

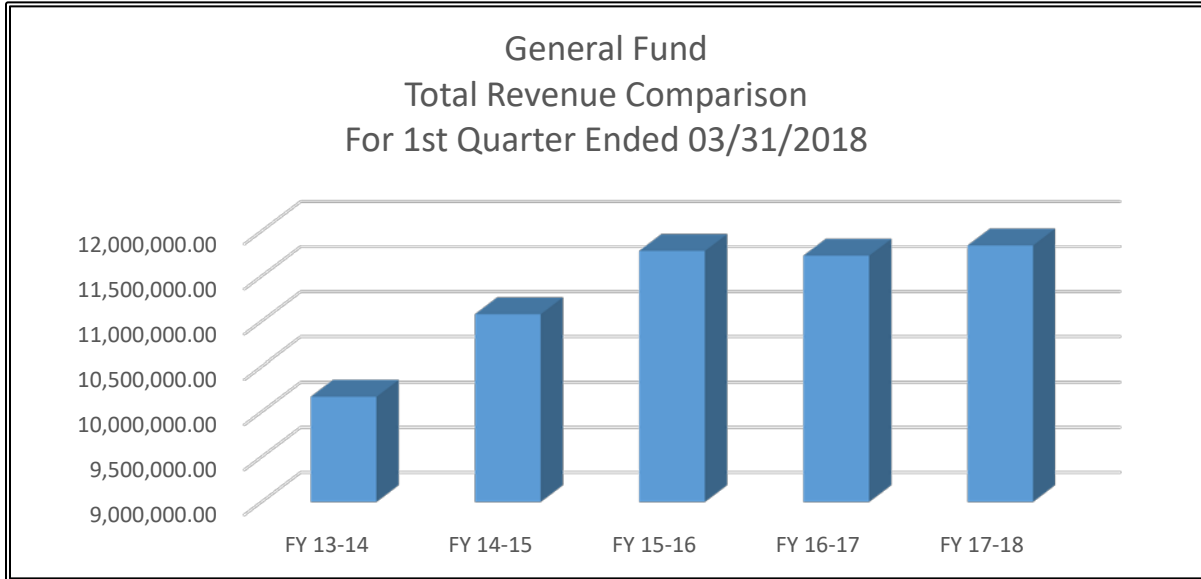


FY 2017-2018
QUARTERLY BUDGET
REPORT

FOR QUARTER ENDED
MARCH 31, 2018

SECOND QUARTER FY 2018 BUDGET REPORT

The second quarter of the fiscal year contained twelve (12) payroll periods, which indicates that total expenditures for salaries and benefits should be at forty-seven percent (47%). Being six months into the year, revenue and other expenditure items should be at approximately fifty percent (50%) of the FY 17-18 budget.



	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Adjusted Annual Budget	17,151,238.00	\$18,730,749.91	\$18,882,127.00	\$18,440,450.00	19,964,646.00
Actuals 2nd Quarter	10,168,847.43	\$11,077,962.36	\$11,780,780.64	\$11,727,483.06	11,841,079.94
Actuals vs Budget	59.29%	59.14%	62.39%	63.60%	59.31%

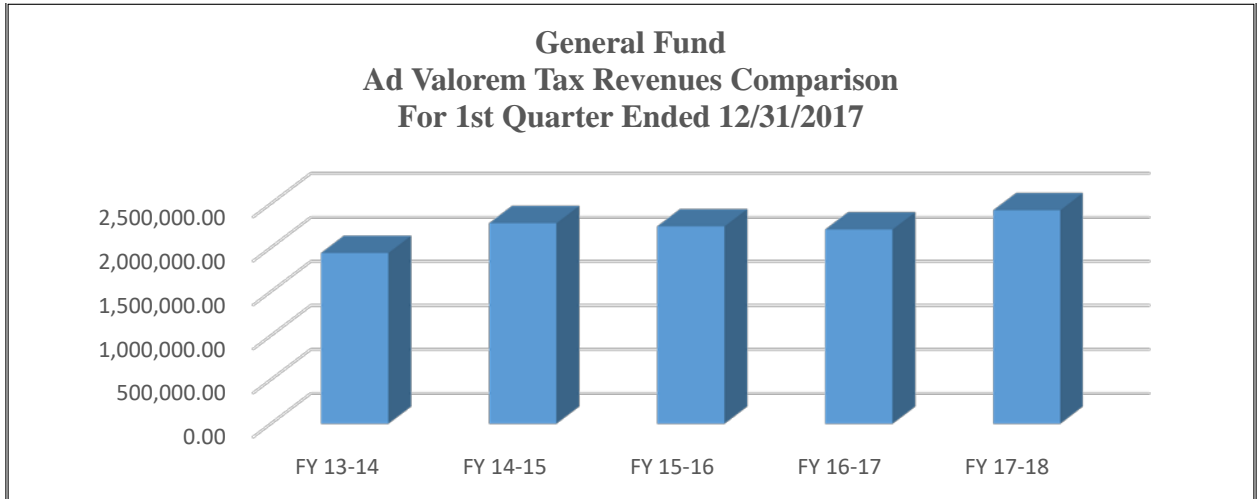
Total revenues for General Fund are trending better than expected in relation to current year projections and past year performances in relation to revenues received. The overall percentage is lower due to

I. General Fund Revenues

A. Ad Valorem Taxes

The majority of Ad Valorem Taxes are collected in the early part of each fiscal year as penalties and interest are assessed on homeowners who do not make payment by January 31st.

First quarter revenues are trending better than expected and better than prior years at this time.



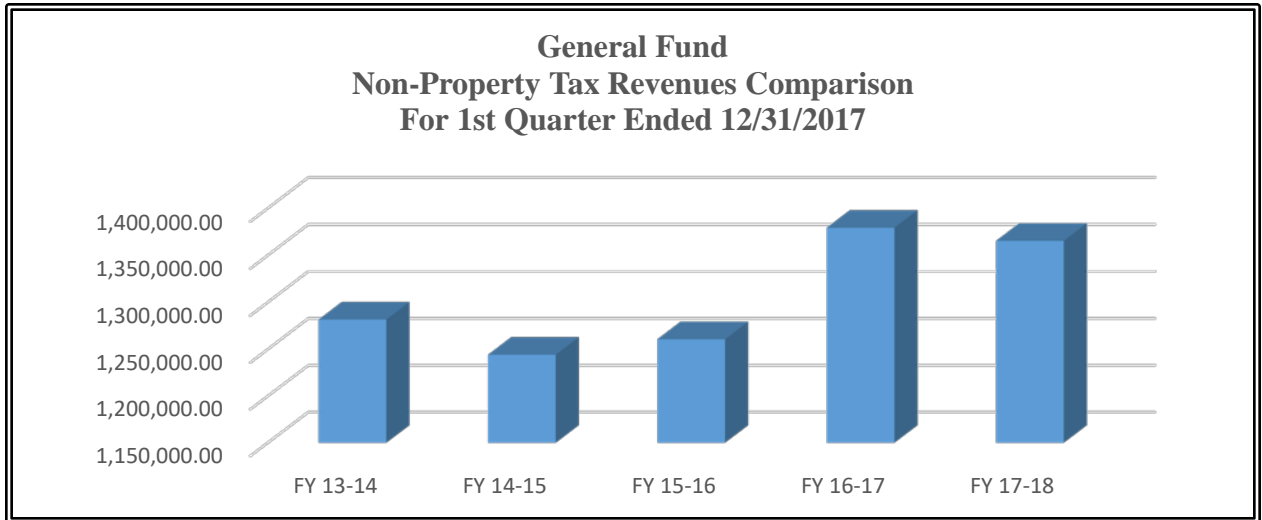
	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Adjusted Annual Budget	\$4,875,384.00	\$4,968,811.00	\$5,187,728.00	\$5,338,940.00	\$5,761,672.00
Actuals 1st Quarter	\$1,940,503.99	\$2,278,797.89	\$2,242,714.95	\$2,207,317.86	\$2,425,505.66
Actuals vs Budget	39.80%	45.86%	43.23%	41.34%	42.10%

B. Non-Property Taxes

This category contains sales tax, mixed drink and franchise taxes. Only City sales taxes are received on a monthly basis while all other taxes are received on a quarterly or semi-annual basis.

The City of Kingsville received one time additional mixed beverage payment of \$8,451.06 due to collection efforts in FY 15-16 which accounts for a small portion of lower revenues this FY 18. Sales tax is \$8,785 less than the same period last FY 17.

Revenues in this category are trending lower than expected at 22.97%. Revenues should be at \$1,425,500 which is \$115,615.95 less.

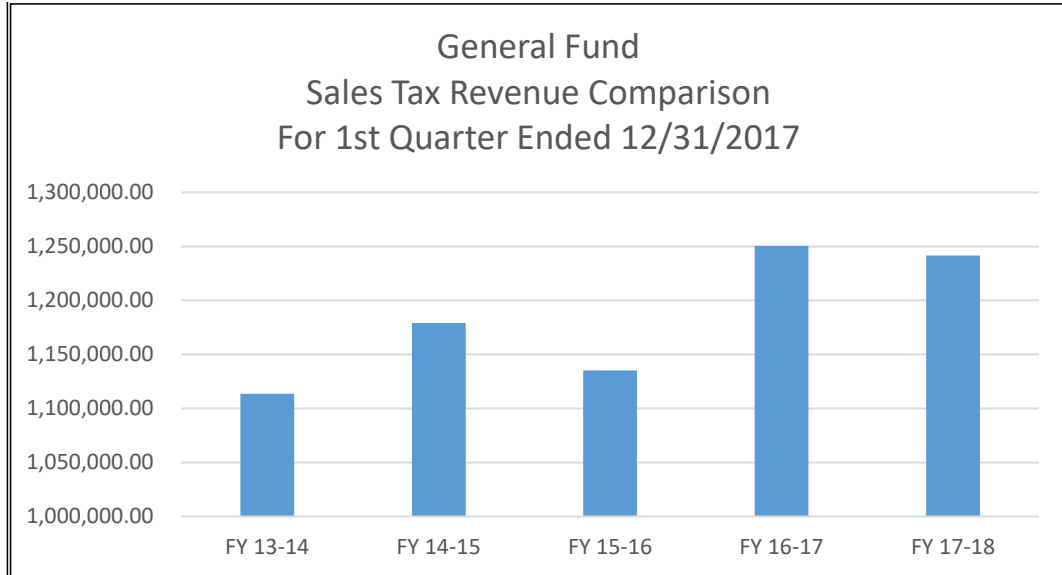


	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Adjusted Annual Budget	\$5,423,895.00	\$5,567,000.00	\$5,615,500.00	\$5,577,000.00	\$5,702,000.00
Actuals 1st Quarter	\$1,281,561.32	\$1,244,096.48	\$1,260,580.99	\$1,379,236.42	\$1,309,884.05
Actuals vs Budget	23.63%	22.35%	22.45%	24.73%	22.97%

C. Sales Tax

City sales tax revenue is trending slightly higher than expected with the revenue percentage at 26.42%.

Through the fourth quarter presented, revenues reflected are based on when received. During the last quarter of the fiscal year, sales taxes are adjusted to reflect when revenues are earned rather than when received for audit purposes.

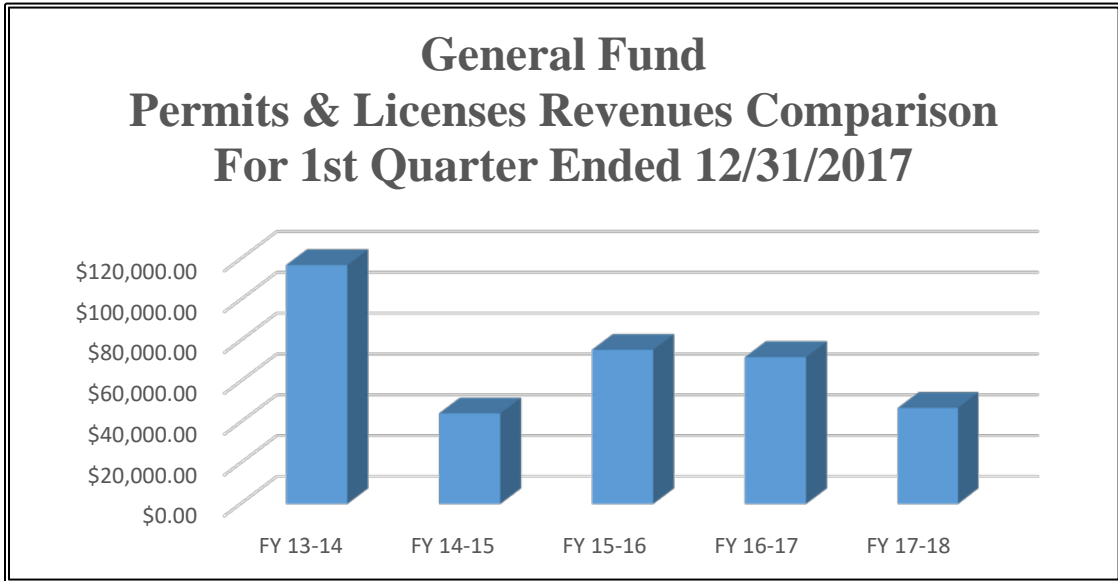


	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Adjusted Annual Budget	\$4,360,835.00	\$4,550,000.00	\$4,550,000.00	\$4,575,000.00	\$4,700,000.00
Actuals 1st Quarter	\$1,113,612.73	\$1,179,159.90	\$1,135,356.98	\$1,250,446.39	\$1,241,661.12
Actuals vs Budget	25.54%	25.92%	24.95%	27.33%	26.42%

D. Permits & Licenses

This revenue category consists of all permits and licensing revenue generated by the Planning Department. Revenues in this category are significantly lower than what was expected and in relation to prior years. Revenues should be at \$62,906 which is short about \$15,870. Almost every type of permit is under projection with building permits down \$14,000 from last year, mechanical permits down \$2,579, and food permits down \$2,030 just to identify a few.

Due to past year’s performance, the budget was again reduced to \$251,625 versus the \$275,225 in FY 16-17. The budget for this category has been reduced each year for the last 4 fiscal years.

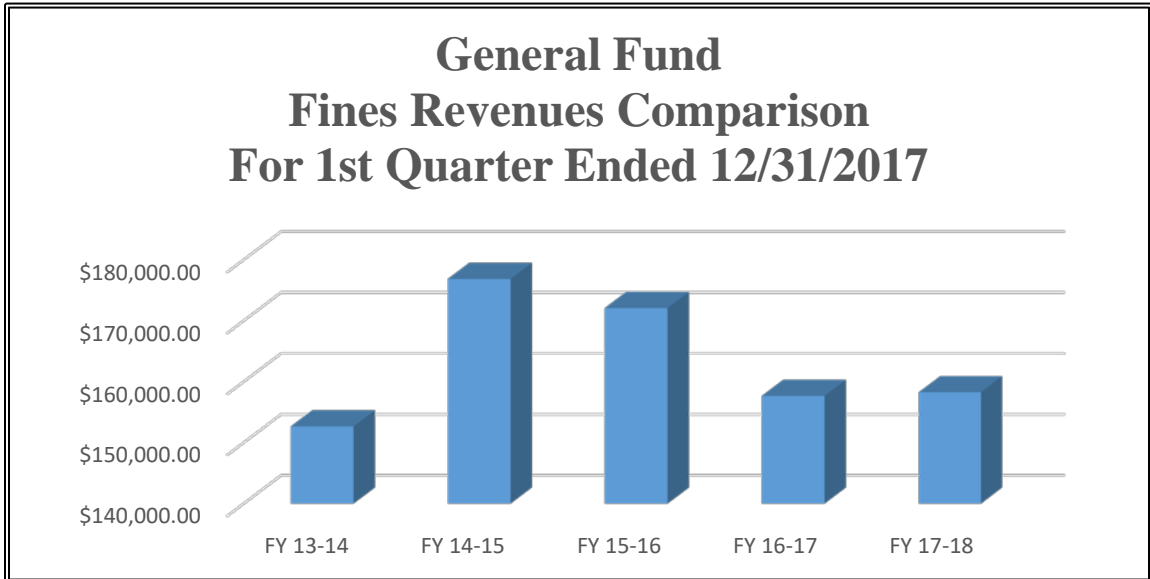


	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Adjusted Annual Budget	\$257,300.00	\$361,450.00	\$277,975.00	\$275,225.00	\$256,625.00
Actuals 1st Quarter	\$117,004.44	\$44,338.87	\$75,499.93	\$71,946.52	\$47,035.77
Actuals vs Budget	45.47%	12.27%	27.16%	26.14%	18.33%

E. Fines

Municipal Court revenues are trending slightly lower than expected but better than this time last FY.

Based on budget, revenues should be at \$190,125 which is \$31,858 more than actual receipts. With the move to the second floor at the Municipal Building, court has had to decrease the number of cases on the docket due to the load capacity on the second floor and the number of people the court can hold. Construction is due to start the 2nd quarter and may continue to affect revenues. Warrant Roundup is scheduled to occur in February and hopefully will offset the effects from the new location and construction.



	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Adjusted Annual Budget	\$743,231.00	\$735,500.00	\$960,200.00	\$835,000.00	\$760,500.00
Actuals 1st Quarter	\$152,662.49	\$176,855.51	\$172,081.42	\$157,668.31	\$158,266.75
Actuals vs Budget	20.54%	24.05%	17.92%	18.88%	20.81%

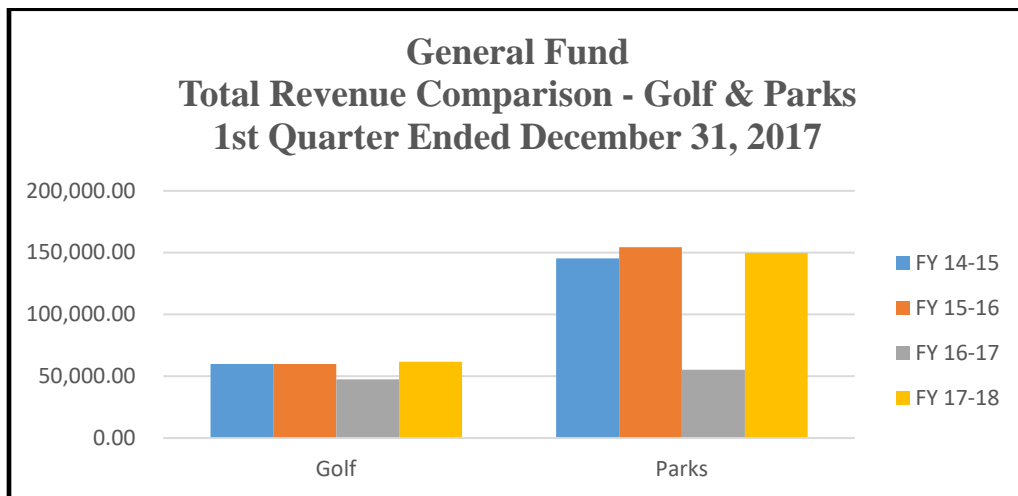
F. General Service Fees

This category contains the revenues for two divisions that were assumed by the City from the County in FY 14-15. The county contributes \$35,000 annually for the L.E. Ramey Golf Course. Golf Course revenues represents 22.25% of the FY 17-18 budget versus 19.20% last year. Actual revenues increased \$14,285.47 over the same period last FY.

In FY 16-17, the golf course starting selling beer and wine. Alcohol revenues through the 1st quarter are \$2,652.60 with other food and beverage sales at \$6,666.78. The back nine holes at the golf course have been closed due to work on the irrigation system. Even though this is affecting play, revenues are only slightly below expected at 22.25%.

Parks and Recreation revenues are slightly lower than expected at 23.18%, but the first quarter is normally slower due to weather and holidays. Park revenues are seasonal and are expected to catch up once the summer months occur. The County contributes \$550,000 annually of which the City is transferring \$25,000 to the Tourism fund to help fund the JK Northway at the request of the County. The full amount of the County contribution will be reflected in the revenues as the reallocation will be reflected in the expenditures.

Contributions from the County are up-to-date.



Golf

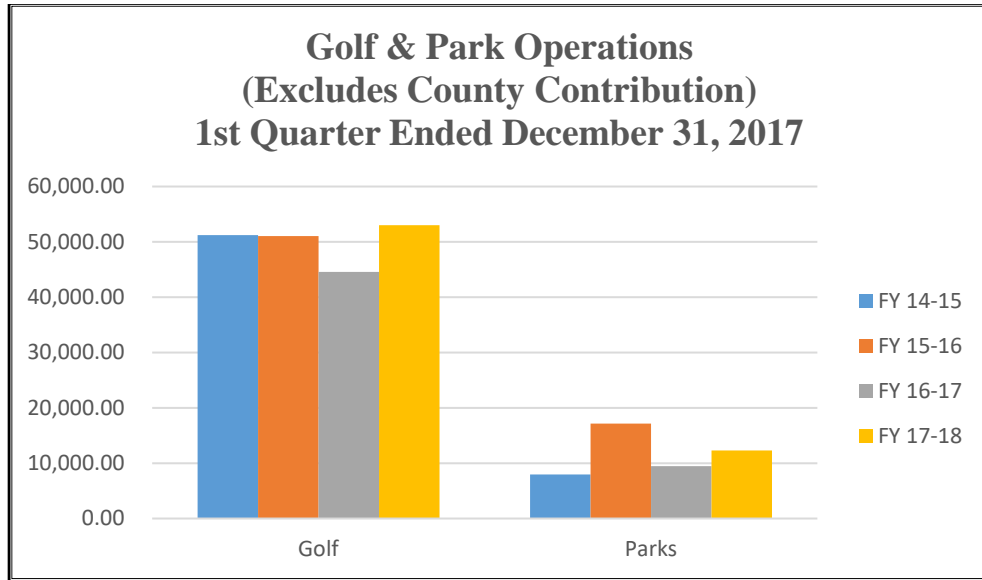
	FY 12-13	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Adjusted Annual Budget	\$0.00	\$450,177.05	\$278,025.00	\$247,200.00	\$277,500.00
Actuals 1st Quarter	\$0.00	\$59,989.88	\$59,821.46	\$47,459.13	\$61,744.60
Actuals vs Budget		13.33%	21.52%	19.20%	22.25%

Budgeted expenditures for the Golf Course for FY 17-18 are \$555,137.

Parks & Recreation

	FY 12-13	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Adjusted Annual Budget	\$0.00	\$675,351.66	\$650,680.00	\$610,890.00	\$646,150.00
Actuals 1st Quarter	\$0.00	\$145,467.99	\$154,360.86	\$55,284.83	\$149,779.14
Actuals vs Budget		21.54%	23.72%	9.05%	23.18%

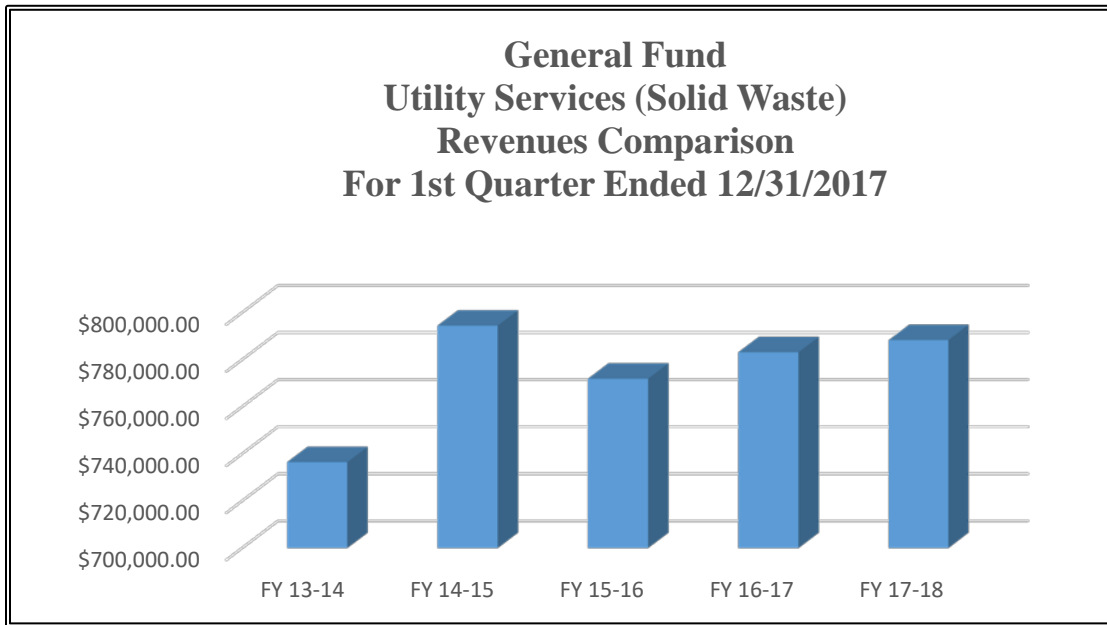
Operating revenues for the Golf and Parks are \$52,994.60 and \$12,279.15 respectively.



Division	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Golf	51,239.87	51,071.45	44,542.46	52,994.60
Parks	7,968.00	17,160.87	9,451.50	12,279.15

G. Solid Waste

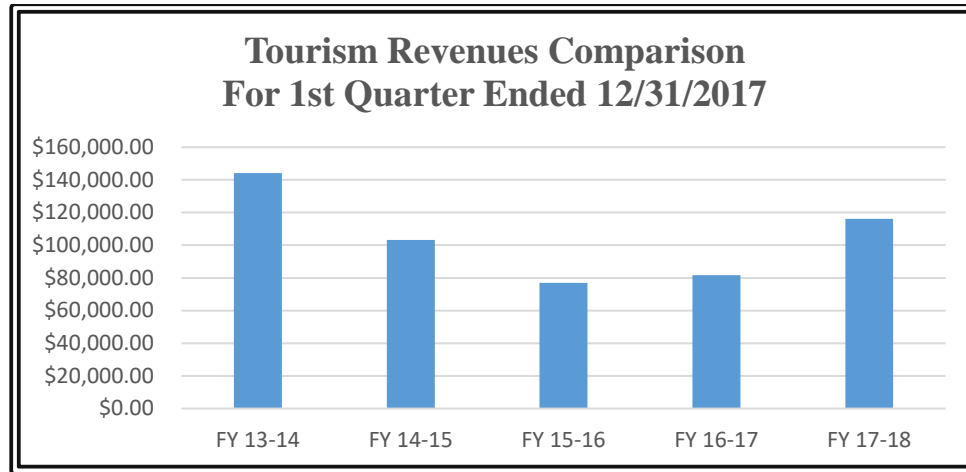
In General Fund, this revenue category includes landfill and garbage fees. Revenues for this fiscal year have increased from last fiscal year due to changes in our ability to accept outside haulers and are trending better than expected at 24.59%.



	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Adjusted Annual Budget	\$3,079,761.00	\$3,185,700.00	\$3,284,900.00	\$3,284,700.00	\$3,205,500.00
Actuals 1st Quarter	\$736,493.29	\$794,462.27	\$771,923.25	\$783,164.50	\$788,319.24
Actuals vs Budget	23.91%	24.94%	23.50%	23.84%	24.59%

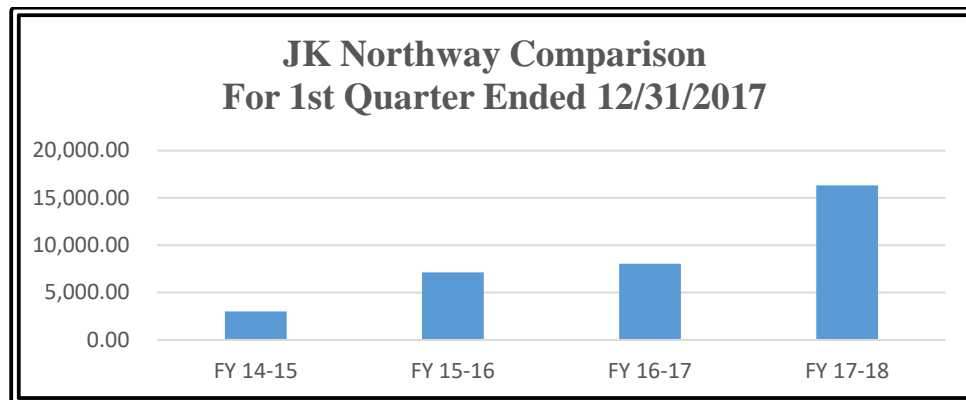
Tourism Fund Revenues

The main revenue for Tourism Fund are Hotel Occupancy Taxes collected by the hotels from overnight hotel guests. Revenues received for FY 16-17 are higher than what was received for last year and what was expected.



	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Adjusted Annual Budget	\$500,720.00	\$575,100.00	\$502,300.00	\$490,700.00	\$554,780.00
Actuals 1st Quarter	\$144,145.22	\$103,219.95	\$76,938.83	\$84,309.09	\$116,062.88
Actuals vs Budget	28.79%	17.95%	15.32%	17.18%	20.92%

The JK Northway was moved from the Parks Division to the Tourism Fund in FY 16-17. In FY 17-18, the City is transferring \$25,000 from the County's Park contribution to offset expenditures for the JK Northway. Revenues are trending as expected at 26.61%.

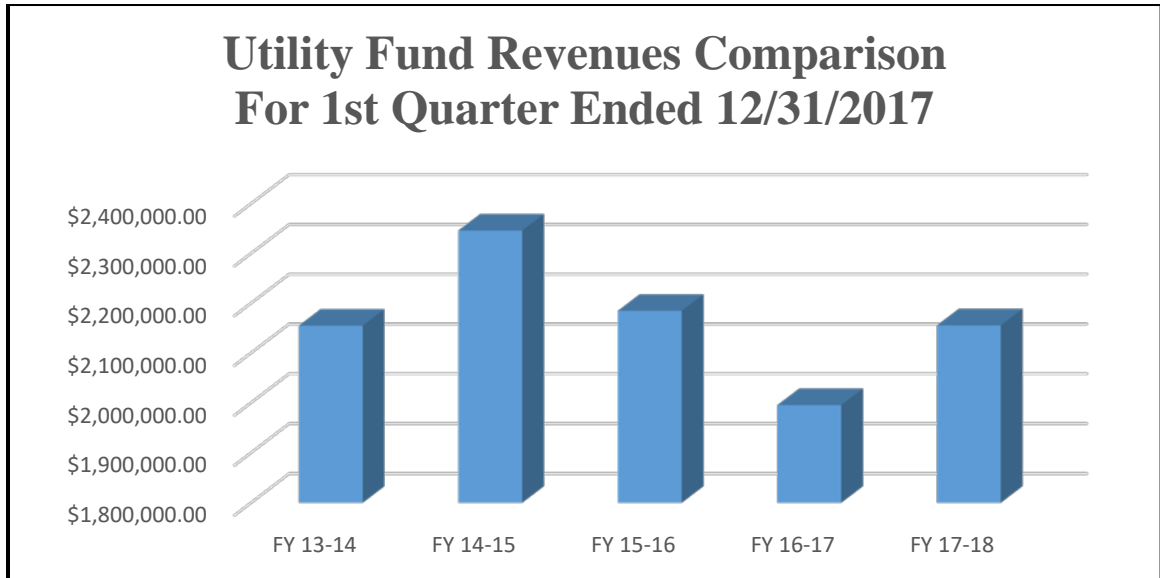


	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Adjusted Annual Budget	\$0.00	\$38,475.00	\$36,375.00	\$61,375.00
Actuals 1st Quarter	\$3,000.00	\$7,125.00	\$8,050.00	\$16,330.00
Actuals vs Budget	0.00%	18.52%	22.13%	26.61%

Budgeted expenditures for JK Northway for FY 17-18 are \$193,153.

Utility Fund Revenues

Revenues from this fund come mainly from water and sewer sales for both residential and commercial customers. Revenues are up over last FY at this time and trending better than expected at 26.98%.

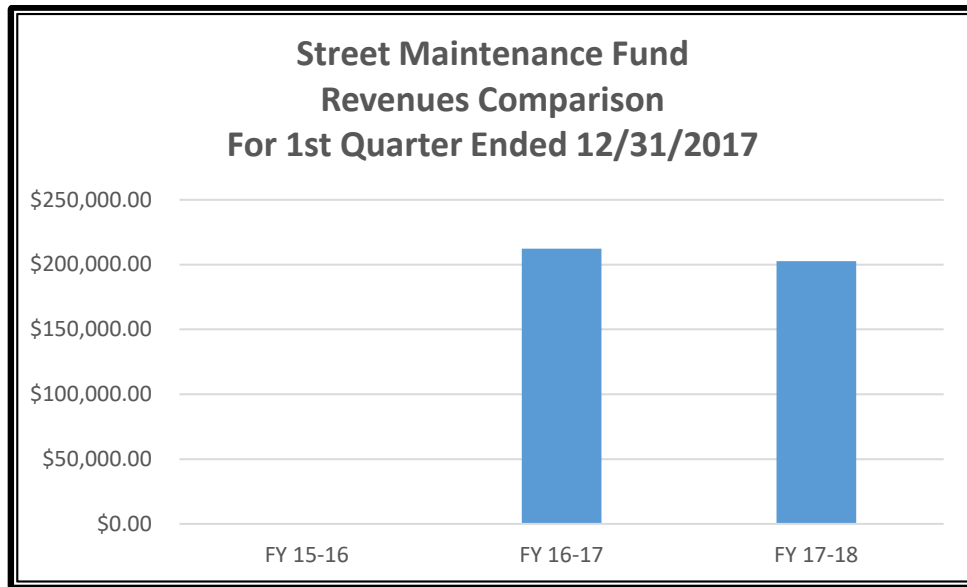


	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Adjusted Annual Budget	\$8,589,372.00	\$8,496,990.00	\$8,570,884.00	\$7,953,785.00	\$7,988,321.00
Actuals 1st Quarter	\$2,154,830.63	\$2,345,961.12	\$2,184,607.67	\$1,995,157.44	\$2,155,343.07
Actuals vs Budget	25.09%	27.61%	25.49%	25.08%	26.98%

II. Street Maintenance Fund

Revenues for this new fund are generated by the street maintenance fee that began January 2016, with the first billings sent out in February. Residents are assessed \$5.00 per month and Non-Residential customers are assessed a fee based on square foot of their space x a discounted trip generator x \$5.00 a month. Once the calculation is done, there are several different tiers with a \$150.00 per month cap.

Last fiscal year, there was a \$37,229.38 transfer from Fund 067 that did not occur in this fiscal year which indicates why the budget and revenues decreased from last fiscal year. Revenues are trending as expected at 24.97%.



	FY 15-16	FY 16-17	FY 17-18
Adjusted Annual Budget	\$536,000.00	\$937,229.38	\$812,000.00
Actuals 1st Quarter	\$0.00	\$212,272.70	\$202,770.82
Actuals vs Budget	0.00%	0.00%	24.97%

FY 17-18

Total Amount Budgeted For Street Maintenance

Fund 001-General Fund	Regular Budget	\$50,000.00
Fund 033-CO Series 2016	Street Projects & Equip	\$708,152.00
Fund 087-SW Capital Projects	Alley Maintenance	\$50,000.00
Fund 092-Street Maintenance	Street Projects & Equip	\$880,745.00
	Total	\$1,688,897.00

Last Five Years
Total Amount Expended For Street Maintenance
FY 17-18 Is Based On Budget

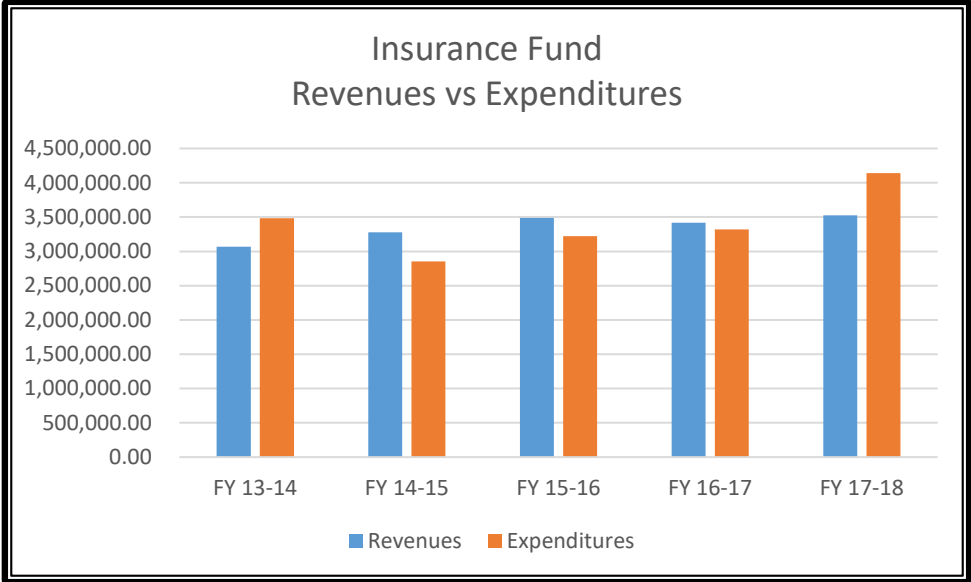
Fund	Actuals FY 13-14	Actuals FY 14-15	Actuals FY 15-16	Actuals FY 16-17	Budgeted FY 17-18
Fund 001-General Fund	\$43,861.04	\$22,440.82	\$88,122.02	\$13,048.65	\$65,000.00
Fund 033-CO Series 2016	0.00	0.00	0.00	85,026.25	708,152.00
Fund 065-CO Series 2011	924,152.53	205,228.00	92,459.35	0.00	0.00
Fund 067-CO Series 2013	3,400.00	611,935.11	295,532.45	0.00	0.00
Fund 068-CO Series 2013	0.00	0.00	0.00	0.00	0.00
Fund 071-FEMA Assistance	0.00	0.00	19,850.69	0.00	0.00
Fund 087-SW Capital Projects	0.00	0.00	0.00	26,539.08	50,000.00
Fund 091-GF Capital Projects	300,000.00	0.00	0.00	0.00	0.00
Fund 092-Street Maintenance	0.00	0.00	301,435.59	449,584.18	880,745.00
Total Street Budget	\$1,271,413.57	\$839,603.93	\$797,400.10	\$574,198.16	\$1,703,897.00

III. Insurance Fund

The City is self-funded for health care and revenues for this fund come from employer and employee contributions through payroll deductions and individual payments from retirees and those on COBRA. During the budget process, determinations are made to decide if the City needs to make additional contributions based on fund balance projections. In FY 17-18, the city chose not to budget additional contributions due to the estimated ending fund balance, even though the fund is estimated to end up with a yearly budgeted deficit of \$600,000. Discussions are taking place to determine how to close the gap of continuing deficits and whether changes need to be made to plan design, health care provider and or employee contributions. The City absorbed an 8.6% increase in contributions and decided not to pass on this additional cost to employees resulting in an additional cost to the city of \$238,000.

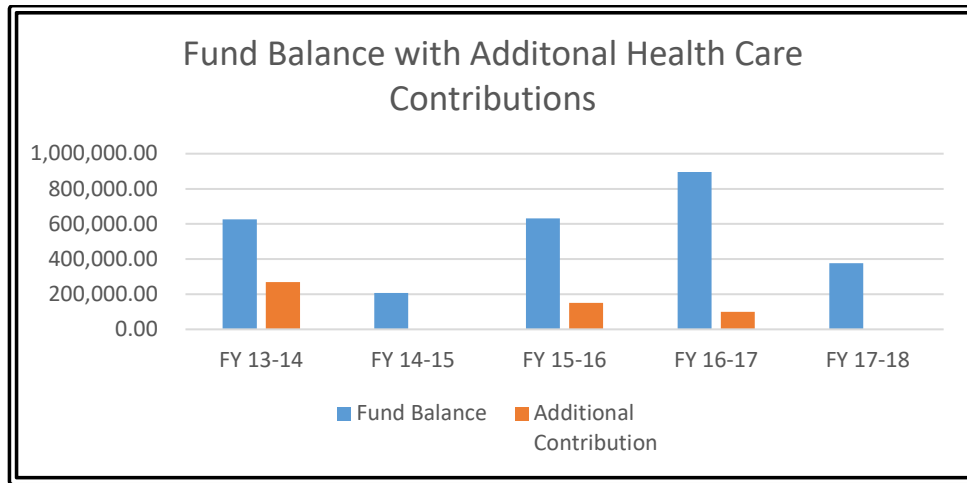
Revenues are set by the City through employer and employer contributions, so the health of the fund depends on keeping claims at levels which can be supported by current contributions. For FY 17-18, claims were estimated and budgeted at \$4,142,026. Expenditures for the 1st quarter are keeping pace with those estimates at \$995,944.86 or 24.04% of budget.

The chart below compares the revenues to the expenditures with the exception of FY 17-18 which compares the budgeted revenues to the budgeted expenditures.



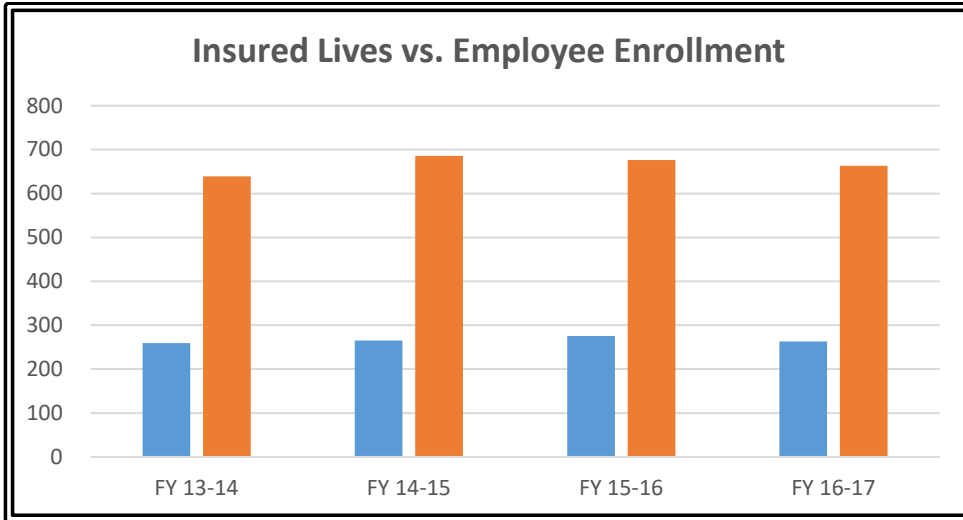
Fiscal Year	Revenues	Expenditures
FY 13-14	3,066,503.90	3,485,061.56
FY 14-15	3,279,864.17	2,855,051.26
FY 15-16	3,485,717.45	3,222,108.82
FY 16-17	3,416,029.95	3,319,020.00
FY 17-18	3,526,496.00	4,142,026.00

The following chart depicts the estimated fund balance for FY 16-17 and is subject to change until the audit is complete. Once the audit is complete, the estimated fund balance for FY 16-17 and FY 17-18 may change. The chart also shows the fiscal year where the city made additional contributions to the health insurance fund.



Fiscal Year	Fund Balance	Additional Contribution
FY 13-14	625,745.00	268,632.00
FY 14-15	207,187.00	0.00
FY 15-16	632,000.00	150,000.00
FY 16-17	895,609.00	100,000.00
FY 17-18	552,980.00	0.00

The following chart depicts the number of lives insured compared to the average monthly enrollment for employees.



Fiscal Year	Average Employee Monthly Enrollment	Average Enrolled Lives
FY 13-14	259	639
FY 14-15	265	686
FY 15-16	275	676
FY 16-17	263	663
FY 17-18	277	683

IV. Overall Revenues

Overall, revenues for FY 17-18 from all sources are trending as expected at 24.58%.

Overall Revenues - All Sources First Quarter Ended December 31, 2017

Fund	Fund Name	Budget	Revenues	Percentage
001	General Fund	19,957,621.00	4,591,211.22	23.00%
002	Tourism Fund	554,780.00	116,062.88	20.92%
005	PD State Seizure Fund	15,000.00	4,118.29	27.46%
011	GO Debt Service	1,295,675.00	538,517.55	41.56%
012	UF Debt Service	1,550,585.00	389,514.72	25.12%
016	PD Stonegarden Grant	0.00	4,398.74	0.00%
017	PD Borderstar Grant	75,000.00	0.00	0.00%
025	Building Security Fund	10,000.00	2,186.43	21.86%
026	Golf Course Capital Maint	8,115.00	0.00	0.00%
028	PD Federal Seizure Fund	15.00	25.11	167.40%
031	Muni Court Technology Fur	13,000.00	2,901.33	22.32%
033	CO Series 2016-GF	54,050.00	19,348.74	35.80%
039	CO Series 2002-GF	0.00	16.63	0.00%
051	Utility Fund	7,988,321.00	2,155,343.07	26.98%
054	UF Capital Projects	477,580.00	121,973.20	25.54%
055	Stormwater Drainage	405,000.00	67,333.13	16.63%
062	CO Series 2005-UF	0.00	163.20	0.00%
066	CO Series 2011-UF	2,600.00	1,359.82	52.30%
067	CO Series 2013-GF Streets	0.00	31.28	0.00%
068	CO Series 2013-Drainage	10,000.00	1,181.48	11.81%
077	FEMA FF Assistance	0.00	9,800.33	0.00%
082	TX CDBG Grant	42,587.00	0.00	0.00%
087	Solid Waste Capital Projec	1,138,256.00	142,772.82	12.54%
090	Landfill Closure	368,109.23	94,080.48	25.56%
091	GF Capital Projects	0.00	11.82	0.00%
092	Street Fund	812,000.00	202,770.82	24.97%
097	Vehicle Replacement	40,000.00	0.00	0.00%
098	Economic Development	156,000.00	12,500.00	8.01%
138	Self Insurance	3,526,496.00	985,369.58	27.94%
	Revenue Fund Totals	<u>38,500,790.23</u>	<u>9,462,992.67</u>	<u>24.58%</u>

V. **Overall Expenditures**

Overall expenditures are on target for FY 17-18 at 20.82%.

**Overall Expenditures - All Sources
First Quarter Ended December 31, 2017**

Fund	Fund Name	Budget	Expenditures	Percentage
001	General Fund	20,563,963.00	4,458,448.14	21.68%
002	Tourism Fund	788,215.00	172,302.44	21.86%
005	PD State Seizure Fund	507,777.11	73,788.10	14.53%
011	GO Debt Service	1,514,965.00	0.00	0.00%
012	UF Debt Service	1,550,335.00	0.00	0.00%
016	Stonegarden	0.00	15,501.46	0.00%
017	Borderstar Grant	75,000.00	0.00	0.00%
025	Building Security Fund	100,000.00	24,824.20	24.82%
027	EMS	0.00	1,129.74	0.00%
028	PD Federal Seizure Fund	30,000.00	5,000.00	16.67%
031	Muni Court Technology Fund	18,000.00	1,555.21	8.64%
033	CO Series 2016-GF	4,188,041.28	1,363,439.13	32.56%
051	Utility Fund	8,700,738.00	2,229,391.87	25.62%
054	UF Capital Projects	1,475,523.12	171,414.13	11.62%
055	Stormwater Drainage	390,420.00	97,330.00	24.93%
065	CO Series 2011-GF	0.00	95.71	0.00%
066	CO Series 2011-UF	95,580.00	415.02	0.43%
068	CO Series 2013-Drainage	996,739.00	18,735.36	1.88%
077	FEMA FF Assistance	0.00	376.23	0.00%
078	TX Parks & Wildlife Grant	0.00	3,514.00	0.00%
079	TX Capital Main St Grant	3,588.21	4,450.00	124.02%
082	TX CDBG Grant	42,587.00	0.00	0.00%
085	CLG Grant	0.00	23,939.09	0.00%
087	Solid Waste Capital Projects	1,081,086.25	53,353.31	4.94%
090	Landfill Closure	67,357.00	0.00	0.00%
092	Street Fund	880,745.00	90,205.60	10.24%
093	Park Maintenance Fund	80,248.16	0.00	0.00%
096	Insurance Claim Recovery	234,792.59	96,158.44	40.95%
098	Economic Development	155,313.29	24,575.81	15.82%
138	Self Insurance	4,142,026.00	995,944.86	24.04%
	Expenditure Fund Totals	47,683,040.01	9,925,887.85	20.82%

VI. Revenue Budget Amendments

REVENUE BUDGET AMENDMENTS

Revenues:	
Original Budget	38,181,788.23
Current Budget	38,500,790.23
Budget Amendment	319,002.00

<u>Ord. No.</u>	<u>Amendment Description</u>	<u>Amount</u>
<u>General Fund - 001</u>		
2017-65	Kingsville Area Federal CU Donation	\$ 500.00
2017-64	Vishal Bhagat Memorial Donation	\$ 25,000.00
2017-61	Texas Got Talent Program Donation	\$ 1,000.00
2017-58	Donation for Ranch Hand Festival	\$ 900.00
2017-57	Child Safety Fund Revenues	\$ 360.00
	Total General Fund 001	\$ 27,760.00
 <u>Tourism Fund - 002</u>		
2017-59	Donation for Ranch Hand Festival	\$ 25.00
2017-47	Union Pacific Donation	\$ 4,000.00
	Total Tourism Fund 002	\$ 4,025.00
 <u>CO Series 2016 - 033</u>		
2017-52	Transfers to fund Genie Boom Lift	\$ 29,050.00
	Total CO Series 2016 Fund 033	\$ 29,050.00
 <u>UF Capital Projects - 054</u>		
2017-066	Municipal Building Reno	\$ 215,580.00
	Total UF Capital Projects Fund 054	\$ 215,580.00
 <u>TXCDBG Grant - 082</u>		
2017-51	Rollover projects from FY 16-17	\$ 42,587.00
	Total TXCDBG Grant Fund 082	\$ 42,587.00
	Total Revenue Budget Amendments	\$ 319,002.00

VII. Expenditure Budget Amendments

EXPENDITURES BUDGET AMENDMENTS

Expenditures:	
Original Budget	45,995,448.29
Current Budget	47,683,040.01
Budget Amendment	1,687,591.72

Ord. No.	Amendment Description	Amount
<u>General Fund - 001</u>		
2017-65	Kingsville Area Federal CU Donation	\$ 500.00
2017-64	Vishal Bhagat Memorial Donation	\$ 25,000.00
2017-61	Texas Got Talent Program Donation	\$ 1,000.00
2017-60	Personnel to cover employee retirem	\$ 10,000.00
2017-58	Donation for Ranch Hand Festival	\$ 900.00
2017-57	Traffic Safety Vests-Child Safety Rev	\$ 360.00
	Total General Fund 001	\$ 37,760.00

<u>Tourism Fund - 002</u>		
2017-59	Donation for Ranch Hand Festival	\$ 25.00
2017-47	Union Pacific Donation	\$ 4,000.00
	Total Tourism Fund 002	\$ 4,025.00

<u>PD State Seizure Fund - 005</u>		
2017-51	Rollover project from FY 16-17	\$ 8,485.36
	Total PD State Seizure Fund 005	\$ 8,485.36

<u>CO Series 2016 - 033</u>		
2017-52	Genie Boom Lift	\$ 29,050.00
2017-51	Rollover Project-PD Backbone	\$ 827,114.28
	Total CO Series 2016 Fund 033	\$ 856,164.28

<u>UF Capital Projects - 054</u>		
2017-66	Municipal Building Reno	\$ 215,580.00
2017-51	Rollover Project-Pumphouse	\$ 41,699.12
	Total UF Capital Projects Fund 054	\$ 257,279.12

<u>CO 2013 Drainage - 068</u>		
2017-51	Drainage Project-Professional Svcs	\$ 100,000.00
	Total CO 2013 Drainage Fund 068	\$ 100,000.00

<u>TX Capital Main Street Grant - 079</u>		
2017-51	Grounds & Perm Fixtures	\$ 3,588.21
	Total TX Capital Main Street Grant Fund 079	\$ 3,588.21

<u>TXCDBG Grant - 082</u>		
2017-51	Rollover projects from FY 16-17	\$ 42,587.00
	Total TXCDBG Grant Fund 082	\$ 42,587.00

Expenditure Budget Amendments (continued):

Ord. No.	Amendment Description	Amount
<u>Landfill Closure - 090</u>		
2017-51	Equipment Maintenance	\$ 62,662.00
	Total Landfill Closure Fund 090	<u>\$ 62,662.00</u>
<u>Park Maintenance - 093</u>		
2017-51	Grounds & Perm Fixtures	\$ 80,248.16
	Total Park Maintenance Fund 093	<u>\$ 80,248.16</u>
<u>Insurance Claim Recovery - 096</u>		
2018-01	Roll over JK Northway	\$ 97,261.92
2017-51	Grounds & Perm Fixtures	\$ 17,530.67
2017-66	Transfer to 054-Muni Bldg Reno	\$ 120,000.00
	Total Insurance Claim Recovery Fund 096	<u>\$ 234,792.59</u>
	Total Expenditure Budget Amendments	<u>\$ 1,687,591.72</u>

VIII. Accounts Receivable

There are several categories of accounts receivable to notate and include the following:

- Property Taxes – the County Tax Assessor collects property taxes and submits payments to the City. As of the end of the first quarter, December 31, 2017, delinquent property taxes were \$476,652.65. There is a corresponding allowance for uncollectible accounts in the amount of \$195,544.80 leaving an anticipated collection of \$281,107.85. Linebarger is the collection agency that collects on this receivable.
- Ambulance Services – billings sent out go directly to this receivable, while collections are booked to revenue. There are large adjustments to this receivable throughout the year due to medical provider discounts. As of December 31, 2017, the receivable was \$3,384,611.42. There is a corresponding \$3,334,506.54 allowance for uncollectible accounts leaving an anticipated collection amount of \$50,104.88. Audit adjustments have not yet been posted as year-end reconciliations are not complete. We have contracted with a company to provide collection services.
- Sanitation Service – this is for garbage sales for both residential and commercial accounts. As of December 31, 2017, this receivable was \$422,548.07. There is a corresponding allowance for uncollectible accounts in the amount of \$350,087.08 leaving an anticipated collection amount of \$72,460.99. These accounts have been sent to the collection services company.

Liens – these receivables come about when the City has to perform work for code enforcement violations. When the homeowner does not pay their bill, the only means to collect this obligation is to file a lien against the property. It usually stays unpaid until the property is sold and it becomes part of the property settlement. Linebarger is used for collection services. As of December 31, 2017 the following balances existed:

- | | |
|-------------------------------|--------------|
| ○ Demolition Liens | \$186,766.60 |
| ○ Paving Liens | \$1,317.80 |
| ○ Abatement of Noxious Matter | \$175,451.59 |
| ○ Weed Liens | \$448,129.98 |
- Water Accounts – this is for water service for both residential and commercial customers. As of December 31, 2017 this receivable was \$723,483.81.
 - Sewer Accounts – this is for sewer service for both residential and commercial customers. As of December 31, 2017 this receivable was \$339,654.15. There is a corresponding allowance for uncollectible accounts of \$603,790.90 for both water and sewer accounts receivable leaving an anticipated collection of \$459,347.06.

The new collection services company will be used for these receivables.

IX. **Budgeted Capital Outlay Status**

Department	Description	Approved Budget	Status
General Fund 001			
City Commission	Restoration & Preservation of Minutes 001-5-1000-31400	\$22,000	On-going
Facilities Management	Scag Mower 001-5-1020-71200	\$5,780	Split Funded with Tourism - completed
Street	Lease payment – Street Sweeper 001-5-3050-64200	\$57,297	Planning a site visit.
Tourism Fund 002			
Tourism	Scag Mower 002-5-6900-80001	\$5,780	Split Funded with General Fund - completed
Tourism	Genie Power Lift Funds were pooled with other departments and a lift was purchased for all departments to share usage.	\$9,350	Completed
Utility Fund 051			
Wastewater	Submersible pump 051-5-7003-54300	\$12,000	Completed
Water Construction	Backhoe Loader 051-5-600171200	\$60,000	Ordered
Water Production	Ground storage tanks 051-5-6002-71200	\$130,000	Not started
Wastewater	Skid Loader 051-5-7001-71200	\$43,782	Completed
Sewer Construction	Cedar fence for lift station 051-5-7003-59100	\$36,620	Completed
Sewer Construction	Pump for lift station 051-5-7003-54300	\$61,616	Not able to purchase due to on-going maintenance issues. If still needed, a budget amendment will have to be submitted.
Utility Fund Capital Projects 054			
Water Meters	Water Meter Reading Equipment 054-5-6202-22800	\$22,775	Ordered

Department	Description	Approved Budget	Status
CO Series 2011 Fund 066			
Sewer Construction	Pro Sewer & Storm Line Camera 066-5-7003-71200	\$78,500	Ordered
Sewer Construction	Aluminum Safety Shoring Box 066-5-7003-71200	\$7,745	Quotes received
Sewer Construction	Low profile dump trailer 066-5-7003-71200	\$7,370	Ordered
Solid Waste Capital Projects Fund 087			
Sanitation	Garbage Trucks Lease Payment (2) residential & (1) commercial 087-5-1702-64200	\$96,777	Waiting on quotes
Landfill	Water Truck Tank 087-5-1703-71200	\$11,000	Ordered
Street Maintenance Fund 092			
Street	Water Truck Tank and Spray Bar System 092-5-3050-71200	\$18,745	Completed

X. Interdepartmental Transfers

Resolution 2016-62 allows transfers between departments in the same fund without Commission approval as long as those transfers do not increase a department's appropriation by more than 10%. Interdepartmental transfers above 10% must be documented and provided to Commissioners on a quarterly basis through the Quarterly Budget Report. There are currently no transfers that meet this requirement.

XI. Intradepartmental Transfers

Resolution 2016-62 allows intradepartmental transfers between account codes within a department but requires transfers greater than \$5,000 to be documented and provided to Commissions on a quarterly basis through the Quarterly Budget Report. The following transfers meet this threshold:

Transfers Greater Than \$5,000

Explanation	Transfer From		Transfer To	
	Account	Amount	Account	Amount
<u>General Fund 001</u>				
GIS & AutoCad Software for new Engineer	Salaries 3000-11100	(\$7,600.00)	Computers 3000-22600	\$7,600.00
Additional Street Maint	Signs/Signals 3050-52200	(\$15,000.00)	Street/Bridge 3050-52100	\$15,000.00
<u>Fund 033 - CO Series 2016</u>				
Reallocation of Golf & Park Projects	Minor Equip 4502-21700	(\$6,425.00)	Golf Course Improvements 4502-71215	\$211,810.29
	Golf Fence 4502-59102	(\$30,000.00)		
	Golf Signage 4502-71237	(\$9,659.11)		
	Golf Pro Shop 4502-71238	(\$812.67)		
	Drainage Study 4502-31454	(\$2,521.53)		
	City Green Park 4503-59104	(\$50,000.00)	Dog Park 4503-59117	\$90,000.00
	Park Street 4503-71220	(\$500,000.00)	Kiddie Pool 4503-59118	\$150,000.00
	Parking Lot 4503-71221	(\$131,728.00)	Overrun Cont 4503-59120	\$26,241.94
	Splash Pad 4503-71224	(\$50,000.00)	Skate Park 4503-71223	\$31.38
	Pool Renov 4503-71225	(\$17,562.53)	Cash Match 4503-71201	\$307,000.00
	Computers 4503-72600	(\$15,905.90)	Office Reno 33723.23	\$33,723.13
	Field Improv 4503-71228	(\$4,192.00)		
Project Reallocation	City Hall Complex 1030-71217	(\$38,112.00)	Cottage 1030-71311	\$4,741.64
	YE Reduction 1030-85000	(\$20,296.00)	Computers 1902-22604	\$8,100.00
	Computers 1902-22603	(\$10,655.00)	Fire Radios 2200-71234	\$7,535.50
	Park Office 4503-71226	(\$16,723.67)	Fire Station 2 2200-71318	\$40,585.86

			Mach/Equip 3050-71200	\$8,100.00
			Skate Park 4503-71223	\$16,723.67
<u>Fund 051 - Utility Fund</u>				
GIS & AutoCad Software for new Engineer	Salaries 8000-11100	(\$7,600.00)	Computers 8000-22600	\$7,600.00
Water Rate Study Increased Costs	6002-31450	(\$8,000.00)	Prof Services 6002-31400	\$8,000.00
<u>Fund 054 - UF Capital Projects</u>				
Project Budget Reconciliation	6002-72019	(\$20,000.00)	Year End Reduction	\$20,000.00
<u>Fund 092 - Street Maintenance</u>				
Rate Study Increased Costs	St & Bridge 3050-52100	(\$30,467.00)	Prof Services 6002-31400	\$30,467.00
Total Transfers Over \$5,000		(\$993,260.41)		\$993,260.41

XII. Estimated Fund Balances

The schedule below represents the estimated Fund Balance for each fund. The Beginning Fund Balance is based on the numbers that have been provided to the auditors, but remain unaudited until the audit is completed. Beginning Fund Balance numbers are not expected to change except for adjustments that are completed during the year-end audit. Current year fund balance is based on the beginning fund balance plus budgeted revenues, transfers in and revenue budget amendments, less budgeted expenditures, transfers out and expenditures budget amendments. If actual revenues and expenditures differ from what was budgeted, there would be either a positive or negative change to the estimated ending fund balance.

For General Fund and Utility Fund, the City established a Fund Balance Policy in 2008 and amended it by Resolution 2011-54 on September 26, 2011. It dictates that the City will maintain a minimum unassigned fund balance in its General Fund and Utility Fund of 25% of the subsequent year's budgeted expenditures and outgoing transfers. On September 25, 2017, the Commission amended the policy by Resolution 2017-67 that would allow both the General Fund and Utility Fund to be dropped to 20% for a special capital project or capital purchase. If either fund balance would drop to the 20% level, there would be a five year period to bring the fund balance back up to the 25% level.

Governmental Funds

Fund	FY 17-18 Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 17-18 Ending Fund Balance
001	6,703,727.07	18,342,812.00	1,614,809.00	20,402,148.00	161,815.00	6,097,385.07
025	90,159.98	10,000.00	0.00	10,000.00	90,000.00	159.98
026	7,991.41	0.00	8,115.00	0.00	0.00	16,106.41
087	92,199.47	1,138,256.00	0.00	918,233.02	162,853.23	149,369.22
090	1,056,297.10	270,500.00	97,609.23	67,357.00	0.00	1,357,049.33
091	3,544.46	0.00	0.00	0.00	0.00	3,544.46
092	658,348.47	812,000.00	0.00	880,745.00	0.00	589,603.47
093	80,248.16	0.00	0.00	80,248.16	0.00	0.00
096	234,792.59	0.00	0.00	114,792.59	120,000.00	0.00
097	50,000.00	0.00	40,000.00	0.00	0.00	90,000.00
098	73,103.60	106,000.00	50,000.00	155,313.29	0.00	73,790.31
Totals	9,050,412.31	20,679,568.00	1,810,533.23	22,628,837.06	534,668.23	8,377,008.25

To verify the ending fund balance for General Fund 001, actual expenditures, and actual transfers out for FY 16-17 are used:

- Budgeted Expenditures and Transfers Out for FY 17-18 are \$20,563,963 less the capital lease recordation of \$911,043 = \$19,652,920
- Minimum required fund balance = actual total expenditures of \$19,652,920 x 25% = \$4,913,230
- The estimated ending fund balance of \$6,097,385 for FY 17-18 has a surplus reserve of \$1,184,155
- Estimated Ending Fund Balance for FY 17-18 is 31.03%

The above numbers include all budget amendments that have been approved for the first quarter of FY 17-18.

Fund 001 – General Fund	Fund 025 – Building Security Fund
Fund 026 – Golf Course Capital Maint	Fund 087 – Solid Waste Capital Projects
Fund 090 – Landfill Closure Fund	Fund 091 – General Fund Capital Projects
Fund 092 – Street Fund	Fund 093 – Park Maintenance Fund
Fund 096 – Insurance Claim Recovery	Fund 097 – Vehicle Replacement
Fund 098 – Economic Development	Fund 099 – Disaster Response Recovery

Capital Improvement Funds – General Fund

Fund	FY 17-18 Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 17-18 Ending Fund Balance
033	4,109,096.73	25,000.00	29,050.00	4,188,041.28	0.00	(24,894.55)
039	4,980.68	0.00	0.00	0.00	0.00	4,980.68
065	2,288.28	0.00	0.00	0.00	0.00	2,288.28
067	71,664.46	34,531.53	0.00	0.00	37,229.38	68,966.61
Totals	4,188,030.15	59,531.53	29,050.00	4,188,041.28	37,229.38	51,341.02

For Fund 033, the expenditure budget has been adjusted by 21,496.20 to account for expenditures that had to be re-classed during the audit leaving a deficit of \$3,398.35. Interest revenues may finish out the year better than what we anticipate, which would not require us to adjust project balances by the additional \$3,398.35. There also might be project savings to offset the difference. This fund’s cash flow is routinely monitored.

Fund 033 – CO Series 2016	Fund 039 – CO Series 2002-2002A
Fund 065 – CO Series 2011	Fund 067 – CO Series 2013

Police Forfeiture Funds

Fund	FY 17-18 Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 17-18 Ending Fund Balance
005	1,251,537.45	15,000.00	0.00	507,777.11	0.00	758,760.34
028	172,837.71	15.00	0.00	30,000.00	0.00	142,852.71
031	32,546.47	13,000.00	0.00	18,000.00	0.00	27,546.47
Totals	1,456,921.63	28,015.00	0.00	555,777.11	0.00	929,159.52

Fund 005 – State Forfeiture	Fund 028 – Federal Forfeiture
Fund 031 – Municipal Court Technology	

Debt Service – General Fund

Fund	FY 17-18 Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 17-18 Ending Fund Balance
011	757,325.14	1,295,675.00	0.00	1,514,965.00	0.00	538,035.14
Totals	757,325.14	1,295,675.00	0.00	1,514,965.00	0.00	538,035.14

Tourism Fund

Fund	FY 17-18 Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 17-18 Ending Fund Balance
002	405,535.47	529,780.00	25,000.00	653,999.00	134,216.00	172,100.47
Totals	405,535.47	529,780.00	25,000.00	653,999.00	134,216.00	172,100.47

Even though this fund is not required to keep a specific minimum fund balance, there have been discussions to require some level of minimum fund balance. Currently, estimated ending fund balance is at 21.83%. To keep the same 25%, the required fund balance would need to be \$197,053.75 based on budgeted expenditures and transfers out.

Enterprise – Utility Funds

Fund	FY 17-18 Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 17-18 Ending Fund Balance
012	227,570.98	1,000.00	1,549,585.00	1,550,335.00	0.00	227,820.98
051	3,863,939.12	7,980,800.00	7,521.00	5,861,673.00	2,839,065.00	3,151,522.12
054	978,716.96	217,580.00	260,000.00	1,475,523.12	0.00	(19,226.16)
055	97,667.79	405,000.00	0.00	1,100.00	389,320.00	112,247.79
062	48,847.14	0.00	0.00	0.00	0.00	48,847.14
066	386,188.36	2,600.00	0.00	95,580.00	0.00	293,208.36
068	2,353,082.15	10,000.00	0.00	996,739.00	0.00	1,366,343.15
Totals	7,956,012.50	8,616,980.00	1,817,106.00	9,980,950.12	3,228,385.00	5,180,763.38

For Fund 054, budgeted expenditures have been adjusted by \$20,000 to cover the \$19,226.16 deficit.

To verify the ending fund balance for Utility Fund 051, actual expenditures, and actual transfers out for FY 17-18 are used:

- Actual Expenditures and Transfers Out for FY 17-18 are \$8,700,738
- Minimum required fund balance = actual total expenditures of \$8,700,738 x 20% = \$1,740,148. The Utility Fund balance was dropped from 25% to 20% this Fiscal Year.
- The estimated ending fund balance of \$3,151,522.12 for FY 17-18 has a surplus reserve of \$1,411,374.52
- Estimated Ending Fund Balance for FY 17-18 is 36.22%

All approved budget amendments for the first quarter have been included in the above calculations.

Fund 012 – Debt Service
 Fund 054 – Capital Projects
 Fund 062 – CO Series 2005
 Fund 068 – CO Series 2013

Fund 051 – Utility Fund
 Fund 055 – Storm Water Drainage
 Fund 066 – CO Series 2011

Internal Service Fund – Insurance

The City is self-funded for employee’s health insurance. The insurance fund receives all insurance contributions from the city, current employees and retirees and then pays claims and administrative costs of the health plan from the contributions. The city provides post-retirement medical insurance benefits on behalf of its eligible retirees. Once an employee retires, it pays 50% of their medical premiums until they reach age 65. In years past, the City was contributing additional reserves to shore up the fund balance. In FY 14-15, the City decided to start charging employees a small portion of the cost of health insurance.

Fund	FY 17-18 Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 17-18 Ending Fund Balance
138	1,168,510.38	3,526,496.00	0.00	4,142,026.00	0.00	552,980.38
Totals	1,168,510.38	3,526,496.00	0.00	4,142,026.00	0.00	552,980.38

Grant Funds

Fund	FY 17-18 Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 17-18 Ending Fund Balance
013	56.76	0.00	0.00	0.00	0.00	56.76
017	0.00	0.00	75,000.00	75,000.00	0.00	0.00
030	2,365.02	0.00	0.00	0.00	0.00	2,365.02
071	(35,166.80)	0.00	0.00	0.00	0.00	(35,166.80)
078	3,598.89	0.00	0.00	0.00	0.00	3,598.89
079	3,056.51	0.00	0.00	3,588.21	0.00	(531.70)
082	60,000.00	42,587.00	0.00	42,587.00	0.00	60,000.00
Totals	33,910.38	42,587.00	75,000.00	121,175.21	0.00	30,322.17

For Fund 071 – FEMA, there is a negative balance as we are waiting on our reimbursement to cover the expenditures that were submitted. Once payment is received, this negative fund balance will be covered.

For Fund 079 – Texas Capital Main Street Grant, there is a reimbursement request of \$5,312.50 that has not been submitted which will cover the negative fund balance once payment is received.

Fund 013 - Texas Historical
 Fund 030 – Red Ribbon Awareness
 Fund 078 – Texas Parks & Wildlife
 Fund 082 – Texas CDBG Grant

Fund 017 – PD Borderstar
 Fund 071 - FEMA
 Fund 079 – TX Capital Main Street