



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: FY2017 – 2nd Quarter Financial Report

DATE: May 9, 2017

Attached is the report of revenues collected and expenditures spent for the second quarter of Fiscal Year 2017. This activity has taken place between January 1, 2017 and March 31, 2017.

GENERAL FUND

- Multi-family permit revenue is usually high dollar, low-volume permits and are not cyclical.
- The Charges for Services category is behind expectations primarily in the Event Center based on the mix of events in the first half of the year.
- The Contributions category includes administrative cost allocations from the EDC/CDC that are recorded as revenue in the General Fund. These costs were allocated in the second quarter for FY2017.
- Transfer In Revenues are up as transfers have been booked from the Water & Sewer Fund based on the Rate Study to support costs in the General Fund. These costs were allocated in the second quarter for FY2017.
- Information Technology has significant one-time capital purchases that are scheduled for the second half of the year.
- Expenditures at the Service Center are down largely due to the low cost of Fuel.
- The Streets Division and Engineering Department will have a large amount of their expenditures occur in the second half of the year based on the larger availability of hours to complete their work.
- Similar to Streets and Engineering, the Parks and Recreation Department conduct a majority of their programs during the Summer months.

DEBT SERVICE FUND

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

TAX INCREMENT FINANCING (TIF) FUND

- Revenues in TIF#2 must meet the Increment cap prior to collecting Property and Sales Taxes. Sales Tax revenues are anticipated to be collected in the 3rd and 4th Quarters of FY2017.
- Property Tax revenues are recorded in the 3rd quarter when reported by Collin County.
- Economic Grant Expenses are typically paid after April 1st of each fiscal year.

WATER & SEWER FUND

- Most Water Sales revenue is collected in the summer months that correspond with the 3rd and 4th Quarters.
- Sewer Charges link directly to the amount of Water Sales therefore they experience a similar trend regarding their financials.
- Connections and Service Charges are non-cyclical and occur as needed.
- The cost of Water and Pre-Treatment from North Texas Municipal Water District continues to rise (over \$600 thousand year-to-date) with no signs of price stabilization in the foreseeable future.
- Other Financing Uses correspond with Transfers Out to the General Fund.

SOLID WASTE FUND

- Commercial Garbage and Composting revenues represent four months of collections.
- Maintenance costs are up largely due to the aging of large trucks operated by the fund in need of repairs.
- Other Financing Uses are monthly transfers, with a lump sum transfer for capital projects.

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 Farm Estates and Montgomery Ridge Phase IIA.
- Expenditures are trending as expected.

GOLF COURSE FUND

- Revenues and expenses are performing as expected.

HOTEL OCCUPANCY FUND

- Hotel Occupancy Tax revenues are collected one month behind, thus showing only five of the six months in the 2nd Quarter of FY2017. To date, revenues are trending on target for FY2017.
- Hotel Occupancy Tax Grant recipients are paid once requests are submitted.

ASSET FORFEITURE FUND

- Revenues are recognized as awarded in both Federal and State forfeitures.

SPECIAL REVENUE FUND

- PEG Fees are collected on a quarterly basis, with the first payment to be collected in the 2nd Quarter of FY2017. Revenues are trending below expectations.
- Red Light Fine Revenues are trending above expectations.
- All transfers from the General Fund have been completed as fund balances were established at the beginning of the fiscal year.

GRANT FUND

- Revenues are not cyclical and typically based on reimbursement from Federal and State agencies. These revenues are recorded after expenses are incurred and vetted.
- Expenses are performing as expected.

REPLACEMENT FUND

- Reimbursement revenues represent insurance or subrogation reimbursements.
- Transfers came from the Water & Sewer Fund for the upgrade of the replacement CUES TV Van, which will be used by the new FOGS crew in April.
- Replacement IT Switches were purchased in the 1st Quarter. Remaining budget is outstanding for the Phone System Upgrade project.
- Fire replacements were delayed from FY2016 by approximately \$400 thousand and completed in the 1st Quarter as there were delays in the manufacturing process for one of the Fire Engines. A Midyear adjustment is programmed to cover these expenses.
- Most Police replacement vehicles were purchased at the beginning of the year.
- The Community Services Department purchased GPS units to replace units no longer supported for fleet vehicles. Budget to be revised at Midyear.
- Transfers out went to the Special Revenue fund as the Court Technology fund balance was moved into the newly established fund.

FACILITY MAINTENANCE FUND

- Transfer In Revenues come from the General Fund as a single transfer.
- Expenditures occur as maintenance is performed.

RISK MANAGEMENT FUND

- Property and Liability revenue was collected in the first quarter.
- Reimbursement revenues are collected through insurance and subrogation from damaged property.
- Expenses 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.

ECONOMIC DEVELOPMENT CORPORATION

- Sales Tax revenues are received two months behind the actual month incurred. Actuals collected account for purchases made from October 2016 to January 2017.
- Economic Grant Expenses are only paid out for those entities that are meeting the stipulations of their agreements. The total \$11.4 Million represents all possible grants.
- Revenues and expenditures that correspond with Debt Service are over budget based on an Advance Refunding and Defeasance of AEDC Revenue Bonds.

COMMUNITY DEVELOPMENT CORPORATION

- Sales Tax revenues are received two months behind the actual month incurred. Actuals collected account for purchases made from October 2016 to January 2017.
- Professional Services Expenditures represent Administrative support, and booked all at one time.