



MEMO

TO: Honorable Mayor Debbie Stout
Allen City Council
Eric Ellwanger, City Manager
Department Heads

FROM: Eric Cannon, Chief Financial Officer
Martin Clarke, Controller

SUBJECT: FY2020 – 3rd Quarter Financial Report

DATE: July 28, 2020

Attached is the report of revenues and expenditures for the second quarter of Fiscal Year 2020. This activity transacted during the period from April 1, 2020, to June 30, 2020.

GENERAL FUND

- Sales tax projections were revised down 6.5% for the midyear for the anticipated impact of COVID-19. Fiscal year to date collections are 1.1% ahead of last year. Better than anticipated e-commerce sales are partially mitigating the negative impact of Coronavirus.
- Multi-Family and Commercial Permits revenues are usually high-dollar, low-volume permits and are not cyclical. These revenues are currently trending as expected.
- Charges for Services further declined due to cancellations of sporting events and live shows.
- Revenues from fines are down due to a further decrease in the number of citations that were issued through the end of the third fiscal quarter.
- The majority of Franchise Fees are received quarterly, where payments are received within sixty days of quarter-end; thus, this category is currently trending as anticipated.

DEBT SERVICE FUND

- Principal payments are made in the 4th Quarter of each fiscal year. Interest payments are made biannually during the 2nd and 4th Quarters of each fiscal year.

HOTEL OCCUPANCY FUND

- Hotel Occupancy Taxes are collected in arrears, and at the end of the 3rd Quarter of FY2020 eight (8) months of collections was received. Collections are in line with revised budget.
- HOT has been drastically impacted because of the Coronavirus. Since late March occupancy is down approximately 60%.
- Hotel Occupancy Tax Grant recipients are paid after requests for the payments are submitted, therefore making this category difficult to compare from one year to another.

ASSET FORFEITURE FUND

- Revenues are recognized through awards that stem from Federal and state forfeitures.

TAX INCREMENT FINANCING (TIF) FUND

- Revenues in TIF#2 must meet the Increment cap prior to collecting Property and Sales Taxes. Collections are anticipated to be made in the 3rd and 4th Quarters of FY2020.
- Economic Grant Expenses are typically paid in 3rd quarter each fiscal year.

SPECIAL REVENUE FUND

- PEG Fees are collected on a quarterly basis. Financials only represent two quarterly payments.
- Court-related revenues continue to decline due to a decrease in number of citations issued.

GIFT PERMANENT FUND

- This fund was created in FY2019 to account for revenue and expenditures associated with cash gifts to the Police Department, Fire Department, and Library in the amounts of \$300,000, 300,000, and \$200,000 respectively. No gifts are expected during FY2020.

GRANT FUND

- Revenue and expenditures are trending as expected.

REPLACEMENT FUND

- Contributions are made quarterly to cover required amounts needed for asset replacements. Because of the negative impact to revenues because of the Coronavirus the City will forgo it final quarterly payment to this fund.
- Vehicle purchases are typically made later in the fiscal year to allow retailers time to fulfill orders. Larger vehicles like fire engines and ambulances are acquired through leases, where installment payments are made over several fiscal years.

FACILITY MAINTENANCE FUND

- Contributions have been reduced because of revenue shortages related to the Coronavirus.
- Expenditures are performing as expected and as budgeted.

RISK MANAGEMENT FUND

- Property and Liability revenue was collected in the second quarter of fiscal years 2020.
- Expenses related to Property & Liability Insurance and Worker's Comp premiums are paid at the beginning of each fiscal year, and the policies cover the duration of each fiscal year.
- Expenses related to Workers Compensation are dependent upon the number of claims that are paid by the Risk Fund and fluctuate from year to year.

WATER & SEWER FUND

- Revenues from Water sales and Sewer Charges are expected increase in FY2020 due to the new rates, that went into effect on November 1, 2019, and higher water usage because of dryer weather conditions compared to last year.
- During FY2020, Transfers-In are recorded as capital projects commence, while transfers to cover operations are recorded throughout the Fiscal Year.

SOLID WASTE FUND

- Commercial Garbage revenues represent collections for 8 months of billings.
- Transfers out are recorded on a quarterly basis. However, one lump sum transfer is made for capital projects.

DRAINAGE FUND

- Inspection Fee revenues are collected as new developments are built throughout the City.
- Expenses in the Drainage Fund are trending as expected.

GOLF COURSE FUND

- Revenues are lower than originally budgeted because of the temporary shutdown in operations related to Coronavirus.
- Expenses are marginally lower than they were at the end of the second quarter of the last fiscal year. Golf course operations have been directly affected by the Covid-19 outbreak.

ECONOMIC DEVELOPMENT CORPORATION

- Sales Tax revenues are generally received in the second month following the end of the month in which the sales were transacted. Accordingly, collections through the 3rd quarter of FY2020 are associated with sales made during the period from October 2019 through April 2020.
- Sales tax projections were revised down 6.5% for the midyear for the anticipated impact of COVID-19. Fiscal year to date collections are 1.1% ahead of last year. Better than anticipated e-commerce sales are partially mitigating the negative impact of Coronavirus.
- Economic Grant Expenses are paid only to entities that conform with the stipulations of their incentive agreements. The total of \$9.69 million budgeted for FY2020 represents all possible economic grants expected to be paid in the current fiscal year.

COMMUNITY DEVELOPMENT CORPORATION

- Revenues from Sales Taxes are generally collected in the second month following the end of the month in which the sales were transacted. Accordingly, collections through the 2nd quarter of FY2020 are from sales transacted during the period from October 2019 through April 2020.
- Sales tax projections were revised down 6.5% for the midyear for the anticipated impact of COVID-19. Fiscal year to date collections are 1.1% ahead of last year. Better than anticipated e-commerce sales are partially mitigating the negative impact of Coronavirus.
- Expenditures are trending as expected.