



**FARMERS  
BRANCH**

# FINANCIAL UPDATE

For the Period Ended September 30, 2019

Presented December 10, 2019

CITY OF FARMERS BRANCH | 12/4/2019



# Fourth Quarter Update

## Explanatory Note on the Financial Details Presented in this Report

**The Financial Results presented in this Fourth Quarter Report are PRELIMINARY and UNAUDITED. As of the date this report is presented to Council, the Finance Team is still performing year-end financial close procedures. These procedures include making significant estimates about items such as depreciable assets and recording other accruals which are only presented on an annual basis. For this reason, audited results (i.e. the details presented in the Comprehensive Annual Financial Report, the CAFR) will vary from the details presented in this Fourth Quarter report.**

# General Fund Results – Summary

## September 2019 – Fiscal Year to Date

Revenues	YTD Est.	YTD Actual	Expenditures	YTD Est.	YTD Actual
Property Taxes	\$27,300,000	\$27,254,357	General Government	\$12,957,576	\$11,939,318
Sales & Use Taxes	16,785,000	17,130,971	Public Works	9,666,000	8,961,859
Charges for Service	7,339,700	7,506,347	Public Safety	26,792,224	26,228,689
Franchise Fees	4,147,000	4,124,652	Culture & Recreation	13,079,500	12,574,978
Licenses & Permits	3,593,100	3,712,038			
Fines, Forfeits & Assessments	1,786,000	1,956,286			
Interest, Contributions & Misc.	1,250,000	1,213,887			
Penalties & Interest	115,000	130,112			
<b>TOTAL</b>	<b>\$62,315,800</b>	<b>\$63,028,650</b>	<b>TOTAL</b>	<b>\$62,495,300</b>	<b>\$59,704,844</b>

# General Fund Results – Revenue

## September 2019 – Fiscal Year to Date – Budget to Actual

	YTD ESTIMATED 9/30/2019	YTD ACTUAL 09/30/2019	DIFFERENCE (Actual vs. Estimated)	ACTUAL AS % OF YTD ESTIMATED	EXPECTED AS % OF BUDGET (YTD)
Property Taxes	\$ 27,300,000	\$ 27,254,357	\$ (45,643)	99.83%	100.00%
Sales & Use Taxes	16,785,000	17,130,971	345,971	102.06%	100.00%
Charges for Services	7,339,700	7,506,347	166,647	102.27%	100.00%
Franchise Fees	4,147,000	4,124,652	(22,348)	99.46%	100.00%
Licenses & Permits	3,593,100	3,712,038	118,938	103.31%	100.00%
Fines, Forfeits & Assessments	1,786,000	1,956,286	170,286	109.53%	100.00%
Interest, Contributions, Misc.	1,250,000	1,213,887	(36,113)	97.11%	100.00%
Penalties & Interest	115,000	130,112	15,112	113.14%	100.00%
	<b>\$ 62,315,800</b>	<b>\$ 63,028,650</b>	<b>\$ 712,850</b>	<b>101.14%</b>	<b>100.00%</b>

- **Property Taxes** finished the year slightly behind budget. Any uncollected parcels are submitted to our third-party attorneys for collection efforts.
- **Sales & Use Taxes** performed ahead of budget because of positive trends in monthly tax payments from all sectors.
- **Charges for Services** performed ahead of budget due to performance of Parks activities (\$128K) and Refuse Services (\$50K).
- **License & Permits** performed ahead of budget due to performance in Building Permits and development activity on the West Side.
- **Fines, Forfeits & Assessments** performed ahead of budget due to strong Court activities during the 4<sup>th</sup> Quarter (for example “mini Warrant Round Up”)



# General Fund Results – Revenue

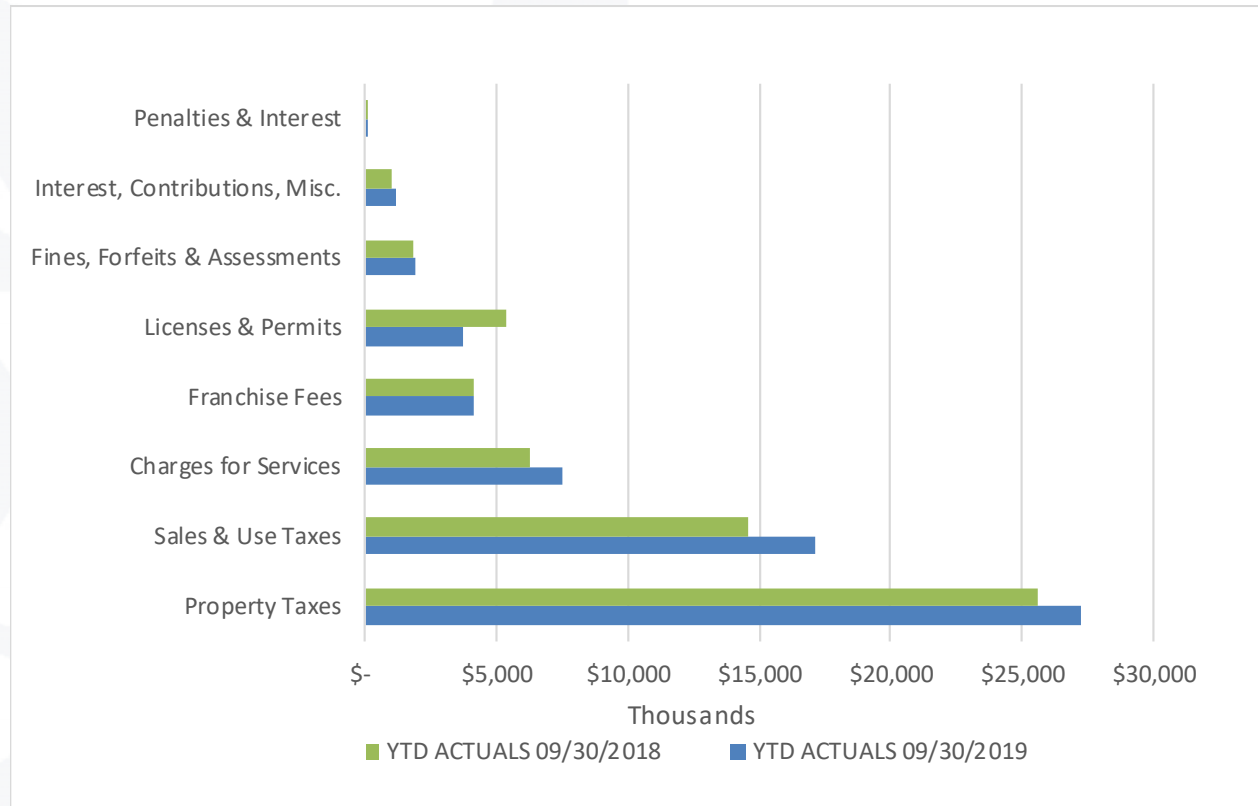
## September 2019 – Fiscal Year to Date – CY Actual to PY Actual

	YTD ACTUALS 09/30/2019	YTD ACTUALS 09/30/2018	DIFFERENCE CURRENT YEAR TO PRIOR YEAR	ACTUAL AS % OF BUDGET (YTD)
Property Taxes	\$ 27,254,357	\$ 25,580,994	\$ 1,673,363	6.14%
Sales & Use Taxes	17,130,971	14,618,441	2,512,530	14.67%
Charges for Services	7,506,347	6,257,776	1,248,571	16.63%
Franchise Fees	4,124,652	4,142,530	(17,878)	-0.43%
Licenses & Permits	3,712,038	5,357,220	(1,645,182)	-44.32%
Fines, Forfeits & Assessments	1,956,286	1,821,404	134,882	6.89%
Interest, Contributions, Misc.	1,213,887	1,015,542	198,345	16.34%
Penalties & Interest	130,112	128,565	1,547	1.19%
	<u>\$ 63,028,650</u>	<u>\$ 58,922,472</u>	<u>\$ 4,106,178</u>	<u>6.51%</u>

- **Property Taxes** at September 2019 exceed that of September 2018 due to the growth in values (9.3%).
- **Sales & Use Taxes** performed significantly better than the same period in 2018 due to positive economic trends across all sectors. The number of businesses reporting monthly positive sales tax reporting increased by 15%, from 3,327 businesses in 2018 to 3,857 in 2019.
- **Charges for Services** performed better than the same period in 2018 due to landfill expansion revenue being fully realized in the 2019 amounts (\$681K). Additionally, strong performance of Park activities provided for additional 2019 revenue (\$350K). New Fire inspection fees added \$71K of additional revenue during 2019.
- **Licenses & Permits** performed behind the same period in 2018 due to the anticipated decline in the surge of construction activity on the West Side in 2018.

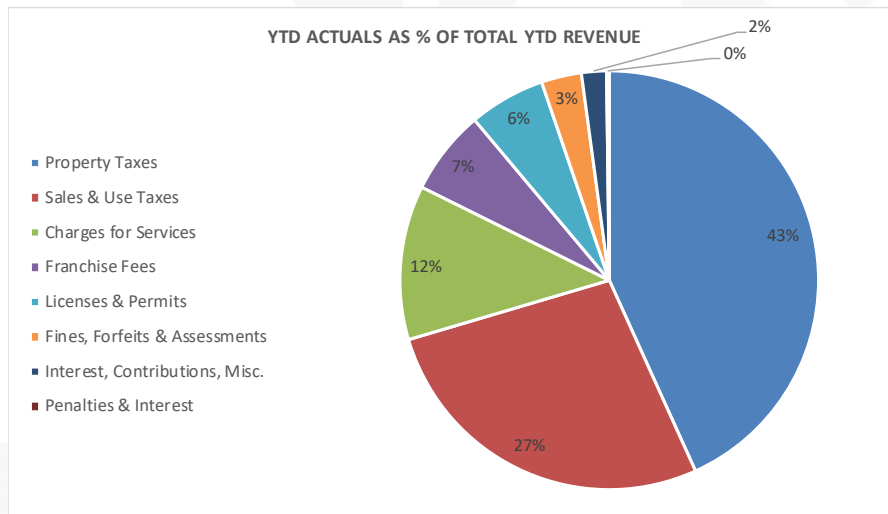
# General Fund Results – Revenues

## September 2019 – Fiscal Year to Date



# General Fund Results – Revenues

## September 2019



- Taxes continue to be the largest source of General Fund Revenue, with current Y-T-D actuals representing 43%.
- Other revenue sources provided a valuable 57% of revenue to support General Fund activities.

# General Fund Results – Expenditures

## September 2019 – Fiscal Year to Date

	A	B	C = B/A % OF ANNUAL BUDGET
	<b>ANNUAL BUDGET</b>	<b>YTD ACTUAL</b>	<b>ANNUAL BUDGET</b>
General Government	\$12,957,500	\$11,939,318	92.1%
Public Works	9,666,000	8,961,859	92.7%
Public Safety	26,792,300	26,228,689	97.9%
Culture & Recreation	13,079,500	12,574,978	96.1%
	<b>\$62,495,300</b>	<b>\$59,704,844</b>	<b>95.53%</b>



# General Fund Results – Expenditures

## September 2019 – Detail by Department

### GENERAL FUND EXPENDITURES

	ADJUSTED BUDGET 2018-19	ACTUAL YTD 9/30/2019	ACTUAL YTD %	PROJECTED YTD 9/30/2019	DIFFERENCE (Projected vs Actual)
<b>General Government</b>	<b>\$12,957,500</b>	<b>\$11,939,318</b>	<b>92.14%</b>	<b>\$12,957,500</b>	<b>\$1,018,182</b>
General Government	\$2,122,900	\$1,595,566	75.16%	\$2,122,900	\$527,334
General Administration	1,075,300	1,091,422	101.50%	1,075,300	(16,122)
Communications	746,400	695,027	93.12%	746,400	51,373
Economic Development	451,400	424,284	93.99%	451,400	27,116
Human Resources	1,074,800	921,694	85.75%	1,074,800	153,106
Finance	2,468,400	2,374,994	96.22%	2,468,400	93,406
Information Services	2,746,300	2,676,462	97.46%	2,746,300	69,838
Community Services	2,272,000	2,159,869	95.06%	2,272,000	112,131
<b>Public Works</b>	<b>\$9,666,000</b>	<b>\$8,961,859</b>	<b>92.72%</b>	<b>\$9,666,000</b>	<b>\$704,141</b>
Public Works	\$4,815,500	\$4,513,553	93.73%	\$4,815,500	\$301,947
Sustainability & Public Health	4,850,500	4,448,306	91.71%	4,850,500	402,194
<b>Public Safety</b>	<b>\$26,792,300</b>	<b>\$26,228,689</b>	<b>97.90%</b>	<b>\$26,792,300</b>	<b>\$563,611</b>
Police	\$14,337,600	\$13,875,964	96.78%	\$14,337,600	\$461,636
Fire	12,454,700	12,352,725	99.18%	12,454,700	101,975
<b>Culture &amp; Recreation</b>	<b>\$13,079,500</b>	<b>\$12,574,978</b>	<b>96.14%</b>	<b>\$13,079,500</b>	<b>\$504,522</b>
Parks & Recreation	\$11,194,500	\$10,709,514	95.67%	\$11,194,500	\$484,986
Library	1,885,000	1,865,464	98.96%	1,885,000	19,536
<b>TOTAL</b>	<b>\$62,495,300</b>	<b>\$59,704,844</b>	<b>95.53%</b>	<b>\$62,495,300</b>	<b>\$2,790,456</b>

Some key differences between Adjusted Budget and Actual expenditures include the following:

- **General Government** was less than Adjusted Budget by \$527K due to primarily due to savings associated with vacant positions.
- **Public Works** was less than Adjusted Budget by \$302K due to savings in street concrete and electricity costs.
- **Sustainability & Public Health** was less than Adjusted Budget by \$402K due to a Fourth Quarter Host Fee (\$370K) which was not recorded at the time of preliminary trial balance. The fee has since been recorded and paid in accordance with budget and contractual requirements.
- **Police** was less than Adjusted Budget by \$462K (or 3% of department budget) due to vacancies as the department works to fully staff.
- **Parks & Recreation** was less than Adjusted Budget by \$485K (or 4% of department budget) due to savings in a variety of areas including supplies, event expense, and personnel costs.



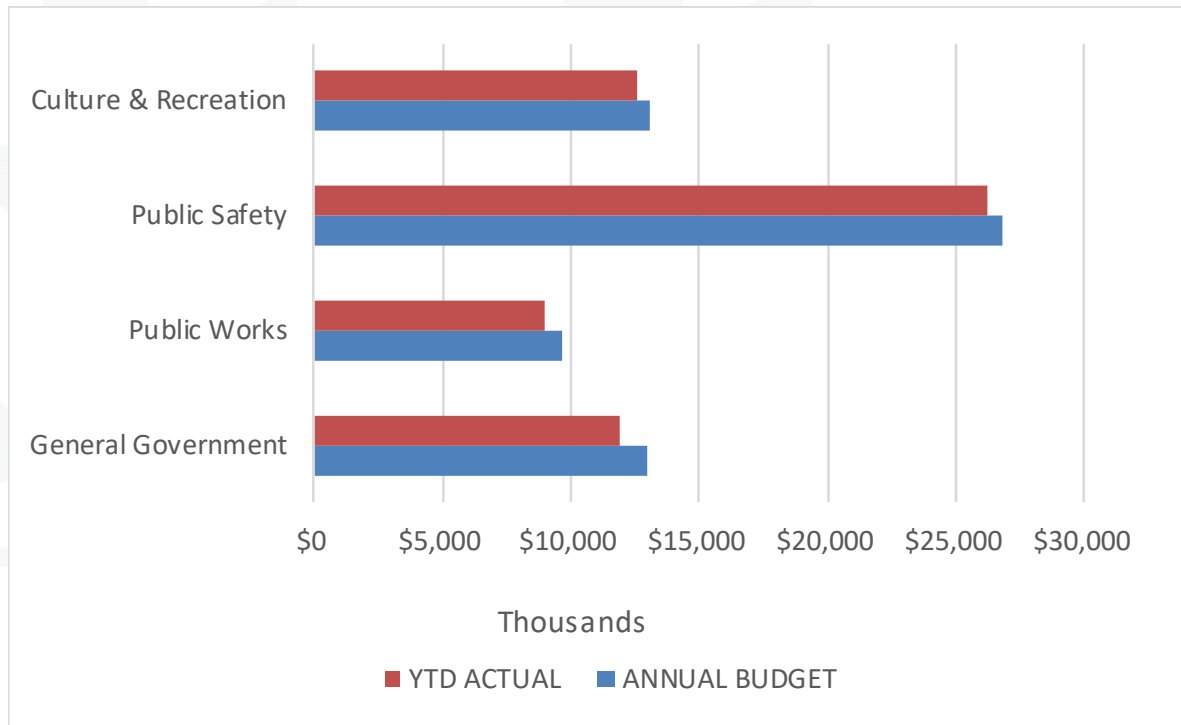
# General Fund Results – Expenditures

## September 2019 – Expenditure by Type

	ADJUSTED BUDGET 2018- 19	% OF BUDGET	ACTUAL YTD 9/30/2019
Personal Services/Benefits	\$ 36,051,778	57.69%	\$ 36,837,366
Purchased Prof & Tech Services	4,020,022	6.43%	3,826,344
Supplies	2,079,224	3.33%	1,766,757
Repairs & Maintenance	6,682,500	10.69%	6,501,175
Services	7,699,600	12.32%	6,782,458
Production & Disposal	41,500	0.07%	35,027
Contracts	400,000	0.64%	385,000
Events	396,600	0.63%	370,177
Other Objects	1,222,776	1.96%	827,940
Transfers	3,901,300	6.24%	2,372,600
<b>Total Appropriations</b>	<b>\$ 62,495,300</b>	<b>100.00%</b>	<b>\$ 59,704,844</b>

# General Fund Results – Expenditures

## September 2019 – Fiscal Year to Date



# Enterprise Fund Results – Summary

## September 2019 – Fiscal Year to Date

	ADJUSTED BUDGET 2018- 19	ACTUAL YTD 9/30/2019	ACTUAL AS % OF BUDGET	EXPECTED AS % OF BUDGET	ACTUAL YTD 9/30/2018	DIFFERENCE	% CHANGE
<b>Revenues</b>							
Water/Sewer Sales	\$ 21,631,000	\$ 22,605,101	104.50%	100.00%	\$ 22,983,644	\$ (378,543)	-1.65%
Stormwater Charges for Services	2,531,000	2,583,383	102.07%	102.07%	1,375,210	1,208,173	87.85%
Miscellaneous Fees & Interest	664,400	682,465	102.72%	100.00%	737,875	(55,410)	-7.51%
	<u>\$ 24,826,400</u>	<u>\$ 25,870,950</u>	104.21%	100.00%	<u>\$ 25,096,729</u>	<u>\$ 774,220</u>	3.08%
<b>Expenses</b>							
Water/Sewer Administration	4,643,600	4,583,657	98.71%	100.00%	\$ 4,533,619	\$ 50,038	1.10%
Water/Sewer Operations	17,595,700	17,780,723	101.05%	100.00%	17,322,514	458,209	2.65%
Stormwater Utilities	2,535,000	2,238,176	88.29%	100.00%	571,307	1,666,869	291.76%
	<u>24,774,300</u>	<u>24,602,556</u>	99.31%	100.00%	<u>\$ 22,427,440</u>	<u>\$ 2,175,116</u>	9.70%
<b>Net Income/(Loss)</b>	<b>\$ 52,100</b>	<b>\$ 1,268,394</b>			<b>\$ 2,669,289</b>	<b>\$ (1,400,896)</b>	

- **Water/Sewer Sales** 2019 Actual revenue exceeded Adjusted budget due to the surge in usage during Q4-2019. However, even despite the 6% increase in rates for 2018, total consumption for 2018 was 2.39 billion gallons compared to total consumption for 2019 of 2.21 billion gallons (a 7.6% decrease in consumption).
- **Water/Sewer Operations** 2019 actual expenses performed slightly ahead of budget due to water purchases and contractual requirements with DWU and TRA. 2019 Water/Sewer Operations expenses exceeded 2018 due larger transfers to CIP during 2019 to fund Council-approved items such as Inflow and Infiltration repairs.
- **Stormwater** (both Revenue and Expenses) includes the \$1.086M increase which was approved by Council during FY2019 to address Creek Projects.

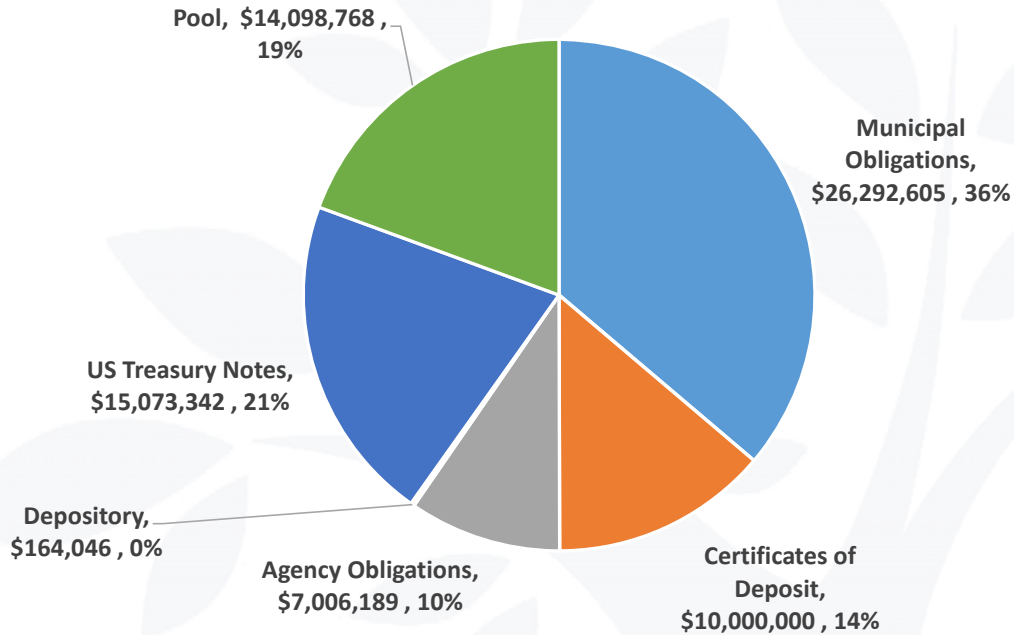


# Hotel/Motel Fund Results – Summary

## September 2019 – Fiscal Year to Date

	ADJUSTED BUDGET 2018- 19	ACTUAL YTD 9/30/2019	ACTUAL AS % OF BUDGET	EXPECTED AS % OF BUDGET	ACTUAL YTD 9/30/2018	DIFFERENCE	% CHANGE
<b>Revenues</b>							
Hotel/Motel Tax	\$ 3,100,000	\$ 3,128,721	100.93%	100.00%	\$ 2,849,667	\$ 279,054	9.79%
Special Revenues	65,200	68,005	104.30%	100.00%	63,597	4,408	6.93%
Interest	40,000	40,873	102.18%	100.00%	25,666	15,207	59.25%
	<u>\$ 3,205,200</u>	<u>\$ 3,237,599</u>	101.01%	100.00%	<u>\$ 2,938,930</u>	<u>\$ 298,669</u>	10.16%
<b>Expenditures</b>							
Historical Preservation	\$ 1,437,500	\$ 1,316,776	91.60%	50.00%	\$ 1,969,717	\$ (652,941)	-33.15%
Promotion of Tourism	1,431,900	1,414,403	98.78%	50.00%	1,292,010	122,393	9.47%
Convention Center	19,000	-	0.00%	50.00%	5,934	(5,934)	-100.00%
	<u>\$ 2,888,400</u>	<u>\$ 2,731,179</u>	94.56%	50.00%	<u>\$ 3,267,661</u>	<u>\$ (536,482)</u>	-16.42%
<b>Net Increase/(Decrease) to Fund Balance</b>	<u>\$ 316,800</u>	<u>\$ 506,420</u>			<u>\$ (328,731)</u>	<u>\$ 835,151</u>	

# Investment Portfolio As of September 30, 2019



- Book Value at 9/30/19 - \$72,533,141
- Market Value at 9/30/19 - \$72,634,949
- Unrealized Gain - \$101,809
- Weighted Average Maturity at 9/30/19 – 190 Days
- Fiscal Year-to-Date Average Monthly Yield – 2.358%



**Questions?**