



# 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 – 3<sup>rd</sup> Quarter Financial Report

**DATE:**       July 25, 2017

Attached is the report of revenues collected and expenditures spent for the third quarter of Fiscal Year 2017. This activity took place between April 1, 2017 and June 30, 2017.

## GENERAL FUND

- Property Taxes in the amount of \$655 thousand were moved from the General Fund to the Tax Increment Financing (TIF) Fund. A similar entry also takes place each year in the Debt Service Fund. Revenues are moved after receiving the valuation from Collin County for both TIF zones.
- Licenses and Permits are up based on a higher than usual volume of Commercial, Multi-Family and Other Building Permits, typically high-dollar, low-volume permits which are not cyclical. Examples of these projects include the developments at Montgomery Ridge, Vera Watters, the Watters Creek Office Park and Compass Data Centers.
- The Charges for Services category is behind expectations. The primary reason for the reduction can be attributed to the Event Center based on the mix of events.
- The Contributions category includes administrative cost allocations from the EDC/CDC that are recorded as revenue in the General Fund.
- 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.
- Like 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 4<sup>th</sup> Quarter of the fiscal year. Interest payments are made biannually, and occur the 2<sup>nd</sup> and 4<sup>th</sup> Quarters of the fiscal year.
- Property Taxes in the amount of \$204 thousand were moved to the Tax Increment Financing (TIF) Fund after receiving the valuation from Collin County.

## **TAX INCREMENT FINANCING (TIF) FUND**

- Property Tax revenues are recorded after the TIF valuations are received from the Collin County Appraisal District, typically around April each year.
- Economic Grant Expenses were paid at the end of May 2017.

## **WATER & SEWER FUND**

- Most Water Sales revenue is collected in the summer months that correspond with the 3<sup>rd</sup> and 4<sup>th</sup> 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 the North Texas Municipal Water District continues to rise (over \$1 Million year-to-date).
- Other Financing Uses represent Transfers Out to the General Fund for administrative and other support services.

## **SOLID WASTE FUND**

- Commercial Garbage and Composting revenues represent seven months of collections.
- All expenditure categories are in-line with expectations.

## **DRAINAGE FUND**

- Inspection Fee revenues are collected as new developments are being built throughout the City. These fees primarily correspond with recent developments at Rivercrest Park and Montgomery Ridge Phase IIA.
- Expenditures are trending as expected.

## **GOLF COURSE FUND**

- Revenues and expenses are performing as expected.

## **ASSET FORFEITURE FUND**

- Revenues are recognized as awarded in both Federal and State forfeitures.
- Auction revenues are higher than expected due to the number of items up for auction.

## **HOTEL OCCUPANCY FUND**

- Hotel Occupancy Tax revenues are collected one month behind, thus showing only eight of the nine months year-to-date in FY2017. To date, revenues are trending behind FY2016 due to slight decreases in demand occupancy.
- Hotel Occupancy Tax Grant recipients are paid once requests are submitted.

## **SPECIAL REVENUE FUND**

- PEG Fees are collected quarterly, with the first payment to be collected in the 2<sup>nd</sup> Quarter of FY2017. Revenues are trending below expectations.
- Red Light Fine Revenues are trending above expectations.
- Transfers from the General Fund were completed to establish fund balance 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.
- Expenditures are trending as expected.

## **REPLACEMENT FUND**

- Revenues were not collected for May and June 2017. These revenues will be recorded in the 4<sup>th</sup> Quarter of FY2017.
- Reimbursements represent insurance or subrogation revenues from vehicle claims.
- Auction Revenue is trending higher than expected based on a large amount of replacement vehicles at auction this year.
- Transfers In are for the CUES TV Van, used by the new Water & Sewer FOGS crew.
- Total Loss Police replacement vehicles were approved out of the Replacement Fund as these costs are offset by reimbursement revenues received from insurance companies.
- The Community Services Department purchased GPS units to replace units no longer supported for fleet vehicles.

## **FACILITY MAINTENANCE FUND**

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

## **RISK MANAGEMENT FUND**

- Property and Liability revenue was collected to cover anticipated expenditures.
- Reimbursement revenues are collected through insurance and subrogation from damaged or destroyed property claims.
- Expenses are trending as expected.

## **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 April 2017.
- Economic Grant Expenses are only paid out for those entities meeting the stipulations of their agreements. The total \$11.4 Million represents all possible grants.
- Capital expenses correspond to land purchases.
- 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 April 2017.
- Professional Services Expenditures represent Administrative support, and booked all at one time at the beginning of the fiscal year.