



MEMO

TO: Honorable Mayor Debbie Stout
Allen City Council
Eric Ellwanger, City Manager
Department Heads

FROM: Eric Cannon, Chief Financial Officer
Martin Clarke, Controller

SUBJECT: FY2020 – 2nd Quarter Financial Report

DATE: April 28, 2020

Attached is the report of revenues and expenditures for the second quarter of Fiscal Year 2020. This activity transacted during the period from January 1, 2020, to March 31, 2020.

GENERAL FUND

- Sales Tax although ahead of our budgeted numbers, staff believes that there will be a material impact on this revenue stream for the remainder of the fiscal year. A revised budget will be prepared and provided to the Council as the impact becomes more evident.
- Multi-Family and Commercial Permit revenues are usually high-dollar, low-volume permits and are not cyclical. They are currently trending higher than anticipated.
- Charges for Services are down, due to the Event Center and timing of events and shows. This category is currently being reviewed by staff and will be adjusted to account for several of our revenue generating facilities being closed and the current economic conditions.
- Revenues from fines continue to lag budgeted amounts due to a decrease in the number of citations that were issued through the end of the second fiscal quarter.
- The majority of Franchise Fees are received quarterly, with payment received within sixty days of quarter-end, thus, this category is currently trending as anticipated.

DEBT SERVICE FUND

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

HOTEL OCCUPANCY FUND

- Hotel Occupancy Taxes are collected in arrears, and at the end of the 2nd Quarter of FY2020 five (5) months of collections have been received. This revenue source has been materially impacted by travel bans and other restrictions, staff will provide a budget adjustment in the third quarter report.
- Hotel Occupancy Tax Grant recipients are paid after requests for the payments are submitted, therefore making this category difficult to compare from year to year.

ASSET FORFEITURE FUND

- Revenues are recognized through awards that stem from 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. Collections are anticipated to be made in the 3rd and 4th Quarters of FY2020.
- Economic Grant Expenses are typically paid after April 1st of each fiscal year.

SPECIAL REVENUE FUND

- PEG Fees are collected on a quarterly basis, and the first payment was collected during the 2nd Quarter of FY2020, as expected.
- Court related revenues are on the decline due to a decrease in number of citations issued.

GIFT PERMANENT FUND

- This fund was created in FY2019 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. No gifts are expected during FY2020.

GRANT FUND

- Revenue and expenditures are trending as expected.

REPLACEMENT FUND

- Contributions are made quarterly to cover required amounts needed for asset replacements.
- Vehicle purchases are typically made later in the fiscal year to allow retailers time to fulfill orders. Larger vehicles like fire engines and ambulances are acquired through leases, where installment payments are made over several fiscal years.

FACILITY MAINTENANCE FUND

- Revenues and Expenditures are performing as expected and as budgeted.

RISK MANAGEMENT FUND

- Property and Liability revenue was collected in the second quarter of fiscal years 2020 and 2019.
- Expenses related to Property & Liability Insurance and Worker's Comp premiums are paid at the beginning of each fiscal year, and the policies cover the duration of each fiscal year.
- Expenses related to Workers Compensation are dependent upon the number of claims that are paid by the Risk Fund and fluctuate from year to year.

WATER & SEWER FUND

- Revenues from Water sales and Sewer Charges are expected increase in FY2020 due to the new rates that went into effect on November 1, 2019.
- During FY2020, Transfers-In are recorded as capital projects commence, while transfers to cover operations are recorded throughout the Fiscal Year.

SOLID WASTE FUND

- Commercial Garbage revenues represent collections for 5 months.
- Transfers out are recorded on a quarterly basis. However, one lump sum transfer is made for capital projects.

DRAINAGE FUND

- Inspection Fee revenues are collected as new developments are built throughout the City.
- Expenses in the Drainage Fund are trending as expected.

GOLF COURSE FUND

- Revenues and expenses are slightly higher than they were at the end of the second quarter of the last fiscal year.
- Budget amendments will also be made in the third quarter to reflect the financial impact of temporary closure of the golf Course.

ECONOMIC DEVELOPMENT CORPORATION

- Sales Tax revenues are generally received in the second month following the end of the month in which the sales were transacted. Accordingly, collections through the 2nd quarter of FY2020 are associated with sales made during the period from October 2019 through January 2020. Staff anticipate this revenue stream will be materially impacted and require a budget amendment in the third quarter.
- Economic Grant Expenses are paid only to entities that conform to the stipulations of their incentive agreements. The total of \$4.45 million budgeted for FY2020 represents all possible economic grants expected to be paid in the current fiscal year.

COMMUNITY DEVELOPMENT CORPORATION

- Revenues from Sales Taxes are generally collected in the second month following the end of the month in which the sales were transacted. Accordingly, collections through the 2nd quarter of FY2020 are from with sales transacted during the period from October 2019 through January 2020. Staff anticipate this revenue stream will be materially impacted and require a budget amendment in the third quarter.
- Expenditures are trending as expected.