



CITY OF PEARLAND

Third Quarter Financial Report

Fiscal Year (FY) 2020

Through June 2020

21 July 2020
To: Mayor and City Council members
Quarterly update on revenues, expenditures and fund balances across funds. Clay

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Note: Financials included in this report are unaudited.

This report represents a general overview of financial operations through the 3rd 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 \$80,528,997 for current taxes, 98.9% of the budgeted tax levy. Taxes received this year are \$6,507,760, (8.7%) higher than last year at this time.

Actual **Sales Tax** deposits year-to-date total \$27,792,552, a 0.4% decrease over the prior year.

The **Debt Service** fund balance to date is \$12,888,319.

The **General Fund** fund balance to date is \$33,501,873.

The **Water/Sewer** fund cash equivalents is \$45,873,520.

Property Insurance premiums are budgeted at \$1,371,849 while payments to date total \$1,299,610. Ending net assets to date are \$227,668.

Medical claims paid through June total \$5,036,808, 69.7% of the amended budget which is \$211,205 (4.4%) higher than claims paid through June 2019. Revenues through June total \$6,173,034, 78% of budget.

Hotel/Motel Occupancy Tax revenue to date is \$430,245, or 66.3% of budget. COVID-19 has impacted the amount and deferment programs have impacted the timing of YTD revenue.

TIRZ total revenue through June is \$29,220,704. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$18,745,723, \$1,371,017 from Fort Bend County and \$6,594,331 from Alvin ISD.

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

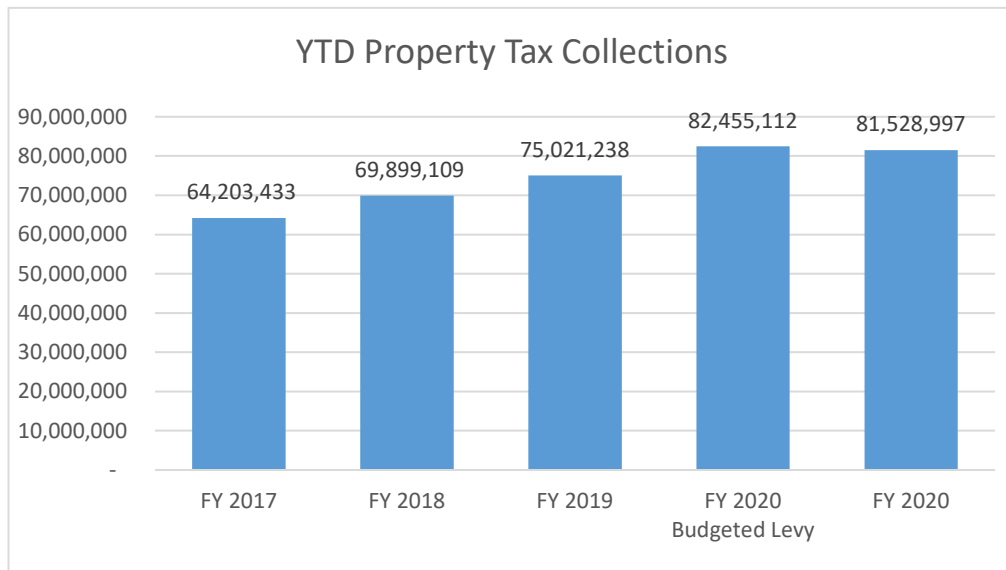
Property Tax

Through June 30, 2020, the City received \$81,528,997 for current taxes, 98.88% of the budgeted tax levy. This does not include delinquent, prior years' collections or audit adjustments. The budget incorporates a 99% collection rate.

Tax Summary	FY 2020 BUDGETED LEVY	FY 2020 ACTUAL COLLECTIONS*	% BUDGETED LEVY COLLECTED
Sources:			
Ad Valorem Taxes	82,455,112	81,528,997	98.9%
Uses:			
General Fund	26,283,163	25,993,383	98.9%
Debt Service Fund	37,220,024	36,789,892	98.8%
TIRZ**	18,951,925	18,745,723	98.9%
Total Uses	82,455,112	81,528,997	98.9%

*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) and considering adjustments for protest values through June 2020 of \$439,140,234, the current adjusted value is \$11.55 billion.

Reconciliation of Tax Roll (Tax Year 2019):

¹ Certified Value	\$11,107,673,547
⁴ Adjustments	439,140,234
¹Adjusted Total Taxable Value to Date	\$11,546,813,781

Tax Rate per \$100 Value	0.741212
¹Total Levy @ 100% Collections	\$83,097,738

¹ Current Taxes Receivable	\$830,447
Delinquent Taxes Receivable	\$877,711
Total Taxes Receivable	\$1,708,158

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%
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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.

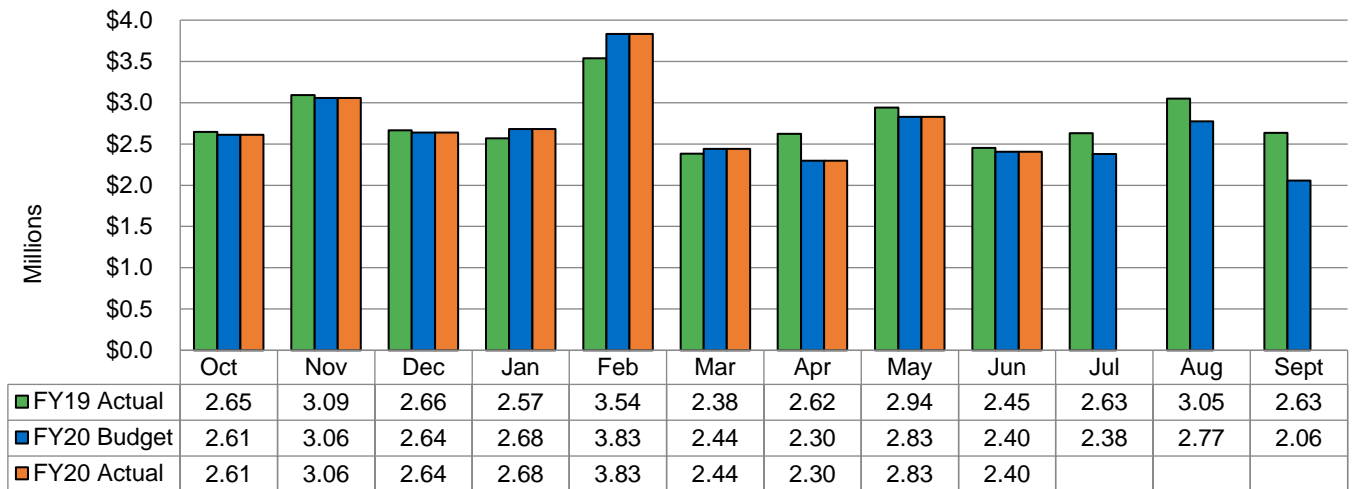
³The total shown is composed of the residential - single family property values.

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

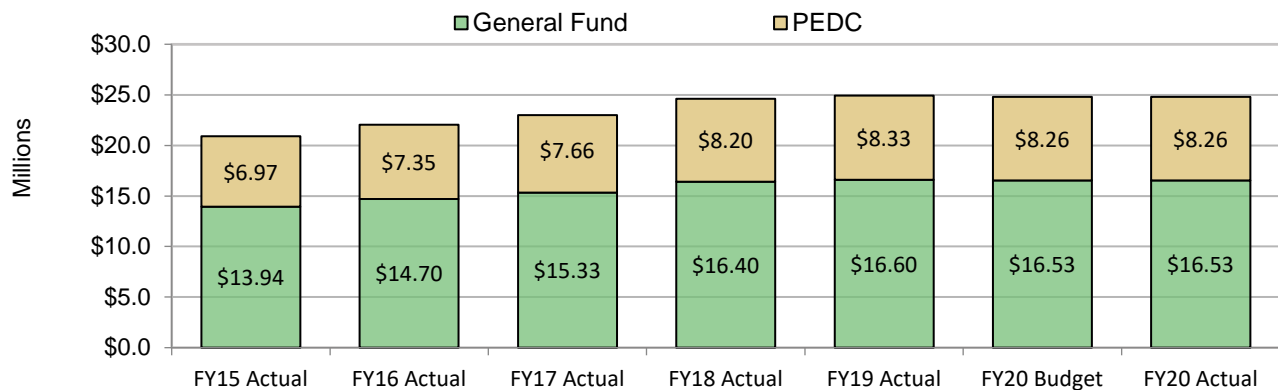
Sales tax deposits from the State Comptroller's Office for the quarter ending June 30, 2020 totaled \$24,792,552, a -0.4% decrease over the prior year. We received sales tax deposits of \$2,297,117 in April for February collections, \$2,826,634 in May for March collections, and \$2,404,332 in June for April collections.

YTD Sales Tax Deposits



Budgeted amounts reflect the Amended Budget proposed to City Council on first reading July 13, 2020.

Year-To-Date Sales Tax Deposits



Debt Service

Property taxes received as of the date of this report total \$37,211,455, 98.7% of amended budget amounts for the total of current and delinquent estimates including penalties and interest. Miscellaneous revenue of \$578,668 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	\$ 37,705,870	\$ 37,211,455	98.7%
Interest	150,000	150,073	100.0%
Miscellaneous	771,581	578,668	75.0%
Bond Premiums	-	-	
Transfers	2,066,698	1,526,810	73.9%
Total Revenues	40,694,149	39,467,006	97.0%
Expenditures			
MUD Rebates	7,615,133	7,615,133	100.0%
Bond Payment	32,374,124	25,750,368	79.5%
Fiscal Agent/Arbitrage	65,000	10,300	15.8%
Total Expenditures	40,054,257	33,375,801	83.3%
Net Change in Fund Balance	639,892	6,091,205	
Beginning Fund Balance	5,426,609	6,797,114	
Ending Fund Balance	\$ 6,066,501	\$ 12,888,319	

General Fund

Revenues through June total \$69,644,660, 85.7% of budget.

- Property tax collection for maintenance and operations at \$26,417,573 is 98.6% of the amount budgeted for the year as of the end of June 2020 and is \$3,450,800 (15%) higher than June 2019.
- Sales tax deposits from the State Comptroller's Office through June 2020 totaled \$16,685,410, \$74,121 (0.4%) lower than last year for the same period.
- Franchise Fees through June 2020 are \$3,975,615 and are \$62,765 (1.6%) lower than through June 2019.
- Licenses & Permits total \$3,113,403, at 85% of budget, and \$121,464 (3.8%) lower than last year at this time.
- Fines and Forfeitures total \$1,272,437, 79.4% of the budget, less than last year by \$647,643 (33.7%).
- Charges for Services through June total \$15,731,652, 93.1% of budget; up by \$262,070 (1.7%) compared to June 2019.
- Investment earnings are up \$85,964 (19%) over the prior year.
- Other revenue totals \$2,082,140 which is up from the prior year by \$1,000,915 (92.6%).

Operating Expenditures total \$53,453,345. Total Expenditures of \$54,155,405 include Principal Retirements, Interest and Fiscal Charges, and Capital Outlay.

- General Government expenditures are 74.1% of the budget.
- Public Safety expenditures totaled \$31,996,782 which is a 5.4% increase from last year at this time.
- Community Services expenditures decreased by (\$92,722) (3.3%).
- Public Works expenditures are \$7,061,082, 60.2% of the budget and 4.1% lower than last year at this time.
- Parks & Recreation expenditures are 65.5% of the budget, a 3.7% decrease compared to prior year.

The Fund Balance in the General Fund as of the end of June 2020 is \$33,501,873 which represents a 21.8% 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	\$22,966,773	99.4%	\$26,801,576	\$26,417,573	98.6%
Sales and Use Taxes	16,759,531	74.7%	21,505,963	16,685,410	77.6%
Franchise Fees	4,038,380	55.7%	7,139,532	3,975,615	55.7%
Licenses & Permits	3,234,867	77.0%	3,661,452	3,113,403	85.0%
Fines & Forfeitures	1,920,080	75.9%	1,603,446	1,272,437	79.4%
Charges for Service	15,469,582	90.2%	16,906,119	15,731,652	93.1%
Investment Earnings	452,394	76.8%	453,898	366,430	80.7%
Other	1,081,225	92.6%	3,191,910	2,082,140	65.2%
Total Revenues	65,922,833	84.1%	81,263,896	69,644,660	85.7%
Operating Expenditures					
General Government	7,415,930	72.1%	10,579,658	7,840,891	74.1%
Public Safety	30,353,293	71.4%	45,877,256	31,996,782	69.7%
Public Works	7,361,246	60.6%	11,730,779	7,061,082	60.2%
Community Services	2,840,441	73.0%	3,972,446	2,747,719	69.2%
Parks & Recreation	3,951,816	67.1%	5,809,466	3,806,872	65.5%
Total Operating Expenditures	51,922,725	69.5%	77,969,605	53,453,345	68.6%
Other Expenditures					
Principal Retirement	528,212		367,691	367,275	
Interest and Fiscal Charges	14,638		11,925	12,340	
Capital Outlay	446,969		433,936	322,444	
Total Expenditures	52,912,544		78,783,157	54,155,405	
Other Funding Sources/(Uses)					
Transfers In	2,280,230		4,949,456	3,712,092	
Transfer Out	(1,937,285)		(5,470,657)	(2,898,652)	
Other Funding Sources/(Uses)*	159,450			(2,670)	
Total Other	502,396		(521,201)	810,770	
Net Change in Fund Balance	13,512,685		1,959,538	16,300,025	
Beginning Fund Balance	13,987,116		17,201,848	17,201,848	
Ending Fund Balance	\$27,499,801		\$19,161,386	\$33,501,873	

*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.**
Fund Balance over Policy

14,042,302 14,042,302
5,119,084 19,459,571

Enterprise Fund - Water/Sewer

Revenue totalled \$39,720,295 and is 70.2% of budget and \$4,327,482 (12.2%) more than last year at this time. Revenue is for consumption from August 2019 through May 2020 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 June total \$945,634 which is 81.5% of budget.

Expenses total \$27,592,497 which represents an increase over the prior year by \$4,972,576.

	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	\$ 15,689,113	64.9%	\$ 25,621,326	\$ 17,393,766	67.9%
Sewer Revenues	16,477,313	69.2%	23,408,352	16,239,819	69.4%
Other Service Charges	1,251,151	73.0%	1,159,784	945,634	81.5%
Other Financing Sources					
Interest Income	432,788	69.4%	284,504	231,257	81.3%
Miscellaneous	67,448	2.9%	238,207	203,435	85.4%
Transfers In	1,475,000	50.0%	5,835,697	4,706,385	80.6%
Total Revenues	35,392,813	42.3%	56,547,870	39,720,295	70.2%
Expenses					
Utility (Billing) Customer	1,032,820	70.9%	1,726,145	1,146,385	66.4%
Information Technology	953,810	74.3%	1,618,141	1,139,512	70.4%
Public Works					
Administration	502,447	73.9%	1,128,547	500,877	44.4%
Ground Maintenance	383,223	69.1%	595,260	399,271	67.1%
Lift Stations	764,035	65.7%	1,416,324	871,781	61.6%
Wastewater Treatment	2,569,577	59.7%	4,475,852	2,943,685	65.8%
Backflow Compliance	152,301	60.4%	352,376	238,799	67.8%
Water Production	5,396,988	62.4%	10,986,148	6,525,072	59.4%
Distribution & Collections	2,064,652	64.8%	3,012,256	2,095,021	69.5%
Construction	1,226,077	81.0%	1,297,604	950,318	73.2%
Meter Services	412,175	70.2%	671,191	398,244	59.3%
Pre-Treatment FOG	137,301	1.8%	224,986	153,785	68.4%
Other Requirements	3,475,505	7.7%	8,938,249	6,379,671	71.4%
Debt Service	3,549,009	7.8%	18,931,712	3,850,076	20.3%
Total Expenses	22,619,921	29.5%	55,374,791	27,592,497	49.8%
Other Funding Sources (Uses)					
YTD Change in Cash Equivalents	12,772,892		1,173,079	12,127,798	
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	\$ 38,517,069		\$ 34,918,801	\$ 45,873,520	

Property Insurance Fund

Premiums are budgeted (as amended) at \$1,243,386 while payments to date total \$1,232,036, and are \$120,556 (10.8%) 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 \$1,127,536.

Ending net position as of the end of June 2020 are \$227,668.

	FY 2019 ACTUAL TO-DATE	FY 2020 AMENDED BUDGET	FY 2020 ACTUAL TO-DATE	FY 2020 % of BUDGET
Revenues				
Insurance Reimbursements	160,058	175,000	103,759	59.3%
Total Operating Revenues	160,058	175,000	103,759	59.3%
Operating Expenses				
Contractual Services				
General Liability	36,096	33,385	33,385	100.0%
Errors & Omissions	49,659	47,382	47,382	100.0%
Public Employee Dishonesty	1,404	1,976	1,976	100.0%
Animal Mortality	5,072	5,939	5,939	100.0%
Law Enforcement	59,887	55,520	55,520	100.0%
Real & PP Property	122,972	146,318	146,318	100.0%
Windstorm Damage	558,075	620,025	620,025	100.0%
Automobile	101,145	95,953	95,953	100.0%
Auto Damage	136,008	127,651	127,651	100.0%
Mobile Equipment	15,924	18,297	18,297	100.0%
Pollution Liability	4,138	4,341	4,341	100.0%
Misc Premiums	-	63,000	58,266	92.5%
Sewage Back-up	16,984	16,984	16,984	100.0%
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	33,313	127,821	42,096	32.9%
Claims Paid	113,303	183,750	46,839	25.5%
Capital Outlay	28,858			0.0%
Transfer Out	-	37	28	74.9%
Total Operating Expenses	1,367,121	1,683,457	1,388,572	82.5%
Operating Income (Loss)	(1,207,063)	(1,508,457)	(1,284,813)	
Earnings on Investments	4,513	6,000	4,141	
Other Revenues (Expenses)				
Transfers In	666,638	1,503,381	1,127,536	
Change in Net Position	(535,913)	924	(153,136)	
Beginning Net Position	451,333	380,804	380,804	
Ending Net Position	(84,580)	381,728	227,668	

Self-Insured Medical Fund

Revenues through June total \$6,173,034, 78% of budget. City, employee, retiree and Cobra contributions received combined total \$5,834,405 and are \$111,635 (2%) higher than June 2019.

Medical Insurance Claims are budgeted (as amended) at \$7,223,983. Claims paid through June total \$5,036,808, 69.7% of the amended budget which is \$211,205 (4.4%) higher than claims paid through June 2019.

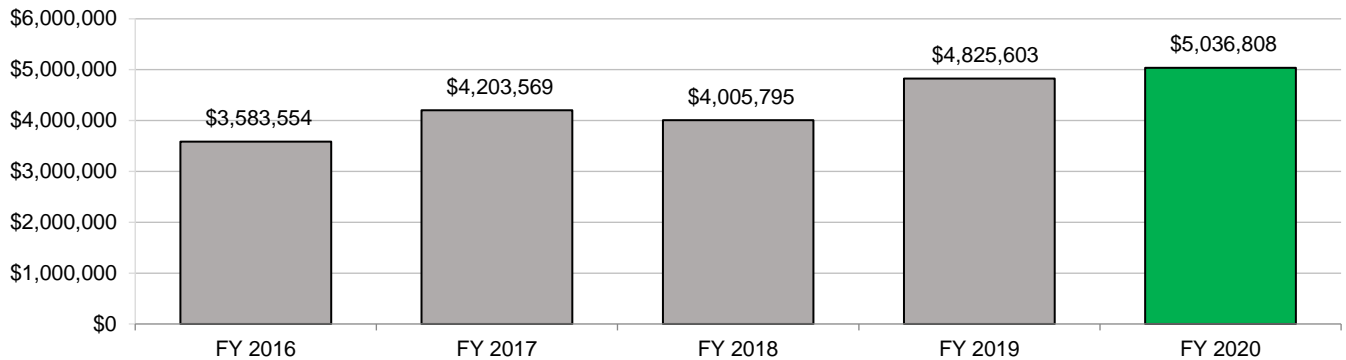
Claims paid through June of this year are \$7,907 per employee, \$223 more than the amount per employee through June 2019. This estimate spreads the FY 2020 budget total monthly by taking the average percentage of expenses for the first quarter from the prior four years.

Fund balance as of the end of June 2020 is \$3,667,515. The amended net position for September 30th is budgeted at \$2,897,269.

	FY 2019 ACTUAL TO-DATE	FY 2020 AMENDED BUDGET	FY 2020 ACTUAL TO-DATE	FY 2020 % of BUDGET
Revenues				
Employee Premiums	\$ 959,154	\$ 1,397,618	\$ 1,055,397	75.5%
City Premiums	4,743,455	6,227,943	4,750,372	76.3%
Retiree Premiums	19,412	24,304	18,594	76.5%
Cobra	749	-	10,042	100.0%
Miscellaneous	166,973	260,385	338,629	130.0%
Total Operating Revenues	5,889,743	7,910,250	6,173,034	78.0%
Operating Expenses				
Administrative Fees	796,280	1,277,410	946,472	74.1%
Medical Insurance Claims	4,825,603	7,223,983	5,036,808	69.7%
Wellness Programs	20,660	32,503	28,531	87.8%
Total Operating Expenses	5,642,542	8,533,896	6,011,811	70.4%
Operating Income (Loss)	247,201	(623,646)	161,223	
Earnings on Investments	55,152	36,627	22,005	
Change in Net Position	302,353	(587,019)	183,227	
Beginning Net Position	3,033,371	3,484,288	3,484,288	
Ending Net Position	\$ 3,335,724	\$ 2,897,269	\$ 3,667,515	

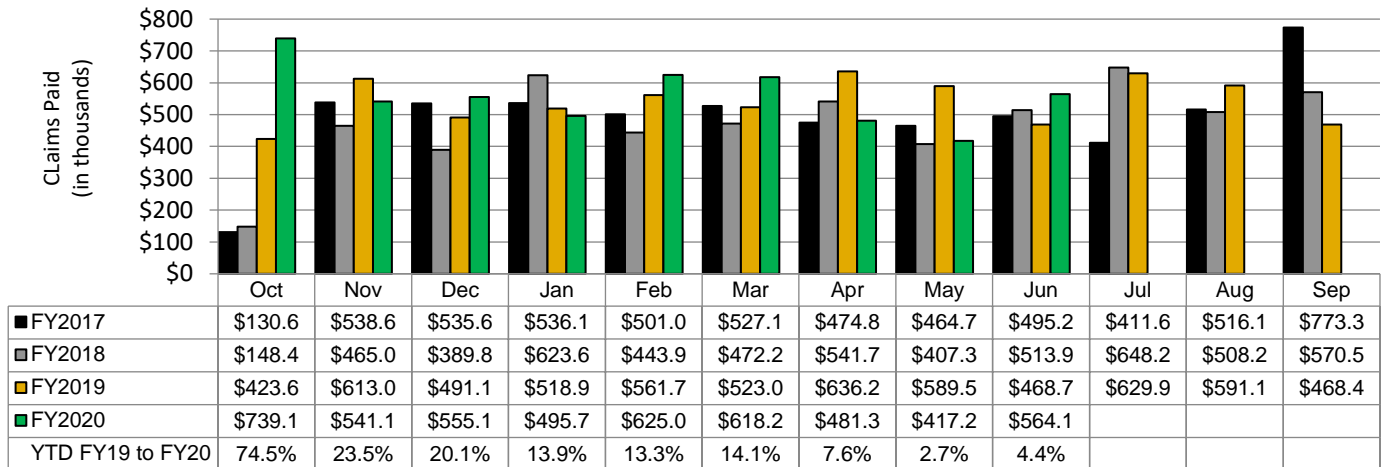
Self-Insured Medical Fund

Medical Claims Paid Year-to-Date Excluding Accruals



Claims Paid per Employee:	FY2016	FY2017	FY2018	FY2019	FY2020
Number of Employess on Medical Insurance	571	584	596	628	637
Actual YTD per Enrollee	\$6,276	\$7,198	\$6,721	\$7,684	\$7,907

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 \$649,000. Revenues for the Third quarter of fiscal year 2020 are received in July or August.

Expenditures through June total \$425,006, 35.2% of budget, mainly for Materials and Supplies and Rent Expense (Lease). Fund balance as of the end of June 2020 is \$5,477,537. The projected fund balance at year-end is expected to be \$4,904,531.

	FY 2019 ACTUAL TO-DATE	FY 2020 AMENDED BUDGET	FY 2020 ACTUAL TO-DATE	FY 2020 % of BUDGET
Revenues				
Hotel/Motel Occupancy Tax	\$ 642,293	\$ 649,000	\$ 430,245	66.3%
Interest Income	83,888	50,719	56,265	110.9%
Miscellaneous	49,395	24,458	26,661	109.0%
Total Revenues	775,576	724,177	513,171	70.9%
Expenditures				
Salaries and Benefits	188,702	120,471	73,900	61.3%
Materials & Supplies	40,660	94,250	38,062	40.4%
Miscellaneous Services	354,451	992,566	312,546	31.5%
Capital Outlay	-	-	-	0.0%
Transfers Out	333	665	499	75.0%
Total Expenditures	584,146	1,207,952	425,006	35.2%
Other Funding Sources/(Uses)	17,353		1,066	
Revenues Over (Under) Expenditures	208,783	(483,775)	89,231	
Beginning Fund Balance	4,661,282	5,388,306	\$5,388,306	
Ending Fund Balance	\$ 4,870,065	\$ 4,904,531	\$ 5,477,537	

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

TIRZ #2

Total revenue through June is \$29,220,704. The TIRZ has received tax increment payments from the City of Pearland in the amount of \$18,745,723, \$1,371,017 from Fort Bend County and \$6,594,331 from Alvin ISD.

Expenditures through June total \$11,178,612; of this total \$11,130,253 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 June 2020, net of the AISD Suspense Fund, is \$14,072,135.

	FY 2019 ACTUAL TO-DATE	FY 2020 ACTUAL TO-DATE	% CHANGE
Revenues			
Taxes			
Alvin ISD	\$ 6,525,684	\$ 6,594,331	1.1%
Brazoria County	-	-	0.0%
City of Pearland	17,406,658	18,745,723	7.7%
Fort Bend County	1,858,090	1,371,017	-26.2%
Supplemental	1,851,060	2,460,429	32.9%
Interest	149,417	34,189	-77.1%
Miscellaneous/AISD	11,118	15,016	35.1%
Total Revenues	27,802,027	29,220,704	5.1%
Expenditures			
Miscellaneous Services	24,416	48,358	98.1%
Payment to City of Pearland	10,800,716	11,130,253	3.1%
Payment to Development Authority	1,851,060	-	-100.0%
Transfers Out	2,327,202	-	-100.0%
Total Expenditures	15,003,393	11,178,612	-25.5%
Net Change in Fund Balance	12,798,634	18,042,092	41.0%
Beginning Fund Balance	9,011,110	9,599,014	6.5%
Less: AISD Suspense Fund	10,251,892	13,568,970	32.4%
Ending Fund Balance	\$ 11,557,852	\$ 14,072,135	21.8%

Development Authority - DAP

Revenues through June total \$4,265,825 with bond proceeds totaling \$4,255,000. Expenditures total \$11,603,064; \$162,831 for bond issuance costs, \$10,247,317 reimbursement(s) to the developer(s) and \$6,260 for other Professional Services. The available fund balance as of the end of June 2020, excluding the portion for the debt service reserve, is \$976,908.

	FY 2019 ACTUAL TO-DATE	FY 2020 ACTUAL TO-DATE	% CHANGE
Revenues			
Transfers In	2,327,202	-	0.0%
Interfund Reimbursement	-	\$ -	0.0%
Bond Proceeds	5,835,000	4,255,000	-27.1%
Miscellaneous	-	-	0.0%
Interest	14,235	10,825	-24.0%
Total Revenues	8,176,437	4,265,825	-47.8%
Expenditures			
Professional Services	4,625	6,260	35.3%
Reimbursement to Developer	14,316,194	10,247,317	-28.4%
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	15,703,089	11,603,064	-26.1%
Net Change in Fund Balance	(7,526,652)	(7,337,239)	
Beginning Fund Balance	8,490,442	8,324,602	
Debt Service Reserve	12,389	10,455	
Ending Fund Balance	\$ 951,401	\$ 976,908	