



MEMO

TO: Honorable Mayor Stephen Terrell
Allen City Council
Peter H. Vargas, City Manager
Department Heads

FROM: Eric Cannon, Chief Financial Officer
Chris Landrum, Budget Manager
Casey Bennett, Financial Analyst

SUBJECT: FY2016 – 3rd Quarter Financial Report

DATE: August 9, 2016

Attached is the report of revenues collected and expenditures spent for the third quarter of Fiscal Year 2016. This activity has taken place between April 1, 2016 and June 30, 2016.

GENERAL FUND

- Revenues collected for the 3rd Quarter are more than \$74 Million, which is \$5.2 Million more than the 3rd Quarter of FY2015. Revenue increases are due in large part to an increase of almost \$5 Million in Ad Valorem property taxes collected and a \$391 thousand increase in sales tax revenues collected.
- Franchise Fees are down as FY2016 has seen a very mild winter and delayed summer compared to previous years. Additionally, changes in the business landscape will see the Cable/PEG Franchise fees decrease slightly in the near future.
- Reimbursement revenues are up in large part due to the recent hailstorms that totaled many city vehicles. This revenue is to reimburse expenses incurred to fix these vehicles.
- Expenditures in the Service Center are down, primarily due to the low commodity price of fuel versus last year.
- Expenditures at the Municipal Court are down considerably from the same time period in FY2015 due in large part to the large amount of turnover in personnel.
- Facility Maintenance expenditures were moved from the Engineering Department to the new Facility Maintenance Fund.

DEBT SERVICE FUND

- Principal payments are expected to be made in August and September. Interest payments are made during Q2 and Q4. Last year's numbers are inflated due to a bond refunding that occurred in Q3 FY2015.

HOTEL OCCUPANCY FUND

- Operating Costs and Professional Services are down from FY2015 as major investments were made last year to expand the Allen CVB's marketing footprint throughout the state through the use of print and online media strategies.

TAX INCREMENT FINANCING (TIF) FUND

- Expenditures are on-target for 2016. The recognition of property taxes was delayed in FY2016 and will be recorded in the 4th Quarter.

GRANT FUND

- Expenses in the Grant Fund for the Planning Department will be affected this year due to the discontinuation of services provided by Texoma Area Paratransit Services (TAPS). TAPS received payment for one month worth of service prior to the termination of our agreement in November 2015. This accounts for the large discrepancy in expenditures from this year versus last year.

REPLACEMENT FUND

- Revenues in the replacement fund are generated by transfers from the General Fund and Enterprise Funds (excluding the Golf Course). Revenue figures are re-calculated on an annual basis for accuracy based on the remaining useful life of current assets.
- Expenditures for the various departments are being purchased on schedule.

FACILITY MAINTENANCE FUND

- This fund was created to account for the maintenance of aging facilities throughout the City. It became operational in January 2016. Prior to the creation of this fund, expenses were incurred in the General Fund, Engineering Department. Approximately \$900 thousand was transferred from General Fund assigned fund balance to create this fund.

RISK FUND

- Actual revenues collected in the Risk fund have increased by approximately \$30 thousand versus FY2015. The City of Allen now has a 3rd party pay the stop-loss overages directly versus the City paying the overages and being reimbursed.
- Premiums in the Property & Liability Insurance and Worker's Comp categories are typically paid at the beginning of the fiscal year, lasting for the duration of the year.
- Health and Dental Claims are up over this time last year with multiple employees going out for long periods of time with large claims.

WATER & SEWER FUND

- Connections revenue is trending to go over the revised budget estimates as it is outperforming last year's actuals from the same time period.
- Service charges are up as there has been a large amount of penalties collected from residents who are late with their payments, as well as inspection fees collected from developers.
- 3rd Quarter losses are anticipated as less water is sold during the Fall and Winter months. These anticipated losses will be made up during the 4th Quarter.
- Supplies budget in the Water & Sewer Division have been exceeded due to the need to replace outdated equipment that is no longer able to be serviced for the Meter Services and Wastewater divisions. Savings from other functional areas will be used to cover the overage in expenditure for this area.

- Capital expenses are generally large one-time purchases and are dependent on timing of purchase.

SOLID WASTE FUND

- Commercial Garbage revenues are typically collected two months after service. Only seven months of collections have taken place in the 3rd Quarter of FY2016. Recycling Revenues are collected with large portions received on a quarterly basis.
- With the addition of new homes and large apartment complexes in Allen, Solid Waste Services will continue to rise in proportion to the growth. Approximately 450 single family residences and two apartment complexes have been added since last year.

DRAINAGE FUND

- Inspection Fee revenues are collected as new developments are being built throughout the City. These fees primarily correspond with recent developments at Montgomery Ridge - Phase 2, Malone Meadows and Glendover Gardens.
- Miscellaneous reimbursement revenue was collected after finding that a property management company illegally dumped paint into a creek. The company was billed for remediation expenses incurred by the Drainage division to clean the paint from the creek.

GOLF COURSE FUND

- Class Fees at the Golf Course have been the highlight of the fiscal year. New contracts working directly with the Golf Instructors have led to increased revenues and increased Professional Service expenditures in direct proportion to the revenues collected.
- Reimbursement revenues collected have outpaced budget based on events and activities hosted by The Courses at Watters Creek.
- The Maintenance category has experienced some higher than normal spending as a rainstorm from November 2015 caused significant damage to the Golf Course. As a result, two greens were completely washed away and the staff has had to create temporary greens for the players to use until new greens can be established this summer.

ECONOMIC DEVELOPMENT CORPORATION

- Sales Tax revenues are received two months behind the actual month incurred. Actuals collected only account for purchases made through April 2016.
- Economic Grant Expenses are only paid out for those entities that are meeting the stipulations of their agreements. The total \$4.85 Million represents all possible economic grants.

COMMUNITY DEVELOPMENT CORPORATION

- Sales Tax revenues are received two months behind the actual month incurred. Actuals collected only account for purchases made through April 2016.
- The largest portions of expenditures in this fund are related to CIP projects and one time purchases for park development.