

MEMO

To: Honorable Mayor Ken Fulk
Allen City Council
Eric Ellwanger, City Manager
Department Heads

From: Jennifer Fung, Interim Chief Financial Officer
Chris Landrum, Assistant Chief Financial Officer

Date: January 12, 2021

Re: Fiscal Year 2020 – Fourth Quarter Financial Report

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

GENERAL FUND

- Sales tax revenue exceeded budget projections by 8%. COVID-19 did not have as much of a negative impact on sales tax as anticipated. Better than anticipated e-commerce sales and credit bureau services 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.
- The majority of Franchise Fees are received quarterly. Payments are received within 60 days of quarter-end; thus, this category is currently trending as anticipated.

DEBT SERVICE FUND

- Principal payments are made in the fourth quarter of each fiscal year. Interest payments are made biannually during the second and fourth quarters of each fiscal year.

HOTEL OCCUPANCY FUND

- Hotel occupancy tax has been drastically impacted because of the Coronavirus. Occupancy reached a low of 8.7% on March 29, 2020 but increased to 40% occupancy in late September 2020. The normal occupancy percentage for September is 55%.
- A large portion of the Hotel Occupancy Tax Grants are for performance guarantees to secure events at the event center. The dollars were not requested because of fewer events taking place during the fiscal year.



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 were anticipated to be made in the third and fourth quarters of fiscal year 2020.
- Economic Grant Expenses are typically paid in third quarter each fiscal year.

SPECIAL REVENUE FUND

- Public, Educational and Governmental (PEG) Fees are collected on a quarterly basis. Financials represent a full year of payments.
- Court-related revenues continue to decline due to a decrease in number of citations issued.

GIFT PERMANENT FUND

- This fund was created in fiscal year 2019 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 were received in fiscal year 2020.

GRANT FUND

- Revenue and expenditures are trending as expected.

REPLACEMENT FUND

- Contributions are made quarterly to cover required amounts needed for asset replacements. Expenditure savings in the General Fund allowed for a one-time contribution of \$900 thousand at year end.
- Expenses for vehicle purchases are typically recognized later in the fiscal year due to the lead time required to fulfill orders. Larger vehicles like fire engines are purchased in installment payments made over several fiscal years due to the build time for these vehicles.

FACILITY MAINTENANCE FUND

- Contributions have been reduced because of revenue shortages related to the Coronavirus.
- CARES Act funding of \$500 thousand will be recognized as expenses are incurred.
- Maintenance projects not completed will be completed in the next fiscal year.

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 performed slightly below expectations. The weather and rainfall have a significant impact of revenues.
- Miscellaneous revenues were less than expected because the rebate from the take or pay calculation was recognized as a reduction in expenses.
- During fiscal year 2020, Transfers-In are recorded as capital projects commence, while transfers to cover operations are recorded throughout the Fiscal Year.
- Year-end expenditure savings of \$922,855 were captured for the Advanced Meter Infrastructure/Advanced Meter Reading (AMR/AMI) project.

SOLID WASTE FUND

- Commercial Garbage revenues performed slightly better than expected.
- Most of the expenditure saving were from residential trash and recycling.

DRAINAGE FUND

- Revenues performed as anticipated.
- Expenses in the Drainage Fund performed as expected.

GOLF COURSE FUND

- Reduced revenues were expected because of COVID-19. Revenues exceeded revised expectations.
- The increase in net position in this fund will be used to reduce future contributions from the General Fund.

ECONOMIC DEVELOPMENT CORPORATION

- Sales tax revenue exceeded budget projections by 8%. COVID-19 did not have as much of a negative impact on sales tax as anticipated. Better than anticipated e-commerce sales and credit bureau services 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 \$12.21 million budgeted for fiscal year 2020 represents all possible economic grants that were expected to be paid in the fiscal year. Economic grants that were not paid in fiscal year 2020 will be appropriated in future years.

COMMUNITY DEVELOPMENT CORPORATION

- Sales tax revenue exceeded budget projections by 8%. COVID-19 did not have as much of a negative impact on sales tax as anticipated. Better than anticipated e-commerce sales and credit bureau services are partially mitigating the negative impact of Coronavirus.
- Construction in progress projects that were not completed in the fiscal year are re-appropriated in future years.