

# CITY OF PEARLAND, TEXAS



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## QUARTERLY FINANCIAL REPORT

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SEPTEMBER 2016

This report represents a general overview of financial operations through September 2016, the twelfth and final month of fiscal year 2016.

Revenue and expenditure budget numbers reflect the budget for FY 2016 as amended by the City Council throughout the fiscal year. Actual revenue and expenditure numbers have been audited.

While this report focuses on actual revenues and expenses/expenditures, the FY 2016 Comprehensive Annual Financial Report (CAFR) provides more detail as to the City of Pearland's financial position. The CAFR is available on the City's website.

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## GENERAL FUND

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During the fiscal year, there was a \$2,487,265 increase in revenues and \$4,950,207 increase in expenditures between the original budget and the final amended budget including Transfers In and Transfers Out. These increases are attributable to three budget amendments that occurred throughout the year.

- Budget Amendment #1 Ordinance 1518-1 – carryover of contracts, purchases of goods and services, and other items that were approved and budgeted in the previous fiscal year (2014-2015), but the expenditure and receipt of revenue was not received until fiscal year 2015-2016.
- Budget Amendment #2 Ordinance 1518-3 – the use of the General Fund over policy funds and TxDOT reimbursement
- Budget Amendment #3 Ordinance 1518-4 – year end projections

Actual revenues of \$73,269,693, which includes Transfers In and Proceeds from Capital Leases, were over budget by \$1,998,357. A major contributor to this overage is Licenses & Permits.

- Licenses & Permits for the year totaled \$5,677,439 or 115.6% of budget, mainly due to continued development. Permits were issued for 545 commercial projects with a combined total square footage of 5,208,975 sq. ft. The total reported valuation of all commercial projects for the fiscal year is \$128,840,510. For single-family home permits, 1,221 permits were issued for the fiscal year. The total valuation reported for new single-family residential is \$298,913,454 with an average value of \$187,750.

Expenditures for the year, including Transfers Out, were \$4,511,356 under budget resulting in an ending Fund Balance of \$20,919,486, \$6,509,713 or 45% higher than the amended budget. The ending Fund Balance is 28.4% of the total General Fund expenditures.

At year-end, purchases and expenditures related to items budgeted in FY 2015-2016 but not yet completed or purchased were carried over to FY 2017 in the amount of \$2,813,713.

- General Government expenditures are 88.2% of the amended budget. The department within General Government that finished the year with the largest variance to budget was Information Technology (IT) which was below budget \$1,004,979. The majority of this under budget amount is due to the ERP project. Several modules, such as Payroll and Utility Billing, will not go live until fiscal year 2017 and some of this unused budget was carried over to fiscal year 2017.

- Public Safety expenditures are 99.2% of the amended budget.
- Public Works expenditures are 89.9% of budget. Of the \$1,233,480 under budget, \$692,173 was carried over to fiscal year 2017.
- Community Services expenditures are 99.2% of budget.
- Parks expenditures are 96.7% of budget. \$225,091 was carried over to fiscal year 2017.

	Budgeted Amounts		Actual	Percent of Final Budget	Variance with Final Budget - Positive (Negative)	2015
	Original	Final				
<b>Revenues</b>						
Property taxes	\$14,190,297	\$14,292,773	\$14,607,848	102.2%	\$315,075	\$13,261,422
Sales and use taxes	20,594,329	19,746,556	20,013,626	101.4%	267,070	19,073,940
Franchise fees	7,003,454	6,770,450	6,919,239	102.2%	148,789	6,663,788
Licenses and permits	4,046,589	4,912,395	5,677,439	115.6%	765,044	4,544,396
Fees and forfeitures	2,919,100	2,899,600	2,802,425	96.6%	(97,175)	2,968,636
Charges for services	15,956,697	15,569,827	14,853,316	95.4%	(716,511)	14,228,228
Investment earnings	108,000	100,000	248,098	248.1%	148,098	123,308
Other	624,214	2,013,113	2,118,327	105.2%	105,214	1,034,745
<b>Total Revenues</b>	<b>65,442,680</b>	<b>66,304,714</b>	<b>67,240,318</b>	<b>101.4%</b>	<b>935,604</b>	<b>61,909,692</b>
<b>Expenditures</b>						
<b>Current:</b>						
General government	10,411,505	11,443,935	10,099,131	88.2%	1,344,804	8,828,201
Public safety	36,114,430	36,880,087	36,579,470	99.2%	300,617	31,999,650
Public works	11,219,564	12,231,472	10,997,992	89.9%	1,233,480	9,024,549
Community services	3,673,782	3,858,262	3,826,274	99.2%	31,988	3,114,754
Parks and recreation	6,691,231	6,566,901	6,348,273	96.7%	218,628	5,678,666
Debt Service:						
Principal	381,750	381,750	443,252	116.1%	(61,502)	174,935
Interest and other charges	57,108	57,108	36,931	64.7%	20,177	27,022
Capital outlay	3,361,455	4,241,517	2,799,304	66.0%	1,442,213	3,860,304
<b>Total Expenditures</b>	<b>71,910,825</b>	<b>75,661,032</b>	<b>71,130,627</b>	<b>94.0%</b>	<b>4,530,405</b>	<b>62,708,081</b>
Excess (deficiency) of revs over exps	(6,468,145)	(9,356,318)	(3,890,309)		5,466,009	-798,389
<b>Other Financing Sources (Uses)</b>						
Proceeds from capital leases	900,000	1,800,000	1,917,854	106.5%	117,854	574,049
Transfers in	3,441,391	3,166,622	4,111,521	129.8%	944,899	3,456,210
Transfers out	(1,354,768)	(2,554,768)	(2,573,817)	100.7%	(19,049)	(1,332,134)
<b>Total Other Financing Sources Uses</b>	<b>2,986,623</b>	<b>2,411,854</b>	<b>3,455,558</b>	<b>143.3%</b>	<b>1,043,704</b>	<b>2,698,125</b>
Net change in fund balances	(3,481,522)	(6,944,464)	(434,751)		6,509,713	1,899,736
<b>Fund balances, beginning</b>	<b>21,354,237</b>	<b>21,354,237</b>	<b>21,354,237</b>			<b>19,454,501</b>
<b>Fund balances, ending</b>	<b>\$17,872,715</b>	<b>\$14,409,773</b>	<b>\$20,919,486</b>	<b>145.2%</b>	<b>\$6,509,713</b>	<b>\$21,354,237</b>

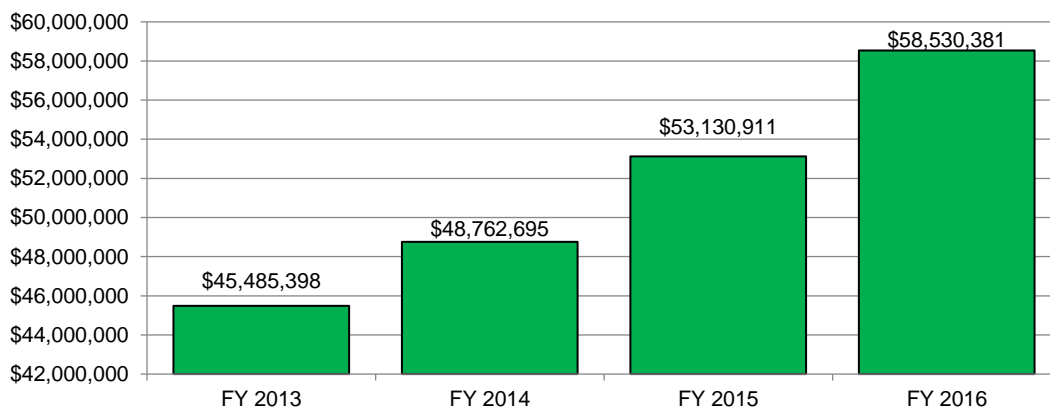
**Property Tax**

The City's property tax is levied each October 1 on the certified assessed value as of January 1 for all real and personal property. The appraisal of property is the responsibility of the Brazoria, Fort Bend and Harris County Central Appraisal Districts, as the City lies in all three Districts. As provided in late July 2016 during the budget process, the certified net taxable value for all three counties totaled \$8.47 billion including \$2.08 billion in TIRZ value. With adjustments to values that happen throughout the fiscal year, the adjusted value at fiscal year-end totaled \$8.46 billion.

The City received \$58,530,381 for current taxes, 99% of the budgeted property tax levy of \$59,115,455. This collection does not include delinquent, prior years' collections or audit adjustments. The budget incorporated a 98.5% collection rate.

<b>Tax Summary</b>	<b>FY 2016 BUDGETED LEVY</b>	<b>FY 2016 ACTUAL COLLECTIONS</b>	<b>% BUDGETED LEVY COLLECTED</b>
<b>Sources:</b>			
Ad Valorem Taxes	\$59,115,455	\$58,530,381	99.0%
<b>Uses:</b>			
General Fund	14,000,000	14,273,819	102.0%
Debt Service Fund	30,670,687	30,973,575	101.0%
TIRZ	14,444,768	13,282,986	92.0%
<b>Total Uses</b>	<b>59,115,455</b>	<b>58,530,381</b>	<b>99.0%</b>

**Current Property Tax Collections  
by Fiscal Year**



**Reconciliation of Tax Roll:**

<sup>1</sup> Certified Value	\$7,853,319,170
Adjustments	610,788,945
<b><sup>1</sup>Adjusted Value to Date</b>	<b>\$8,464,108,115</b>

Tax Rate per \$100 Value	0.7053
<b><sup>1</sup>Total Levy @ 100% Collections</b>	<b>\$58,824,626</b>

<sup>1</sup> Current Taxes Receivable	\$324,531
Delinquent Taxes Receivable	\$688,267
<b>Total Taxes Receivable</b>	<b>\$1,012,798</b>

Certified Residential Market Value	\$6,049,802,648
<sup>2</sup> Certified Commercial Market Value	\$3,155,686,717
<b>Total Certified Value</b>	<b>\$9,205,489,365</b>

Homestead Productivity Value Loss	(\$122,449,453)	Percent of Total Exemptions
Exemptions		
Abatements	(\$33,709,218)	2.7%
CHODO	(\$13,180,240)	1.1%
Disabled	(\$72,136,554)	5.9%
Total (Fully) Exempt Property	(\$681,069,164)	55.4%
Exempt Property Pro-Rated	(\$800,482)	0.1%
HB 366	(\$43,856)	0.0%
Freeport	(\$82,945,852)	6.7%
Goods In Transit	(\$243,745)	0.0%
Homestead	(\$138,163,026)	11.2%
Historical Site	(\$4,613,336)	0.4%
Over 65	(\$199,619,801)	16.2%
Pollution Control	(\$3,149,097)	0.3%
Auto Leased Vehicles	(\$46,371)	0.0%
Total Exemptions	(\$1,229,720,742)	
<b><sup>3</sup>2015 Certified Taxable Value</b>	<b>\$7,853,319,170</b>	

<sup>1</sup>Source – Brazoria County Tax Assessor/Collector; levy includes AG Rollback.

<sup>2</sup>Includes Builder Inventory and Vacant Platted Tracts.

<sup>3</sup>The 2015 Certified Taxable Value represents 85.3% of the Total Certified Value.

Since fiscal year 2007, which is tax year 2006, the total taxable assessed value of properties within the City of Pearland increased \$4,051,953,340 or 91.8%. The tax rate for the City increased just over 5 cents for this same time frame.

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>
2007 (1)	2006	\$ 4,412,821,949	0.6527	\$ 4,412,821,949
2008	2007	5,389,790,165	0.6526	5,389,790,165
2009	2008	5,904,826,560	0.6526	5,904,826,560
2010	2009	6,269,047,937	0.6526	6,269,047,937
2011	2010	6,331,723,029	0.6651	6,331,723,029
2012	2011	6,369,626,981	0.6851	6,369,626,981
2013 (2)	2012	6,537,976,038	0.7051	6,537,976,038
2014	2013	6,996,973,518	0.7051	6,996,973,518
2015	2014	7,580,556,989	0.7121	7,580,556,989
2016	2015	8,464,775,289	0.7053	8,464,775,289

- (1) Assessed valuation for fiscal year 2007 does not include Brazoria County MUD #1 valuation of \$241,248,630 that was annexed into the City on December 31, 2006.  
 (2) Assessed valuation for fiscal year 2013 does not include Brazoria County MUD #4 valuation of \$241,712,166 that was annexed into the City on December 31, 2012.

*Assessed value based on adjusted tax roll at year end.*

Current property tax collections have increased \$30,310,388 between fiscal year 2007 and 2016.

<u>Fiscal Year Ended Sept 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2007	\$ 28,819,229	\$ 28,235,276	97.97%
2008	35,035,569	34,461,652	98.36%
2009	38,368,354	37,820,603	98.57%
2010	41,081,407	40,590,543	98.81%
2011	41,968,046	41,594,389	99.11%
2012	43,441,792	43,110,373	99.24%
2013	45,850,625	45,509,522	99.26%
2014	49,096,473	48,802,720	99.40%
2015	53,463,919	53,175,174	99.46%
2016	58,829,331	58,545,664	99.52%

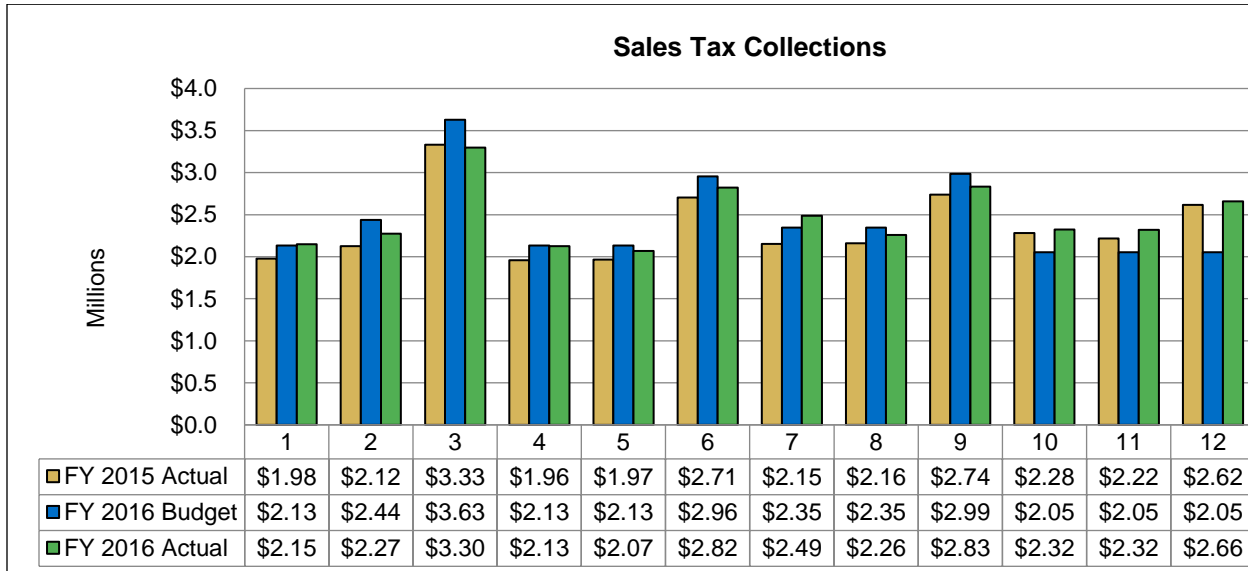
**Source:** Brazoria County Tax Office

*Note: Taxes levied based on adjusted tax roll.*

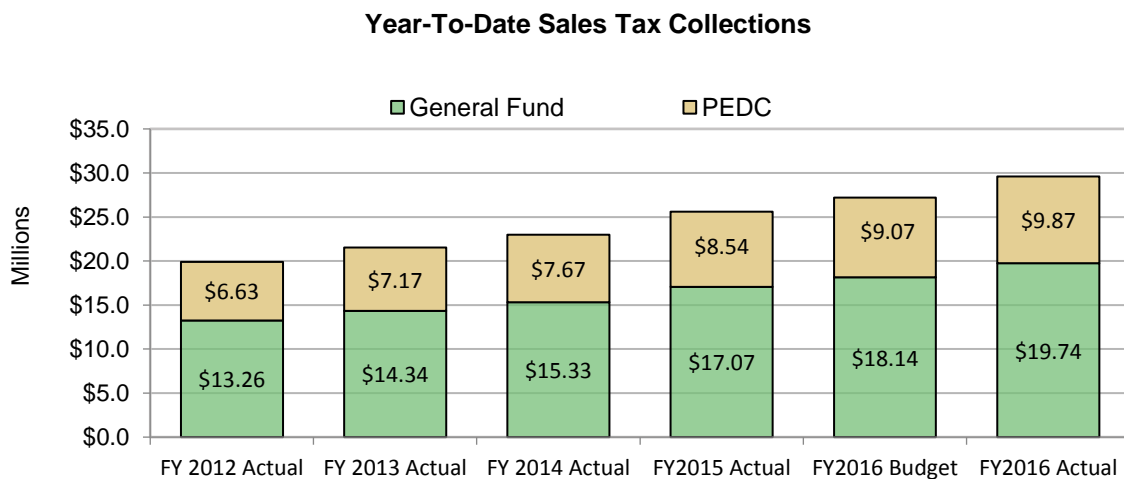
**Sales Tax**

Total sales tax collections for the year were \$29,612,231 which is \$352,412 or 1.2% higher than the amended budget. This is also an increase over FY 2015 collections by \$1.4 million or 5%.

Of the \$29,612,231 collected in FY16, \$19,741,487 went to the General Fund and \$9,870,744 went to PEDC (Pearland Economic Development Corporation).



The chart below shows sales tax collections split between the General Fund and PEDC. PEDC is financed by sales tax of a half-cent.



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## DEBT SERVICE

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The City of Pearland issues general obligation bonds and certificates of obligation to acquire and construct major capital facilities as contained in the CIP (capital improvement program). In fiscal year 2015-2016, there were three bond issues to be paid by the Debt Service Fund via tax revenues.

- \$10,210,000 – November 2015
  - Proceeds from the sale of these bonds will be used to refund outstanding obligations of the City.
  
- \$33,725,000 – May 2016
  - Construction and improvements to City streets
  - Construction and improvements to the City drainage system
  - Construction and improvements to City parks
  - Construction and improvements to City facilities
  - Refund certain outstanding obligations of the City
  
- \$13,995,000 – June 2016
  - Improvements to Orange Street
  - Improvements to Centennial Park and SCR trail
  - Improvements and renovations to existing City facilities including the Tom Reid Library, City Hall, Orange Street Service Center and Fire Station #1

Total revenues for the Debt Service Fund for fiscal year total \$62,762,371. Property taxes including delinquencies are the largest revenue source for this fund with \$31,366,717 received for the fiscal year. This is 101% of budget.

Bond premiums due to refinancing of debt totaled \$29,325,323. However, \$28,967,231 of the bond premiums flowed back out to refund outstanding bonds of the City.

Payments on current bonds and short-term notes totaling \$25,705,231 were paid for the fiscal year. MUD rebates paid total \$4,847,104.

Fund balance at year-end is \$8,276,420, over the budgeted fund balance by \$1,865,968 or 29.1%.



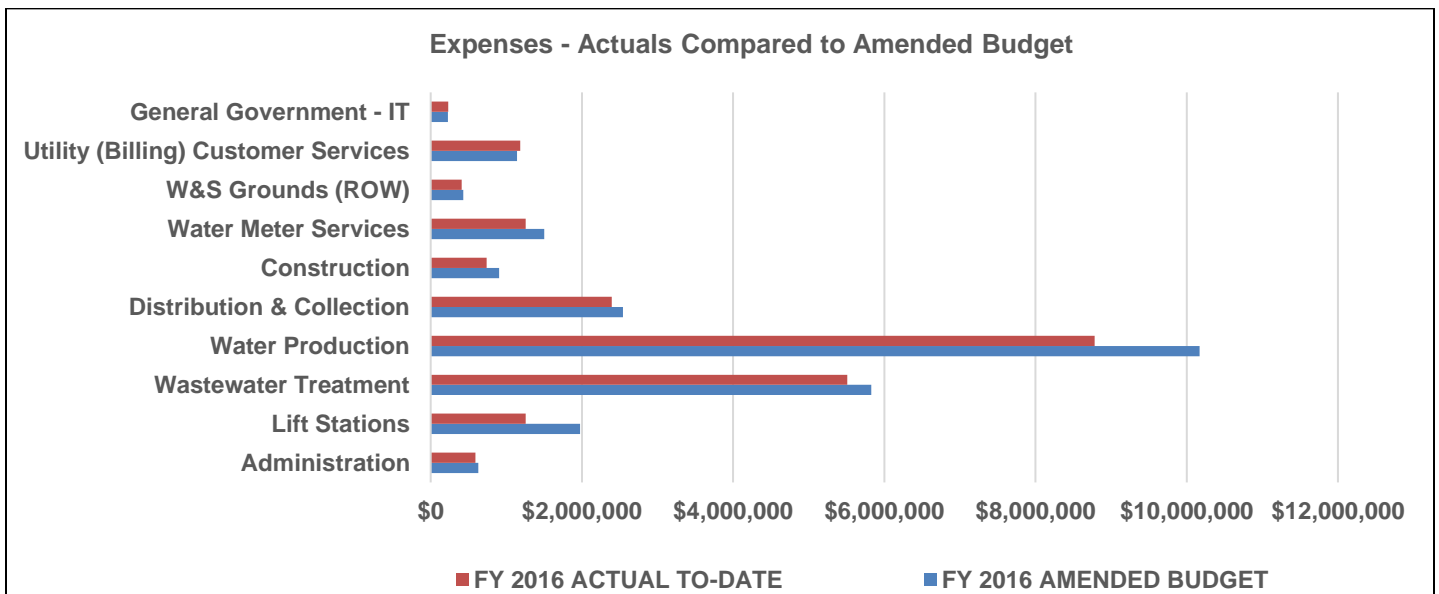
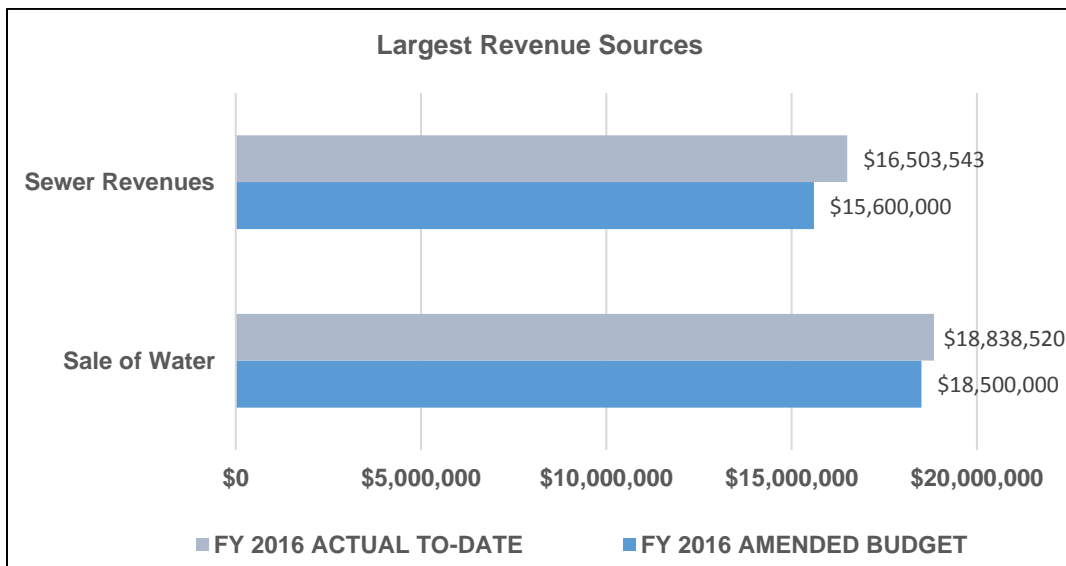
	<b>Final Budget</b>	<b>Actual</b>	<b>Percent of Final Budget</b>	<b>Variance Positive / (Negative)</b>	<b>2015</b>
<b>Revenues</b>					
Property taxes	\$31,045,687	\$31,366,717	101.0%	\$321,030	\$28,757,970
Investment earnings	55,106	97,444	176.8%	42,338	47,779
Intergovernmental					653,322
Miscellaneous	1,165,760	1,168,556	100.2%	2,796	115,393
<b>Total Revenues</b>	<b>32,266,553</b>	<b>32,632,717</b>	<b>101.1%</b>	<b>366,164</b>	<b>29,574,464</b>
<b>Expenditures</b>					
Debt Service:					
Principal	13,409,268	13,407,950	100.0%	1,318	12,389,612
Interest and other charges	12,302,212	12,297,281	100.0%	4,931	12,978,019
Intergovernmental	5,460,761	4,847,104	88.8%	613,657	4,792,379
<b>Total Expenditures</b>	<b>31,172,241</b>	<b>30,552,335</b>	<b>98.0%</b>	<b>619,906</b>	<b>30,160,010</b>
Excess (deficiency) of revenues over expenditures	1,094,312	2,080,382		986,070	-585,546
<b>Other Financing Sources (Uses)</b>					
Proceeds from long-term debt	27,080,000	27,080,000	100.0%		47,165,000
Premium on general obligation debt	2,245,323	2,245,323	100.0%		7,608,103
Payments to refunding escrow agent	(29,840,000)	(28,967,231)	97.1%	872,769	(54,303,290)
Transfers in	797,199	804,331	100.9%	7,132	613,411
<b>Total Other Financing Sources (Uses)</b>	<b>282,522</b>	<b>1,162,423</b>	<b>411.4%</b>	<b>879,901</b>	<b>1,083,224</b>
Net change in fund balance	1,376,834	3,242,805		1,865,971	497,678
<b>Fund Balances - Beginning</b>	<b>5,033,615</b>	<b>5,033,615</b>			<b>4,535,937</b>
<b>Fund Balances - Ending</b>	<b>\$6,410,449</b>	<b>\$8,276,420</b>		<b>\$1,865,971</b>	<b>\$5,033,615</b>

## ENTERPRISE FUND – WATER/SEWER

An Enterprise Fund operates as a business in that costs of providing services to the public are financed or recovered primarily through user charges.

For the 2015-2016 fiscal year, a water and sewer revenue increase of 16% was approved to meet the needs of the system.

A total of \$48,502,959 was received in revenues for FY 2016, \$43,676,626 of that for Charges for Services which equates to 90% of the total revenues. Expenses totaled \$44,650,738 which included \$6,425,076 in bond issuance and interest costs.



In fiscal year 2016, the Water/Sewer Fund issued three bonds.

- \$8,880,000 – June 2016
  - Proceeds from the sale of these bonds will be used for waterworks and sanitary system repairs and improvements.
  
- \$11,100,000 – August 2016
  - Proceeds from the sale of these bonds will be used for waterworks and sanitary system repairs and improvements.
  
- \$50,100,000 – August 2016
  - Proceeds from the sale of these bonds will be used for waterworks and sanitary system repairs and improvements.

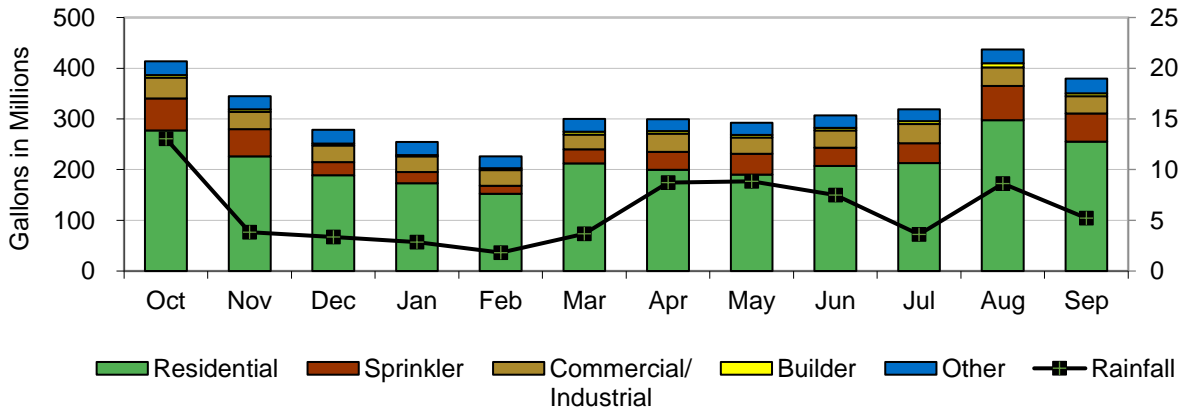
## Enterprise Fund Summary Table

<b>Revenues</b>	
Charges for services	\$ 43,676,626
<b>Total operating revenues</b>	<u>43,676,626</u>
 <b>Operating Expenses</b>	
Personnel services	6,564,390
Supplies and materials	6,985,328
Contractual services	5,239,128
Repairs and maintenance	2,356,542
Other expenses	21,992
Depreciation and amortization	<u>10,348,060</u>
<b>Total Operating Expenses</b>	<u>31,515,440</u>
Operating income (loss)	<u>12,161,186</u>
 <b>Non-Operating Revenues (Expenses)</b>	
Earnings on investments	290,300
Miscellaneous revenue (expense)	165,775
Grants and contributions	29,970
Bond Issuance Costs	(1,389,645)
Interest expense	<u>(5,035,431)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(5,939,031)</u>
Income (loss) before contributions and transfers	6,222,155
Capital contributions	4,094,086
Transfers in	246,202
Transfers out	<u>(6,710,222)</u>
Change in net position	3,852,221
<b>Total net position - beginning</b>	<u>212,879,191</u>
<b>Total net position - ending</b>	<u><u>\$ 216,731,412</u></u>

### **Water Consumption**

Consumption is generally affected by rainfall. High rainfall contributes to lower consumption and vice versa. However, the change in consumption may not appear during the month of the occurrence because there is a lag between the month the rainfall occurred and when consumption is reported, as billings for consumption take place the following month.

**Water Consumption by Major User Class and Rainfall By Month FY 2016**

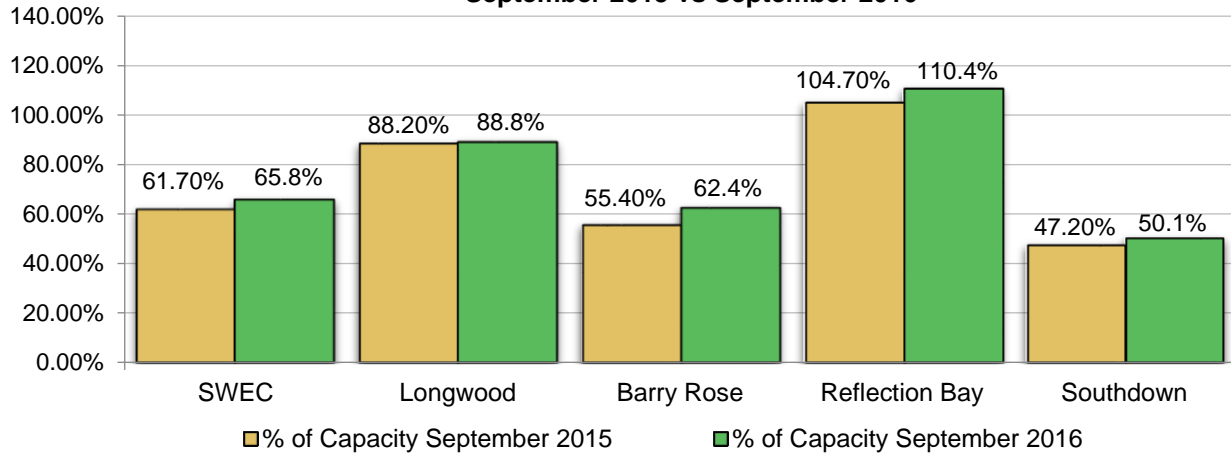


**Water Reclamation Facility Capacity**

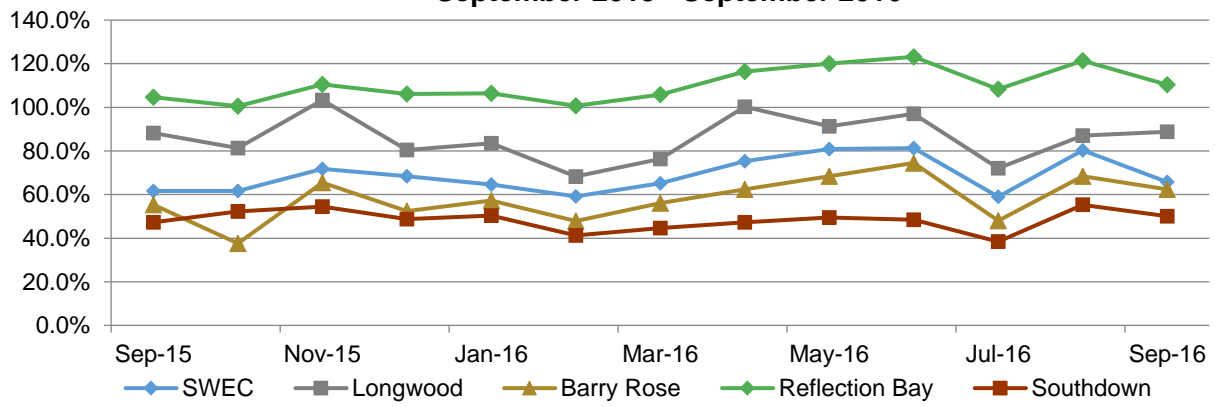
Volume at the Reflection Bay facility has been above capacity for the entire fiscal year. Except for the Longwood facility which was over capacity in November 2015 and April 2016, all other facilities have operated below capacity.

Rainfall affects plant capacity. The Longwood facility has the highest I&I (inflow & infiltration). Therefore, spikes in rain fail will cause spikes in the plant capacity.

**Water Reclamation Facilities  
% of Capacity  
September 2015 vs September 2016**



### Water Reclamation Facilities % of Capacity - Monthly September 2015 - September 2016



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**PROPERTY INSURANCE FUND**

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Total premiums for the year were budgeted at \$1,094,506. Premium payments for the year totaled \$1,093,900, which is 99.9% of budget.

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 for the fiscal year from these three funds was \$1,245,477.

Ending net assets are \$303,244, 98.6% of budget.

	FY 2016 AMENDED BUDGET	FY 2016 ACTUAL TO-DATE	FY 2016 % of BUDGET
<b>Revenues</b>			
Insurance Reimbursements	\$70,000	\$54,982	78.5%
Interest Income	40	36	89.7%
Transfer from Hotel/Motel Tax Fund	772	772	100.0%
Transfer from Water/Sewer Fund	325,063	325,063	100.0%
Transfer from General Fund	919,642	919,642	100.0%
<b>Total Revenues</b>	<b>1,315,517</b>	<b>1,300,495</b>	<b>98.9%</b>
<b>Expenditures</b>			
General Liability	45,541	45,540	100.0%
Errors & Omissions	71,963	71,962	100.0%
Public Employee Dishonesty	2,954	2,353	79.7%
Animal Mortality	2,450	2,450	100.0%
Law Enforcement	62,957	62,956	100.0%
Real & PP Property	83,393	83,392	100.0%
Windstorm Damage	604,034	604,034	100.0%
Automobile	95,598	95,597	100.0%
Auto Damage	94,435	94,434	100.0%
Mobile Equipment	13,291	13,291	100.0%
Rain-Out (Parks)	1,550	1,550	100.0%
Sewage Back-up	16,340	16,340	100.0%
Other	94,594	84,360	89.2%
<b>Total Expenditures</b>	<b>1,189,100</b>	<b>1,178,260</b>	<b>99.1%</b>
<b>Revenues Over (Under) Expenditures</b>	<b>126,417</b>	<b>122,235</b>	<b>96.7%</b>
<b>Beginning Net Assets</b>	<b>181,008</b>	<b>181,008</b>	<b>100.0%</b>
<b>Ending Net Assets</b>	<b>\$307,425</b>	<b>\$303,244</b>	<b>98.6%</b>

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## MEDICAL SELF INSURANCE FUND

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The Medical Self Insurance Fund accounts for the activities of the City's employee health insurance. The fund accounts for retiree and COBRA contributions, claims, and coverage. The City, as the employer, is responsible for all health care costs and pays for those costs plus administrative fees.

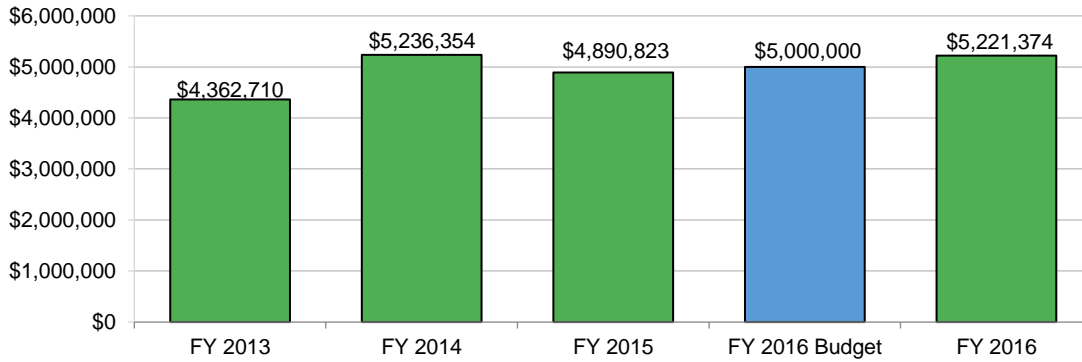
For fiscal year 2015-2016, total revenues of \$7,664,269 were received. Of this amount, the majority, \$7,447,447 was City, employee, retiree, and COBRA contributions.

Claims were budgeted at \$5,000,000. Excluding accruals, expenditures for claims paid for the fiscal year totaled \$5,221,374 which is \$221,374 or 4.4% over budget.

	FY 2015 ACTUALS	FY 2016 AMENDED BUDGET	FY 2016 ACTUALS	FY 2016 % of BUDGET
<b>Revenues</b>				
Employee and City Premiums	\$5,038,163	\$7,416,785	\$7,385,388	99.6%
Retiree Premiums	27,123	66,000	59,521	90.2%
Cobra			2,539	
Interest Income	391	1,000	1,280	128.0%
Miscellaneous*	475,716		215,542	
<b>Total Revenues</b>	<b>5,541,393</b>	<b>7,483,785</b>	<b>7,664,269</b>	<b>102.4%</b>
<b>Expenditures</b>				
Administrative Fee	741,305	924,966	898,740	97.2%
Medical Insurance Claims	4,890,823	5,000,000	5,221,374	104.4%
Health Portability Act	74,716	70,500	50,483	71.6%
Wellness Programs	7,445	25,000	0	0.0%
<b>Sub-Total Expenditures</b>	<b>5,714,290</b>	<b>6,020,466</b>	<b>6,170,596</b>	<b>102.5%</b>
<b>Reversal of YE Medical Claims Accrual</b>	<b>(243,993)</b>		<b>(282,750)</b>	
<b>Total Expenditures Including Accruals</b>	<b>5,470,296</b>	<b>6,020,466</b>	<b>5,887,846</b>	<b>97.8%</b>
<b>Revenues Over (Under) Expenditures</b>	<b>71,097</b>	<b>1,463,319</b>	<b>1,776,424</b>	<b>121.4%</b>
<b>Beginning Net Assets</b>	<b>785,034</b>	<b>595,631</b>	<b>595,631</b>	<b>100.0%</b>
<b>Ending Net Assets Including Accruals</b>	<b>\$856,132</b>	<b>\$2,058,950</b>	<b>\$2,372,055</b>	<b>115.2%</b>



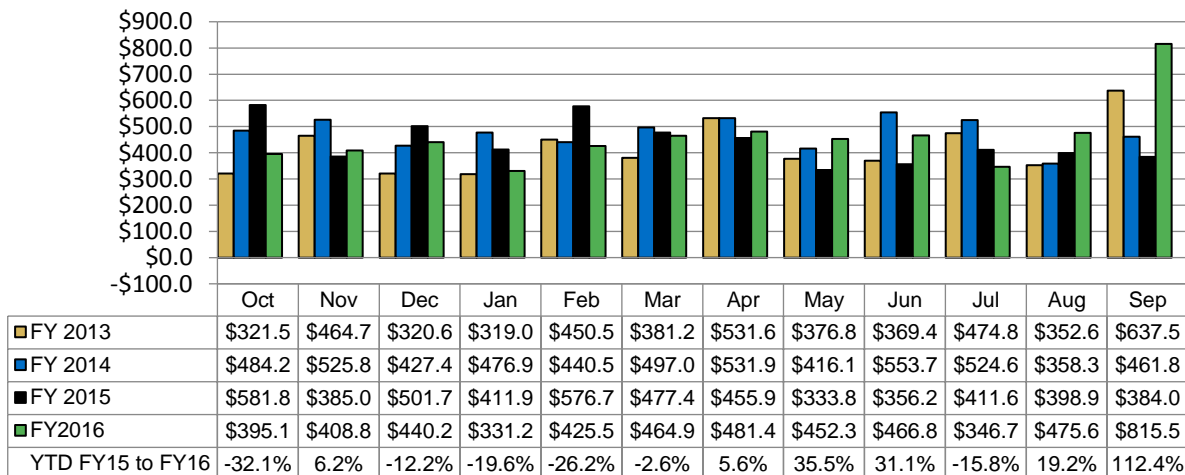
### Medical Claims Paid Year-to-Date Excluding Accruals



Claims paid per employee for this fiscal year are \$8,835 for 591 employees, \$375 per employee higher than budgeted.

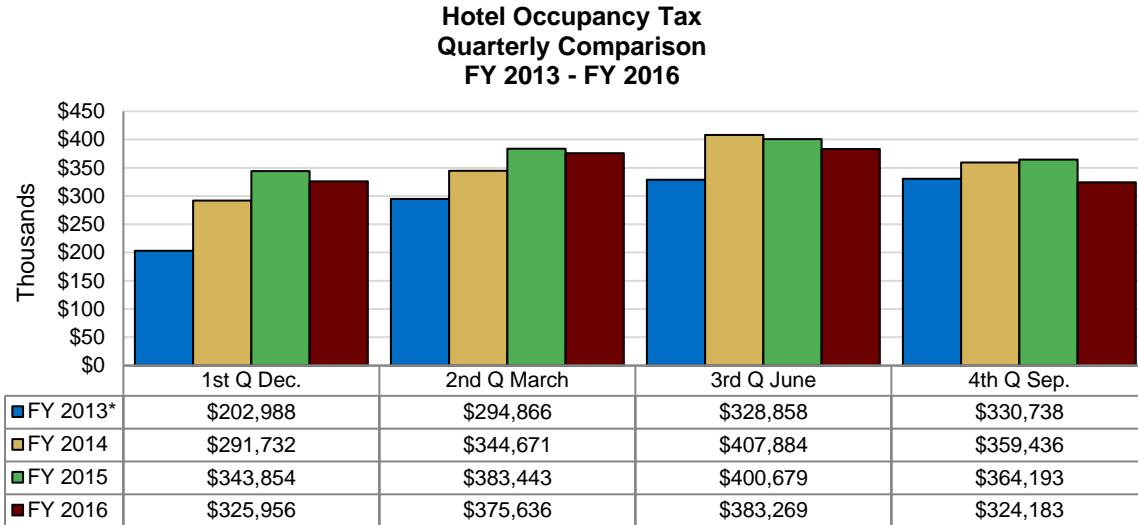
Claims Paid per Employee:	FY 2013	FY 2014	FY 2015	FY 2016
Number of Employees	547	548	529	591
Actual YTD	\$7,976	\$9,555	\$9,245	\$8,835
Budgeted			\$9,452	\$8,460

### Medical Claims Paid Monthly Excluding Accruals



## HOTEL/MOTEL OCCUPANCY TAX – CONVENTION & VISITOR’S BUREAU

The budgeted occupancy tax for FY 2015-2016 from the eleven hotels in Pearland was \$1,523,233. Revenues are received quarterly. Total occupancy taxes received for the fiscal year totaled \$1,409,044 which is \$116,189 or 7.6% below budget.



	2016			
	Final Budget	Actual	Variance Positive / (Negative)	2015
<b>Revenues</b>				
Sales and use taxes	\$ 1,525,233	\$ 1,409,044	\$ (116,189)	\$ 1,492,169
Investment earnings	2,000	30,509	28,509	11,348
Other		12,543	12,543	7,506
<b>Total Revenues</b>	<u>1,527,233</u>	<u>1,452,096</u>	<u>(75,137)</u>	<u>1,511,023</u>
<b>Expenditures</b>				
Current:				
General government	981,836	947,947	33,889	817,297
<b>Total Expenditures</b>	<u>981,836</u>	<u>947,947</u>	<u>33,889</u>	<u>817,297</u>
Excess (deficiency) of revenues over expenditures	<u>545,397</u>	<u>504,149</u>	<u>(41,248)</u>	<u>693,726</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(772)	(772)		(1,316)
Net change in fund balance	544,625	503,377	(41,248)	692,410
<b>Fund Balances - Beginning</b>	<u>3,690,878</u>	<u>3,690,878</u>		<u>2,998,468</u>
<b>Fund Balances - Ending</b>	<u>\$ 4,235,503</u>	<u>\$ 4,194,255</u>	<u>\$ (41,248)</u>	<u>\$ 3,690,878</u>

The year-end fund balance is \$4,194,255, 99% of amended budget.

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## TIRZ

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In tax year 1998, TIRZ #2 was formed, which is the Shadow Creek Ranch development. TIRZ #2 provides tax-assisted property development and/or redevelopment in this specific geographic area. The City Council appoints the board members of the TIRZ#2 and approves any debt issuances done on behalf of the TIRZ.

Total revenue for the fiscal year was \$21,606,309. The TIRZ received tax increment payments from the City of Pearland in the amount of \$13,282,986, \$5,162,646 from Alvin ISD, \$1,809,824 from Brazoria County, and \$1,339,271 from Fort Bend County.

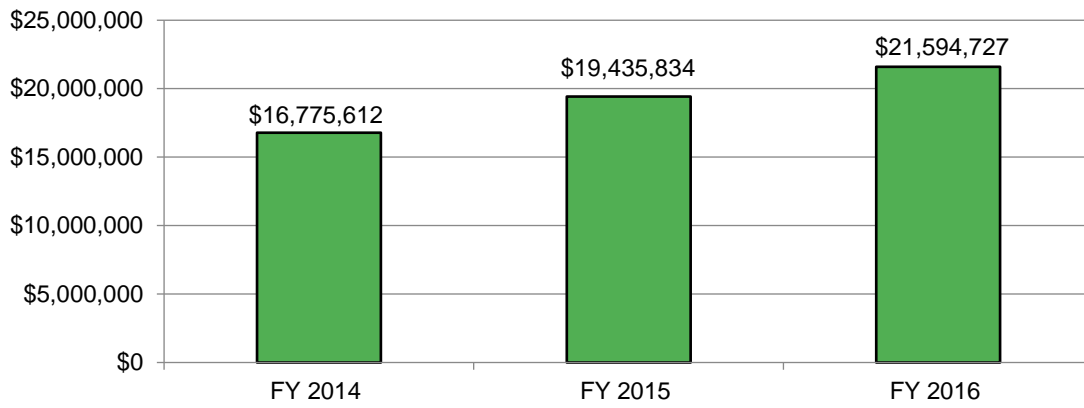
Expenditures total \$21,448,434; \$8,501,109 of this was paid to the City of Pearland for the TIRZ administration fee. The AISD Suspense Fund totals \$1,289,397.

There were transfers during the year totaling \$12,926,181 to the Development Authority for debt service and developer reimbursements.

	FY 2015 ACTUAL TO-DATE	FY 2016 ACTUAL TO-DATE	% CHANGE
<b>Revenues</b>			
Taxes			
Alvin ISD	\$4,899,861	\$5,162,646	5.4%
Brazoria County	1,674,994	1,809,824	8.0%
City of Pearland	11,931,938	13,282,986	11.3%
Fort Bend County	929,041	1,339,271	44.2%
Interest	11,699	4,121	-64.8%
Miscellaneous/AISD	1,466,367	7,461	
<b>Total Revenues</b>	<b>20,913,900</b>	<b>21,606,309</b>	<b>3.3%</b>
<b>Expenditures</b>			
Miscellaneous Services	20,888	21,144	1.2%
Payment to City of Pearland	7,623,794	8,501,109	11.5%
Payment to Development Authority			
Transfers Out	12,666,896	12,926,181	
<b>Total Expenditures</b>	<b>20,311,578</b>	<b>21,448,434</b>	<b>5.6%</b>
Net Change in Fund Balance	602,322	157,875	-73.8%
Beginning Fund Balance	4,346,424	4,948,746	13.9%
<b>Ending Fund Balance</b>	<b>\$4,948,746</b>	<b>\$5,106,621</b>	<b>3.2%</b>

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### TIRZ Tax Revenue 3-Yr History



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**DEVELOPMENT AUTHORITY**

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In 2004, the City created the Development Authority to provide financing for the development of the TIRZ #2. Proceeds from bond sales are to be used to reimburse developers and fund a debt service reserve. The City Council appoints Board members and approves any debt issuances done on behalf of the Development Authority.

Revenues received for the fiscal year total \$78,957,492, with Bond Proceeds totaling \$66,030,000 and Transfers In at \$12,926,181. Expenditures total \$73,178,870 including \$19,575,000 in reimbursement to the developer for Shadow Creek Ranch. The total fund balance at year-end is \$7,735,156 with \$7,425,411 reserved for debt service.

	FY 2015 ACTUAL TO-DATE	FY 2016 ACTUAL TO-DATE	% CHANGE
<b>Revenues</b>			
Transfers In	\$12,666,896	\$12,926,181	2.0%
Bond Proceeds	8,060,000	66,030,000	719.2%
Interest	1,906	1,311	-31.2%
<b>Total Revenues</b>	<b>20,728,802</b>	<b>78,957,492</b>	<b>280.9%</b>
<b>Expenditures</b>			
Professional Services	7,693	6,222	-19.1%
Reimbursement to Developer	14,730,000	19,575,000	32.9%
Bond Payments:			
Interest	1,983,757	1,971,659	
Principal	3,800,000	5,165,000	
Bond Issuance Cost	168,815	342,542	102.9%
Arbitrage/Fiscal Fees	14,200	7,050	-50.4%
Payment to Escrow		46,111,397	
<b>Total Expenditures</b>	<b>20,704,465</b>	<b>73,178,870</b>	<b>253.4%</b>
<b>Net Change in Fund Balance</b>	<b>24,337</b>	<b>5,778,622</b>	
<b>Beginning Fund Balance</b>	<b>1,932,196</b>	<b>1,956,534</b>	
<b>Ending Fund Balance</b>	<b>\$1,956,534</b>	<b>\$7,735,156</b>	<b>295.4%</b>

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## PEDC

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The PEDC was formed to assist in the promotion, enhancement, and development of the City. PEDC is committed to enhancing the community's economic vitality through the attraction, retention and expansion of primary employers. To do this, they are financed by a sales tax of a half-cent.

The following highlights a few of PEDC's fiscal year 2016 attraction and retention projects.

- Lonza Houston, one of the world's leading suppliers to the pharma & biotech and specialty ingredient markets, began construction in April 2016 of a 100,000 square foot biotech facility on an 11-acre site in Pearland's Lower Kirby District. In September 2016, Lonza announced an additional 150,000 square feet expansion to its facility currently under construction. Lonza will be home to over 100 employees at the facility and will bring an estimated \$74 million in investment to the community.
- FloWorks International, a leading specialty supplier of pipe, valves, fittings and related products, broke ground in late 2015 on a 225,000 square foot facility located on a 41-acre site in Pearland. Scheduled for completion in early 2017, the facility will be home to approximately 60 employees, including executive management, sales, operations, administrative, accounting, and warehouse personnel and will bring an estimated \$56 million in investment to the community.
- Beautification efforts are being done in coordination with the State Highway 288 Managed Toll Lanes project currently under construction. The corridor currently is non-landscaped and does not reflect City standards. The goal is to create a vibrant, visually appealing corridor that will attract investment in the City.

### Revenues

#### Taxes:

Sales and use taxes	9,870,744
Charges for services	459,996
Investment earnings	143,842
Other	263,319
<b>Total Revenues</b>	<b>11,225,658</b>

### Expenditures

#### Current:

Economic development	2,953,682
Debt Service	
Principal	720,000
Interest	699,956
Bond issuance cost	75,192
<b>Total Expenditures</b>	<b>5,496,384</b>
Revenues over (under) expenditures	<b>5,729,274</b>

### Other Financing Sources (Uses)

Transfers (to) other component units	(3,987,325)
Other	80,227
<b>Total other financing sources (uses)</b>	<b>(3,907,098)</b>
Changes in fund balance	1,822,176
<b>Fund Balances - Beginning</b>	<b>18,179,935</b>
<b>Fund Balances - Ending</b>	<b>\$ 20,002,111</b>

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## GRANTS

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### ***FY 2016 GRANT EXPENDITURES BY SOURCE & TYPE***

	Community Development*	Public Safety
State	\$10,288,023	\$41,387
Federal	\$764,161	\$123,004

### ***FY 2016 GRANT HIGHLIGHTS***

- Completion of the Recreational Trails at the John Hargrove Environmental Center (JHEC).
  - \$430,213 in Federal pass-thru expenditures via Brazoria County.
  - 1.7 miles of 8 foot wide decomposed granite pathway, surrounding two 15-acre ponds.
- Repair and rehabilitation of ten (10) local single-family owner-occupied homes with CDBG funding.
  - Six (6) roof repair/replacements.
  - Three (3) HVAC replacements.
  - Two (2) foundation repairs.
  - Two (2) ADA accessibility projects.
  - Two (2) water heater replacements.
  - Various door and window replacements, flooring, weatherization, and exterior repairs.
- Substantial completion of the City's Intelligent Traffic Systems (ITS) project
  - TxDOT – funded efforts to install and implement advanced synchronization/signalization technology in approximately 81 traffic signals throughout the City
- Continued implementation of the City's DWI Task Force – Pearland Police Department
- Significant expansion of Bailey Road
  - \$9.6 million in TxDOT Metro-Mobility funds (Proposition 12)
  - Scheduled for substantial completion in 2018-19.

### ***FY 2017 PENDING GRANT EXPENDITURES BY PROJECT***

Parks	\$200,000	Recreational Trail Connectivity - Phase II
	\$27,081	Recycling trash receptacles - various parks
Police	\$10,044	Police Special Equipment
	\$11,670	Body-Cameras First Responders
Public Works	\$245,887	Waterlines and related materials
Capital Projects/Engineering	\$45,000	Surveyor - Mimosa Acres (flood mitigation)
Finance	\$65,086	General Government - Management and Oversight
	\$48,815	Subrecipient Social Services Programs
	\$118,350	Subrecipient Facility Improvements
Fire	\$93,180	Housing and Code Enforcement

	<b>2016</b>			
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	<b>2015</b>
<b>Revenues</b>				
Investment earnings	\$	\$ 47	\$ 47	\$ 37
Intergovernmental	1,684,224	382,259	(1,301,965)	405,083
<b>Total Revenues</b>	<b>1,684,224</b>	<b>382,306</b>	<b>(1,301,918)</b>	<b>405,120</b>
<b>Expenditures</b>				
Current:				
General government		28,829	(28,829)	
Public safety	207,879	206,608	1,271	192,716
Community service	619,295	132,337	486,958	94,302
Parks and recreation				11,072
Capital outlay	155,355	26,064	129,291	107,278
<b>Total Expenditures</b>	<b>982,529</b>	<b>393,838</b>	<b>588,691</b>	<b>405,368</b>
Excess (deficiency) of revenues over expenditures	701,695	(11,532)	(713,227)	(248)
<b>Other Financing Sources (Uses)</b>				
Transfers out	(760,885)		760,885	
<b>Total other financing sources (uses)</b>	<b>(760,885)</b>		<b>760,885</b>	
Net change in fund balance	(59,190)	(11,532)	47,658	(248)
<b>Fund Balances - Beginning</b>	<b>69,254</b>	<b>69,254</b>		<b>69,502</b>
<b>Fund Balances - Ending</b>	<b>\$ 10,064</b>	<b>\$ 57,722</b>	<b>\$ 47,658</b>	<b>\$ 69,254</b>