



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: FY2018 – 2nd Quarter Financial Report

DATE: April 24, 2018

Attached is the report of revenues collected and expenditures spent for the second quarter of Fiscal Year 2018. This activity has taken place between January 1, 2018 and March 31, 2018.

GENERAL FUND

- Commercial and Fire Code Permit revenues are outperforming budgets due to quicker than anticipated development. These estimates will be re-evaluated at Midyear.
- The Fines category is behind expectations primarily due to a lower-than-usual number of citations issued.
- The Reimbursements category is trending above expectations due to increased Tree Mitigation revenues correlating with commercial developments. Reimbursements from AISD for School Resource Officers are received during each school semester.
- The Event Center has hosted more events than at this point last year leading to increased expenditures. As a result, revenues are up almost \$600 thousand from the same period last year.
- Community Development savings are primarily attributed to staff turnover.
- The Streets Division and Engineering Department will have a large amount of expenditures occurring in the second half of the year based on seasonal projects and beginning their busy season.
- Like Streets and Engineering, the Parks and Recreation Department conducts a majority of its 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.
- Principal payment also represents the defeasance of the 2004B Series of bonds.

HOTEL OCCUPANCY FUND

- Hotel Occupancy Tax revenues are collected one month behind, thus showing only five of the six months during the fiscal year. To date, revenues are lagging behind based on decreases in occupancy and average daily rates, per the STR report.
- 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.

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.
- Property Tax revenues are recorded in the 3rd Quarter after reported by Collin County.
- Economic Grant Expenses are typically paid after April 1st of each fiscal year.

SPECIAL REVENUE FUND

- PEG Fees are collected on a quarterly basis, with the first payment collected in the 2nd Quarter each fiscal year.
- Juvenile Case Management, Court Security and Court Technology revenues are directly linked to the Fines category in the General Fund, which is trending below budget.
- The Red Light Fines have been discontinued as of the end of FY2017 with outstanding balances being paid periodically.
- Court Technology expenditures are related to the deployment of new InCode Court software at the Municipal Court.

GRANT FUND

- Revenues are not cyclical and typically based on reimbursement from Federal and State agencies. These revenues are recorded after the City has incurred the eligible expense and submitted for reimbursement.
- Expenses are performing as expected.

REPLACEMENT FUND

- Risk was added to the Replacement Fund based on a new vehicle purchased in FY2018.
- Reimbursements represent insurance or subrogation proceeds from vehicle crashes.
- Auction revenue is monies received from the sale of fully depreciated vehicles and equipment. Typically replaced vehicles are auctioned each year.
- The Community Services Department purchased GPS units to replace units no longer supported for fleet vehicles in FY2017.
- Transfers out for FY2017 went to the Special Revenue fund as the Court Technology fund balance was moved into the newly established fund.

FACILITY MAINTENANCE FUND

- Revenues and Expenditures are performing as expected.

RISK MANAGEMENT FUND

- Based on the Net Position of our current OPEB liability, contribution revenues will not be transferred for FY2018.
- Property & Liability and Post Employment Funding revenues are collected on an as needed basis based on projected expenditures.
- 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, covering the duration of the 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 financial trend.
- Connections and Service Charges are non-cyclical and are recorded in conjunction with development.
- The cost of Water and Pre-Treatment from North Texas Municipal Water District (NTMWD) continues to rise (over \$1.4 million year-to-date) with price increases continuing through the foreseeable future, per NTMWD.

SOLID WASTE FUND

- Commercial Garbage and Composting revenues represent four months of collections.
- Miscellaneous revenues are typically received in the 3rd Quarter each year.

DRAINAGE FUND

- Inspection Fee revenues are collected as new developments are built, outperforming budget and will be revised at Midyear.
- Expenditures are trending as expected.

GOLF COURSE FUND

- Revenues are below budget due to less playable days than usual for the year.
- Expenses in the Maintenance section include an additional \$151 thousand for the replacement of the roof at the clubhouse and security cameras at the facility.

ECONOMIC DEVELOPMENT CORPORATION

- Revenues are trending slightly behind budget.
- Economic Grant Expenses are only paid out for those entities that are meeting the stipulations of their agreements. The total \$11.355 Million represents all possible grants for the year and other potential opportunities.
- 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.

COMMUNITY DEVELOPMENT CORPORATION

- Revenues are trending slightly behind budget.
- Operating Costs include the completion of incentives granted to the developer for the Hotel/Convention Center.
- 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.