



# MEMO

**TO:** Honorable Mayor Stephen Terrell  
Allen City Council  
Eric Ellwanger, City Manager  
Department Heads

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

**SUBJECT:** FY2019 – 4<sup>th</sup> Quarter Financial Report

**DATE:** November 12, 2019

Attached is the report of revenues collected and expenditures spent for the fourth quarter of Fiscal Year 2019. This activity took place between July 1, 2019 and September 30, 2019.

## GENERAL FUND

- The Fines category is ahead of budgeted numbers because of better than anticipated collections.
- The Reimbursements category is trending above expectations due to increased insurance reimbursement revenues correlating with storm damage and increased utilization of the sidewalk maintenance program. Also, reimbursements from AISD for School Resource Officers are received during each school semester.
- Commercial and Multi-Family Permit revenues are outperforming budgets due to quicker than anticipated development.
- The Event Center has hosted more events than at this point last year leading to increased expenditures. As a result, revenues are up over \$150 thousand from the same period as last year.
- The Streets and Engineering Departments have a large amount of their expenditures occur in the second half of the year based on the timing of their projects.
- Like Streets and Engineering, the Parks and Recreation Department conduct most of their programs during the Summer months, thus, a higher amount of expenses during the final quarters of the fiscal year.

## 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.

## **HOTEL OCCUPANCY FUND**

- Revenues are trending ahead of FY2018 actuals, but behind the FY2019 original budget due to slight decreases in demand occupancy and revenue per available room, coupled with the addition of the new hotel and convention center.
- 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.
- 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 body cameras and a biometric workstation.
- Professional services expenditures have exceeded the original budget due to higher than anticipated state forfeitures resulting in more court costs and District Attorney costs.

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

- Property Tax revenues were recorded after the TIF valuations were received from the Collin County Appraisal District in March.
- Economic Grant Expenses were paid at the end of May 2019.
- Revenues in TIF#2 must meet the Increment cap prior to collecting Property and Sales Taxes. Sales Tax revenues began to be collected in the 3<sup>rd</sup> Quarter.

## **SPECIAL REVENUE FUND**

- PEG Fees are collected quarterly, with the first payment to be collected in the 2<sup>nd</sup> Quarter of FY2019. Revenues are trending slightly above expectations.
- Juvenile Case Management, Court Security and Court Technology revenues are directly linked to the Fines category in the General Fund, which is trending above budget.
- The Red-Light Fines have been discontinued as of the end of FY2017 with outstanding balances being paid periodically.
- PEG Fee expenditures relate to the new Council voting system, new cameras and controllers in the Council chambers, and a new A/V console for the Allen Civic Auditorium.
- The Red-Light expenditures were for radar equipment and vehicle scales.

## **GIFT PERMANENT FUND**

- This is a newly created fund to account for revenue and expenditures associated with cash gifts to the Police Department, Fire Department, and Library in the amounts of \$300,000, 300,000, and \$200,000 respectively.

## **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, and payment is received from the granting agency.
- Expenditures are trending slightly below expectations.

## **REPLACEMENT FUND**

- Reimbursements represent insurance or subrogation proceeds from vehicle crashes.
- Contributions are made quarterly to cover the required amounts needed for replacements.
- Auction revenue is monies received from the sale of fully depreciated vehicles and equipment. Typically replaced vehicles are auctioned each year.

## **FACILITY MAINTENANCE FUND**

- Revenues and Expenditures are performing as expected.

## **RISK MANAGEMENT FUND**

- 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**

- Water and Sewer Sales represent eleven months of collections and are noticeably behind budget because of the significant amount of rainfall for the year.
- 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 (\$835k 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 as well as transfers to Utility CIP to fund capital projects.

## **SOLID WASTE FUND**

- Garbage Fees, Commercial Garbage, Household Hazardous Waste, Recycling, and Composting revenues represent eleven months of collections.
- All expenditure categories are in-line with expectations.

## **DRAINAGE FUND**

- Drainage Fee revenues represent eleven months of collections.
- Inspection Fee revenues are collected as new developments are built.
- Expenditures are trending as expected.

## **GOLF COURSE FUND**

- Revenues are slightly below budget due to less playable days than usual for the year, due to weather, but up over the prior year.
- Expenses are trending below budget and below the prior year.

## **ECONOMIC DEVELOPMENT CORPORATION**

- Sales Tax revenues are received two months behind the actual month incurred. Actuals collected account for purchases made from October 2018 to August 2019.
- Revenues are trending slightly above the original budget.
- Economic Grant Expenses are only paid out for those entities that are meeting the stipulations of their agreements. The total \$10.758 Million represents all possible grants for the year and other potential opportunities.
- Debt service 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.
- Expenditures are trending as expected.

## **COMMUNITY DEVELOPMENT CORPORATION**

- Sales Tax revenues are received two months behind the actual month incurred. Actuals collected account for purchases made from October 2018 to August 2019.
- Revenues are trending slightly above the original budget.
- Debt service 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.
- Expenditures are trending below expectations.