	44.4%
Expenses					
Utility (Billing) Customer	706,546	48.5%	1,637,027	767,632	46.9%
Information Technology	531,309	41.4%	1,583,905	674,134	42.6%
Public Works					
Administration	335,471	49.3%	1,149,783	334,725	29.1%
Ground Maintenance	306,179	55.2%	628,696	261,214	41.5%
Lift Stations	565,715	48.7%	2,095,134	554,979	26.5%
Wastewater Treatment	1,673,963	38.9%	5,660,934	1,875,844	33.1%
Backflow Compliance	94,017	37.3%	362,154	157,607	43.5%
Water Production	2,499,670	28.9%	12,862,007	3,369,684	26.2%
Distribution & Collections	1,640,312	51.5%	3,184,163	1,366,316	42.9%
Construction	1,061,012	70.1%	1,438,603	644,924	44.8%
Meter Services	309,154	52.7%	785,337	295,473	37.6%
Pre-Treatment FOG	94,087	1.2%	245,882	106,329	43.2%
Other Requirements	3,384,372	7.5%	8,686,877	4,258,675	49.0%
Debt Service	3,502,884	7.7%	19,521,312	3,803,951	19.5%
Total Expenses	16,704,691	21.8%	59,841,814	18,471,487	30.9%
Other Funding Sources (Uses)					
YTD Change in Cash Equivalents	7,402,331		705,582	8,407,160	
Beginning Cash Equivalents	30,100,199		39,231,916	39,231,916	
Reserve for Debt Service	4,356,022		5,486,194	5,486,194	
YTD Cash Equivalents	\$ 33,146,508		\$ 34,451,303	\$ 42,152,882	

Property Insurance Fund

Premiums are budgeted (as amended) at \$1,269,847 while payments to date total \$569,911, and are \$19,026 (3.5%) 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 \$751,691.

Ending net position as of the end of March 2020 are \$559,994.

	FY 2019 ACTUAL TO-DATE	FY 2020 AMENDED BUDGET	FY 2020 ACTUAL TO-DATE	FY 2020 % of BUDGET
Revenues				
Insurance Reimbursements	98,003	175,000	92,221	52.7%
Total Operating Revenues	98,003	175,000	92,221	52.7%
Operating Expenses				
Contractual Services				
General Liability	36,096	37,900	33,385	88.1%
Errors & Omissions	47,139	52,142	47,382	90.9%
Public Employee Dishonesty	1,404	1,474	1,976	134.1%
Animal Mortality	5,072	5,326	5,939	111.5%
Law Enforcement	59,887	81,585	55,520	68.1%
Real & PP Property	122,972	129,122	146,318	113.3%
Windstorm Damage	-	603,750	-	0.0%
Automobile	101,145	106,050	95,953	90.5%
Auto Damage	136,008	142,808	127,651	89.4%
Mobile Equipment	15,924	16,275	18,297	112.4%
Pollution Liability	4,138	4,200	4,341	103.4%
Misc Premiums	-	63,000	16,166	25.7%
Sewage Back-up	16,984	19,600	16,984	86.7%
Rain-Out (Parks)	4,116	6,615	-	0.0%
Claims Retention	-	-	-	0.0%
Flood	45,440	92,000	49,196	53.5%
Cyber Security	34,727	36,463	18,378	50.4%
Administration and Other Operating Exp	28,768	129,723	28,440	21.9%
Claims Paid	23,752	183,750	2,780	1.5%
Capital Outlay	28,858			0.0%
Transfer Out	-	37	18	49.9%
Total Operating Expenses	712,430	1,711,820	668,723	39.1%
Operating Income (Loss)	(614,427)	(1,536,820)	(576,502)	
Earnings on Investments	3,450	3,000	4,001	
Other Revenues (Expenses)				
Transfers In	666,638	1,503,381	751,691	
Change in Net Position	55,661	(30,439)	179,189	
Beginning Net Position	451,333	380,804	380,804	
Ending Net Position	506,994	350,365	559,994	

Self-Insured Medical Fund

Revenues through March total \$4,045,157, 49.4% of budget. City, employee, retiree and Cobra contributions received combined total \$3,784,772 and are (\$12,405) (-0.3%) lower than March 2019.

Medical Insurance Claims are budgeted (as amended) at \$7,154,517. Claims paid through March total \$3,574,214, 50% of the amended budget which is \$443,006 (14.1%) higher than claims paid through March 2019.

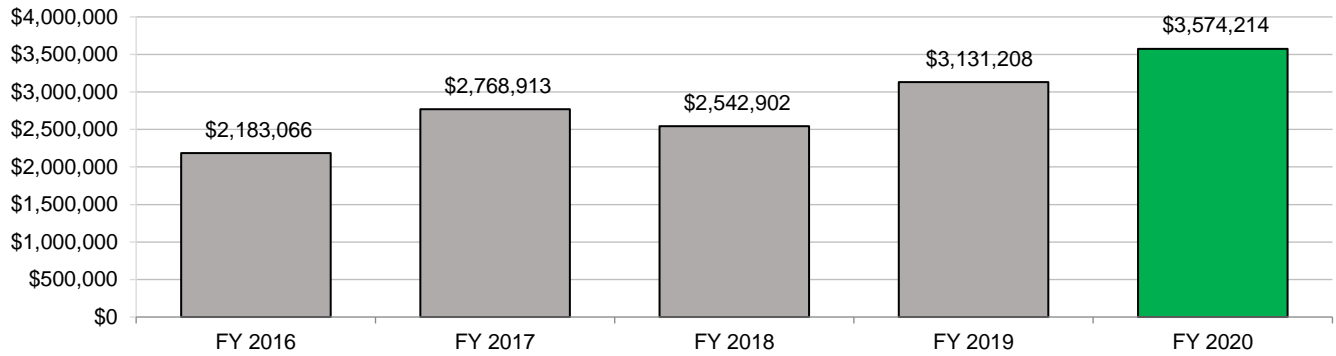
Claims paid through March of this year are \$5,611 per employee, \$625 more than the amount per employee through March 2019. This estimate spreads the FY 2020 budget total monthly by taking the average percentage of expenses for the first quarter from the prior four years.

Fund balance as of the end of March 2020 is \$3,424,969. The amended net position for September 30th is budgeted at \$3,321,265.

	FY 2019 ACTUAL TO-DATE	FY 2020 AMENDED BUDGET	FY 2020 ACTUAL TO-DATE	FY 2020 % of BUDGET
Revenues				
Employee Premiums	\$ 636,378	\$1,384,793	\$ 695,889	50.3%
City Premiums	3,146,758	6,581,860	3,076,653	46.7%
Retiree Premiums	13,322	60,000	12,018	20.0%
Cobra	719	-	211	100.0%
Miscellaneous	166,973	166,849	260,385	156.1%
Total Operating Revenues	3,964,150	8,193,502	4,045,157	49.4%
Operating Expenses				
Administrative Fees	504,936	1,251,536	526,337	42.1%
Medical Insurance Claims	3,131,208	7,154,517	3,574,214	50.0%
Wellness Programs	22,463	25,000	24,812	99.2%
Total Operating Expenses	3,658,606	8,431,053	4,125,363	48.9%
Operating Income (Loss)	305,544	(237,551)	(80,206)	
Earnings on Investments	36,272	74,528	20,887	
Change in Net Position	341,815	(163,023)	(59,319)	
Beginning Net Position	3,033,371	3,484,288	3,484,288	
Ending Net Position	\$ 3,375,187	\$3,321,265	\$3,424,969	

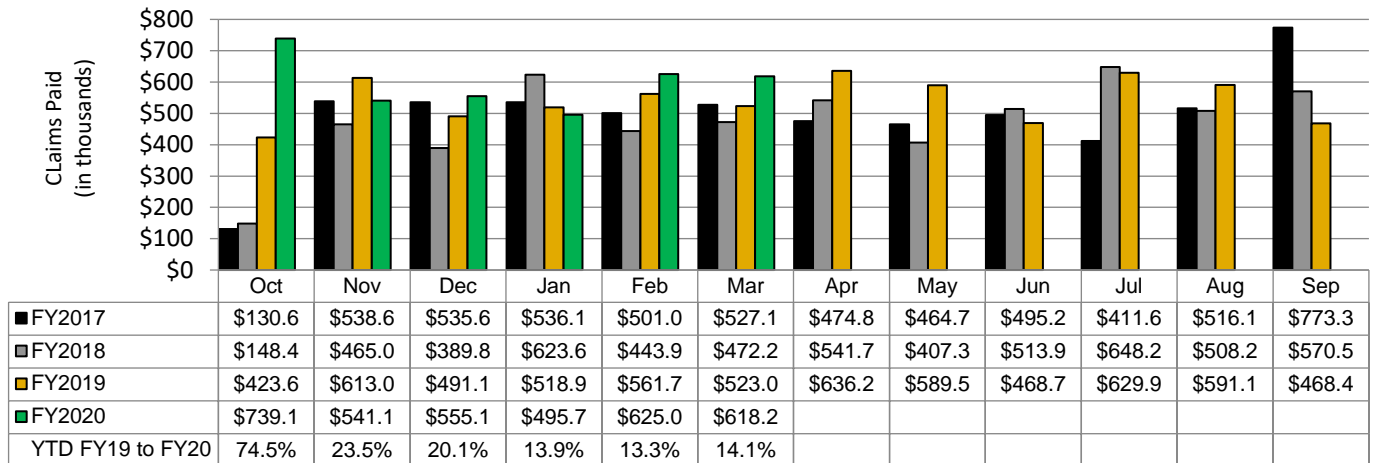
Self-Insured Medical Fund

Medical Claims Paid Year-to-Date Excluding Accruals



Claims Paid per Employee:	FY2016	FY2017	FY2018	FY2019	FY2020
Number of Employees on Medical Insurance	571	584	596	628	637
Actual YTD per Enrollee	\$3,823	\$4,741	\$4,267	\$4,986	\$5,611

Medical Claims Paid Monthly Excluding Accruals



Hotel/Motel Occupancy Tax - Convention & Visitors' Bureau

The budgeted occupancy tax (as amended) for FY 2020 from the Pearland hotels totals \$1,450,000. Revenues for the Second quarter of fiscal year 2020 are received in April or May.

Expenditures through March total \$310,597, 19.3% of budget, mainly for Materials and Supplies and Rent Expense (Lease). Fund balance as of the end of March 2020 is \$5,477,923. The projected fund balance at year-end is expected to be \$5,243,760.

	FY 2019 ACTUAL TO-DATE	FY 2020 AMENDED BUDGET	FY 2020 ACTUAL TO-DATE	FY 2020 % of BUDGET
Revenues				
Hotel/Motel Occupancy Tax	\$ 279,373	\$ 1,450,000	\$ 323,971	22.3%
Interest Income	53,066	10,800	50,719	469.6%
Miscellaneous	28,978	-	24,458	100.0%
Total Revenues	361,416	1,460,800	399,147	27.3%
Expenditures				
Salaries and Benefits	140,047	298,194	49,810	16.7%
Materials & Supplies	16,479	121,993	37,716	30.9%
Miscellaneous Services	235,275	684,494	222,739	32.5%
Capital Outlay	-	500,000	-	0.0%
Transfers Out	333	665	333	50.0%
Total Expenditures	392,134	1,605,346	310,597	19.3%
Other Funding Sources/(Uses)	17,352		1,066	
Revenues Over (Under) Expenditures	(13,366)	(144,546)	89,617	
Beginning Fund Balance	4,661,282	5,388,306	\$5,388,306	
Ending Fund Balance	\$4,647,916	\$ 5,243,760	\$ 5,477,923	

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

TIRZ #2

Total revenue through March is \$23,805,747. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$18,312,013, \$1,371,017 from Fort Bend County and \$3,775,484 from Alvin ISD.

Expenditures through March total \$10,911,869; of this total \$10,870,414 was paid to the City of Pearland for services provided. The AISD Suspense Fund totals \$13,568,970. The available balance as of the end of March 2020, net of the AISD Suspense Fund, is \$8,923,921.

	FY 2019 ACTUAL TO-DATE	FY 2020 ACTUAL TO-DATE	% CHANGE
Revenues			
Taxes			
Alvin ISD	\$ 3,635,949	\$ 3,775,484	3.8%
Brazoria County	-	-	0.0%
City of Pearland	16,989,249	18,312,013	7.8%
Fort Bend County	1,858,090	1,371,017	-26.2%
Supplemental	1,851,060	307,271	-83.4%
Interest	83,121	31,026	-62.7%
Miscellaneous/AISD	5,376	8,937	66.3%
Total Revenues	24,422,844	23,805,747	-2.5%
Expenditures			
Miscellaneous Services	17,148	41,455	141.7%
Payment to City of Pearland	10,873,119	10,870,414	0.0%
Payment to Development Authority	1,851,060	-	-100.0%
Transfers Out	-	-	0.0%
Total Expenditures	12,741,327	10,911,869	-14.4%
Net Change in Fund Balance	11,681,517	12,893,878	10.4%
Beginning Fund Balance	9,011,110	9,599,014	6.5%
AISD Suspense Fund	10,251,892	13,568,970	32.4%
Ending Fund Balance	\$ 10,440,735	\$ 8,923,921	-14.5%

Development Authority - DAP

Revenues through March total \$4,265,387 with bond proceeds totaling \$4,255,000. Expenditures total \$11,601,564; \$162,831 for bond issuance costs, \$10,247,317 reimbursement(s) to the developer(s) and \$4,760 for other Professional Services. The available fund balance as of the end of March 2020, excluding the portion for the debt service reserve, is \$978,019.

	FY 2019 ACTUAL TO-DATE	FY 2020 ACTUAL TO-DATE	% CHANGE
Revenues			
Transfers In	-	-	0.0%
Interfund Reimbursement	-	\$ -	0.0%
Bond Proceeds	5,835,000	4,255,000	-27.1%
Miscellaneous	-	-	0.0%
Interest	13,696	10,387	-24.2%
Total Revenues	5,848,696	4,265,387	-27.1%
Expenditures			
Professional Services	3,000	4,760	58.7%
Reimbursement to Developer	11,988,992	10,247,317	-14.5%
Bond Payments:			
Interest	1,212,752	1,177,257	-2.9%
Principal	-	-	0.0%
Bond Issuance Cost	165,069	162,831	-1.4%
Arbitrage/Fiscal Fees	4,450	9,400	111.2%
Other Debt Service			0.0%
Total Expenditures	13,374,262	11,601,564	-13.3%
Net Change in Fund Balance	(7,525,566)	(7,336,177)	
Beginning Fund Balance	8,490,442	8,324,602	
Debt Service Reserve	12,325	10,406	
Ending Fund Balance	\$ 952,552	\$ 978,019	