

City of Glenn Heights

Memo

Date: September 20, 2010
To: Mayor and City Council
From: Patrick Harvey, Director of Finance
Subject: August 2010 Financial Reports

This memo accompanies the August 2010 Revenue and Expense Reports for the City of Glenn Heights, and highlights selected financial activities for the first eleven months of FY 2010. The first eleven months of the fiscal year represents 91.67% of the total fiscal year, and this memo provides an explanation of variances from that standard.

General Fund

Revenues: General fund total revenue for the first eleven months of the fiscal year is above budget expectations (actual 101.5% vs. expected 91.67%). **Property tax** revenue collections exceed budget expectations, primarily due to assessments levied against delinquent tax remittance. In **Franchise Fees** revenue, we received a telephone franchise fee from AT&T in the amount of \$7,087.33. The City also received a video franchise fee from AT&T in the amount of \$14,202.43, in addition to the monthly garbage franchise fee of \$3,371.25. We received \$25,805.74 in **Sales tax** revenue in the month of August. The amount received was \$1,768.70 above the August 2009 sales tax receipt. Comparing FY 2010 sales tax receipts with FY 2009 sales tax receipts, the City is above last year by \$17,540.86. The actual sales tax receipts for the fiscal year to date are below budget expectations by \$25,665.04. **Fines** revenue continues its strong performance in fiscal year to date collections. In **Charges for Services, Ambulance service fees** reflect calls for service and improved collections. The continued national economic downturn has prompted the Federal Reserve to maintain lower interest rates, reflected in **Interest** revenue. **Miscellaneous** revenue includes a receipt of a capital grant from the Texas Department of State Health Services to assist with the acquisition of the new City ambulance (\$35,000.00). This revenue category also includes the receipt of the DeSoto school system share of the school liaison officer (\$13,000.00)

Expenditures: Total General Fund expenditures are below budget expectations (87.72% actual vs. 91.67% expected).

Planning expenditures include payments to Bureau Veritas for third party inspection services. Their fee is included in the development permit fees charged to customers, reflected in **Permits & Fees** revenues.

Parks & Recreation expenditures include a payment to R&P Hunt Brothers for July 6, 13, 20, and 27 mowing services at Heritage Community Park (\$5,280.00), a payment to R&P Hunt Brothers for

August 2, 9, 16, 23 and 30 mowing services at Heritage Community Park (\$6,600.00). The total amount expended under the contract as of August 31, 2010 is \$23,250.00. There is \$11,850.00 remaining unspent from the initial budget of \$35,100.00 for the privatized mowing contract.

Additionally, there was a payment made to R&P Hunt Brothers for fertilization services at Heritage Community Park in the amount of \$2,528.00. The total amount expended for privatized field maintenance as of August 31 is \$8,978.00. There is \$11,645.00 remaining unspent from the initial budget of \$20,623.00.

Non Departmental expenditures include two payments to Freese and Nichols, Inc for a total of \$25,168.50 for Comprehensive Plan Update services. As of August 31, the contract is 42.30% completed.

Water and Sewer Fund (Fund 500)

Revenues: Total Water and Sewer Fund revenues were below budget expectations (84.58% vs. 91.67%). Water sales continue to lag fiscal year to date due to higher than average rainfall totals in October, 2009 and March – April, 2010. **Late Charges** are generated from enforcing customer prompt payment. **Reconnection Fees** are lower than anticipated due to a temporary suspension of enforcement activities against delinquent customers during the months of November, December and January. **Miscellaneous Fees** reflect the NSF fees charged on customer remittances. **Transfers In** includes a transfer from the debt service fund to assist in the refinancing of existing W&S bonded debt (\$41,249.87).

Expenditures: The year to date expenditure trend is above expectations (95.70% actual vs. 91.67% expected).

Meter Services experienced a surge in expenditures during the month of August. Due to the increase in TRA wastewater treatment fees and the loss of the City of Red Oak as a water customer, staff enlisted the services of J. Stowe and Company to perform a revenue rate study. A progress payment of \$7,585.90 for this study appears in the other professional services line item of this program. Due to staff shortages in the month of August, management has arranged for temporary help with an employment agency. August expenditure for temporary help amounted to \$3,771.52. This expenditure is offset by savings in personnel expenditures.

Wastewater Operations June 2010 expenditures included a payment of \$160,106 to Trinity River Authority (TRA) for the Red Oak Creek Regional Wastewater System FY 2009 "Settle Up". The current month reflects an increased cost reflecting the City's share of the Red Oak Wastewater treatment plant. The City's monthly share has increased over what was originally budgeted for this expenditure. The expense for this month represents payment at the higher share (\$163,308.75). This increase will have an adverse impact on financial reserves at fiscal year end. Staff's response to this was to engage the services of a rate consultant to recommend changes in the City's rate structure to mitigate the increased sewer treatment costs.

Non Departmental expenditures reflect the refunding of the W&S revenue bonds. The amount of the newly issued bonds and financing costs exceed the amount of the bonds that were paid off. The City will as a result of the refunding save on interest paid in future years by replacing the higher interest debt with the FY 2010 issuance.

Other Funds

Impact Fees (Fund 215)

Expenditures include payments to Freese and Nichols, Inc., (\$5,642.00) for consulting work on impact fee studies and the impact fee share of TRA wastewater treatment services. (\$15,650.25)

Debt Service (Fund 300)

Expenditures include a principal payment on the FY 2003 CO's (\$45,000.00), interest payments on the FY 2003, 2006, 2008, and 2010 CO's (\$99,967.38) and the monthly lease payment on the City's financial software system (\$3,060.45). Additionally, expenditures include a transfer to the W&S Fund for the FY 1998 and 1999 refunded bonds (\$41,249.87).

FY 2006 Capital Projects (Fund 400)

Expenditures include a payment to Dallas County for the City's share of the expansion of the Hampton/Bear Creek intersection (\$155,655.11)

Please note that future monthly reports will focus on highlights for that month.

OTHER FUNDS: FINANCIAL SUMMARY
FY 2009 - 2010
Through Aug 2010
91.67% of Budget Year

FUND #	FUND NAME	ANNUAL REVENUE BUDGET	CURRENT MONTH REVENUES	ACTUAL YEAR-TO-DATE REVENUES
OPERATING FUNDS				
550	Drainage	\$147,192	\$12,176	\$252,659
SPECIAL REVENUE FUNDS				
200	Mun. Ct. Technology	\$9,007	\$798	\$9,299
201	Mun. Ct. Security Fund	\$6,511	\$389	\$6,681
205	911 Wireless Fund	\$40,055	\$4,142	\$45,158
208	Anniversary Celebration	\$0	\$10	\$647
209	FY 2009 Carryover	\$0	\$3	\$32
211	JAG Fund	\$0		\$15,890
212	CJD Equipment Grant	\$0		\$65,100
215	Impact Fees	\$200,455	\$535	\$147,166
216	Keep GH Beautiful		\$0	\$151
230	Park Land Dedication	\$41,080	\$119	\$23,864
DEBT SERVICE FUND				
300	General Debt Service	\$836,144	\$7,154	\$749,289
CAPITAL PROJECTS				
400	2006 Bonds	\$333,654	\$852	\$7,184
401	2008 Bonds	\$15,000	\$174	\$1,694

ANNUAL EXPENDITURE BUDGET	CURRENT MONTH EXPENDITURES	ACTUAL YEAR-TO-DATE EXPENDITURES
OPERATING FUNDS		
\$125,375	\$5,017	\$186,581
SPECIAL REVENUE FUNDS		
\$5,000		\$2,631
\$0		\$0
\$35,000		\$0
\$0	\$98	\$1,819
\$0		\$15,203
\$0		\$15,889
\$0		\$65,100
\$225,708	\$21,892	\$235,413
		\$100
\$32,400		\$38,523
DEBT SERVICE FUND		
\$862,279	\$189,278	\$831,798
CAPITAL PROJECTS		
\$2,147,769	\$155,655	\$210,869
\$961,150		\$114,128