



# MEMO

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

**FROM:** Eric Cannon, Chief Financial Officer  
Steven Glickman, Assistant Chief Financial Officer

**SUBJECT:** FY2018 – 3<sup>rd</sup> Quarter Financial Report

**DATE:** July 24, 2018

Attached is the report of revenues collected and expenditures spent for the third quarter of Fiscal Year 2018. This activity took place between April 1, 2018 and June 30, 2018.

## GENERAL FUND

- Property Taxes in the amount of \$885 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.
- 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.
- Commercial and Fire Code Permit revenues are outperforming budgets due to quicker than anticipated development. These estimates will be re-evaluated at Midyear.
- 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 and Engineering Departments will have a large amount of their expenditures occur in the second half of the year based on the timing of their projects and nature of their work.
- Like Streets and Engineering, the Parks and Recreation Department conduct most 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.
- Principal payment also represents the defeasance of the 2004B Series of bonds.
- Property Taxes in the amount of \$264 thousand were moved to the Tax Increment Financing (TIF) Fund after receiving the valuation from Collin County.

## **HOTEL OCCUPANCY FUND**

- Hotel Occupancy Tax revenues are collected one month behind, thus showing only eight of the nine months during the fiscal year. To date, revenues are trending behind FY2017 actuals and FY 2018 budget due to slight decreases in demand occupancy and revenue per available room, and will be adjusted down at midyear.
- Hotel Occupancy Tax Grant recipients are paid once requests are submitted.
- Professional services are over the original budget due to the lease payment for the new CVB space at the convention center and will be adjusted at midyear.

## **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.
- Supplies expenditures have exceeded the original budget due to the purchase of ballistic shields and will be adjusted at midyear.

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

- Property Tax revenues were recorded after the TIF valuations were received from the Collin County Appraisal District in April.
- Economic Grant Expenses were paid at the end of May 2018.
- 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 3<sup>rd</sup> and 4<sup>th</sup> Quarters.

## **SPECIAL REVENUE FUND**

- PEG Fees are collected quarterly, with the first payment to be collected in the 2<sup>nd</sup> Quarter of FY2018. Revenues are trending with expectations.
- 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 expenses are incurred and vetted.
- Expenditures are trending as expected.

## **REPLACEMENT FUND**

- The Risk Fund 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.

## **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 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 and are currently trending at or above budget
- The cost of Water and Pre-Treatment from North Texas Municipal Water District (NTMWD) continues to rise (> \$2.0 million year-to-date over the prior period) with price increases continuing through the foreseeable future, per NTMWD.
- 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 eight months of collections.
- All expenditure categories are in-line with expectations.

## **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, due to weather. This has had a negative impact on most revenue categories.
- 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, in addition to several unplanned HVAC repairs in the maintenance building and monument sign repairs. These changes will be included in the adjustment at midyear.

## **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 \$10.684 Million represents all possible grants for the year and other potential opportunities.
- 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.
- Professional services have exceeded the original budget due to higher than anticipated costs associated the finish-out and furniture of the new Allen Economic Development Corporation Offices and will be adjusted at midyear.

## **COMMUNITY DEVELOPMENT CORPORATION**

- Sales Tax revenues are received two months behind the actual month incurred. Actuals collected account for purchases made from October 2017 to April 2018.
- 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 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.