

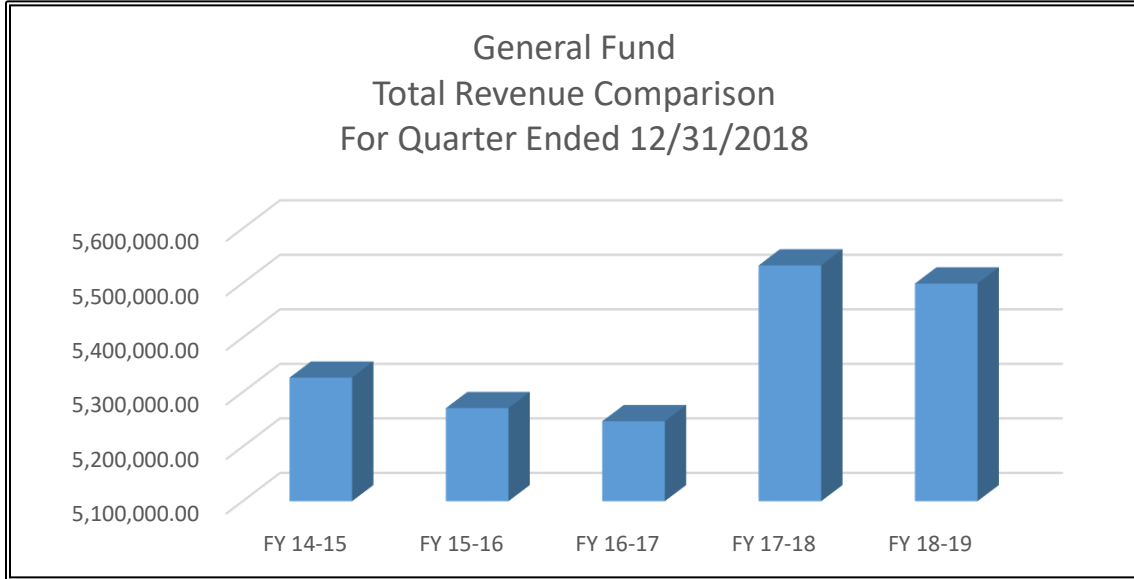


FY 2018-2019
QUARTERLY BUDGET
REPORT

FOR QUARTER ENDED
DECEMBER 31, 2018

1ST QUARTER FY 2019 BUDGET REPORT

The first quarter of the fiscal year contained six (6) payroll periods, which indicates that total expenditures for salaries and benefits should be at twenty-three percent (23%). Being three months into the year, revenue and other expenditure items should be at approximately twenty-five percent (25%) of the FY 18-19 budget. Sales tax is presented based on when funds are received and is adjusted to a modified accrual basis during year end.



	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Adjusted Annual Budget	18,730,749.94	\$18,882,127.00	\$18,440,450.00	\$19,957,621.00	19,237,311.00
Actuals	5,326,643.48	\$5,270,758.86	\$5,246,681.19	\$5,532,551.94	5,499,252.71
Actuals vs Budget	28.44%	27.91%	28.45%	27.72%	28.59%

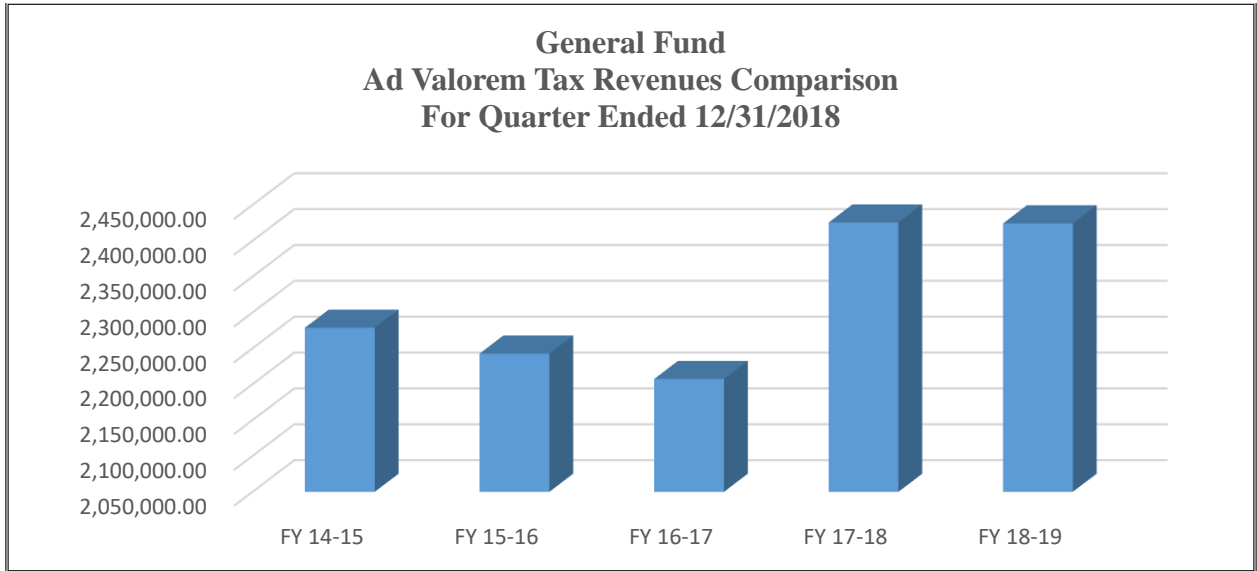
First quarter revenues are trending as expected at 28.59%

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 as expected at 42.18% and on track compared to last fiscal year at this time.

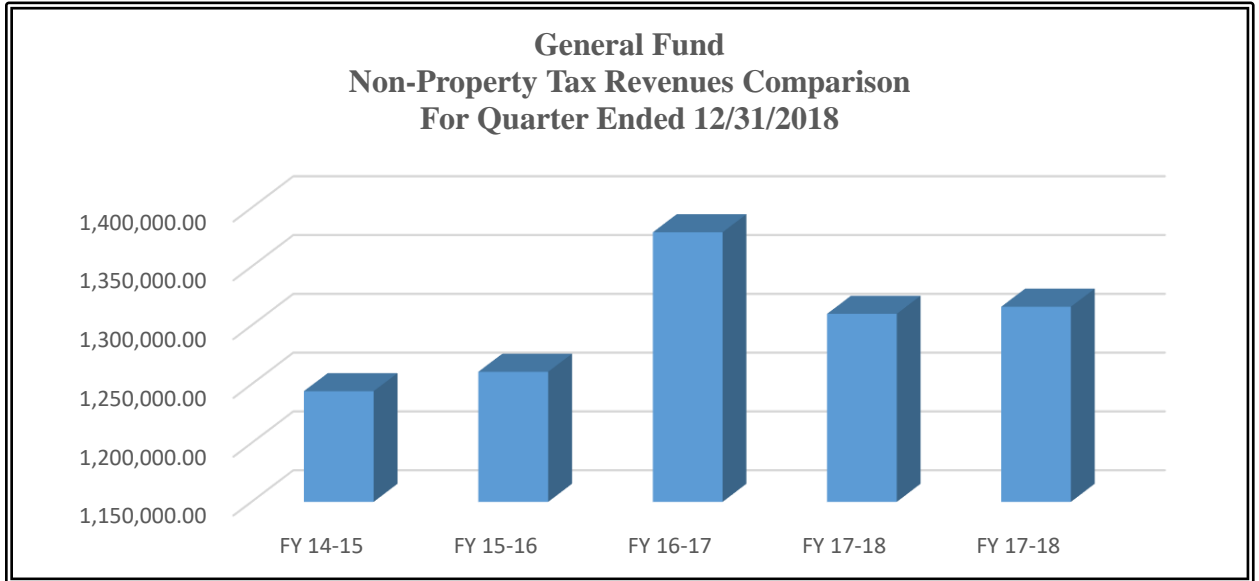


	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Adjusted Annual Budget	\$4,968,811.00	\$5,187,728.00	\$5,338,940.00	\$5,761,672.00	\$5,747,927.00
Actuals	\$2,278,797.89	\$2,242,714.95	\$2,207,317.86	\$2,425,505.66	\$2,424,273.83
Actuals vs Budget	45.86%	43.23%	41.34%	42.10%	42.18%

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. Sales tax revenues is presented based on when revenues are received and adjusted to the modified accrual basis at year end.

Revenues in this category are trending slightly lower than expected due to the reasons stated above. Revenues should be at \$1,436,981.75 which is \$121,066.34 short.

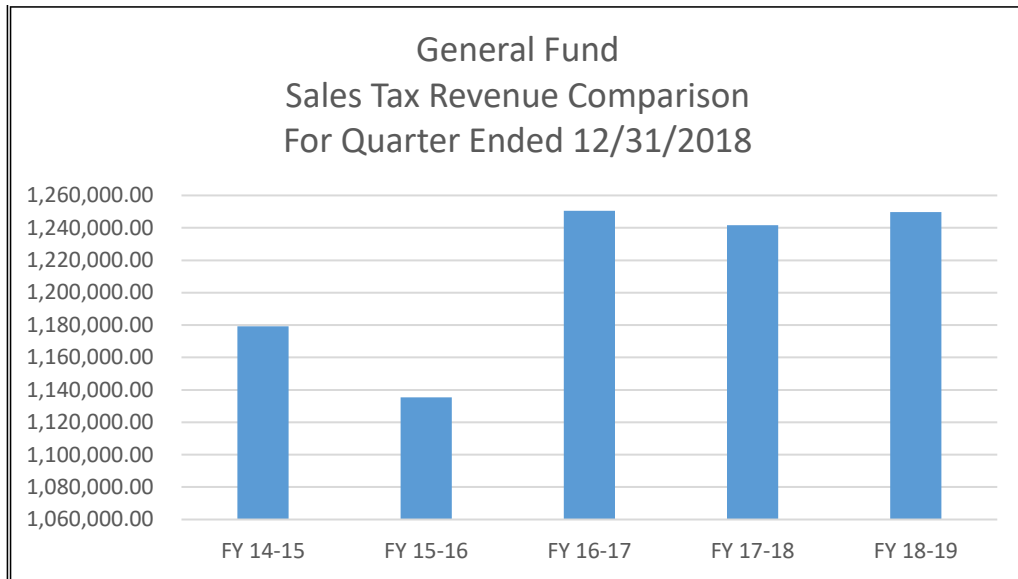


	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Adjusted Annual Budget	\$5,567,000.00	\$5,615,500.00	\$5,577,000.00	\$5,702,000.00	\$5,930,000.00
Actuals	\$1,244,096.48	\$1,260,580.99	\$1,379,236.42	\$1,309,884.05	\$1,315,915.41
Actuals vs Budget	22.35%	22.45%	24.73%	22.97%	22.19%

C. Sales Tax

City sales tax revenue is trending as expected at 25.11% and better than last FY at this time.

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.

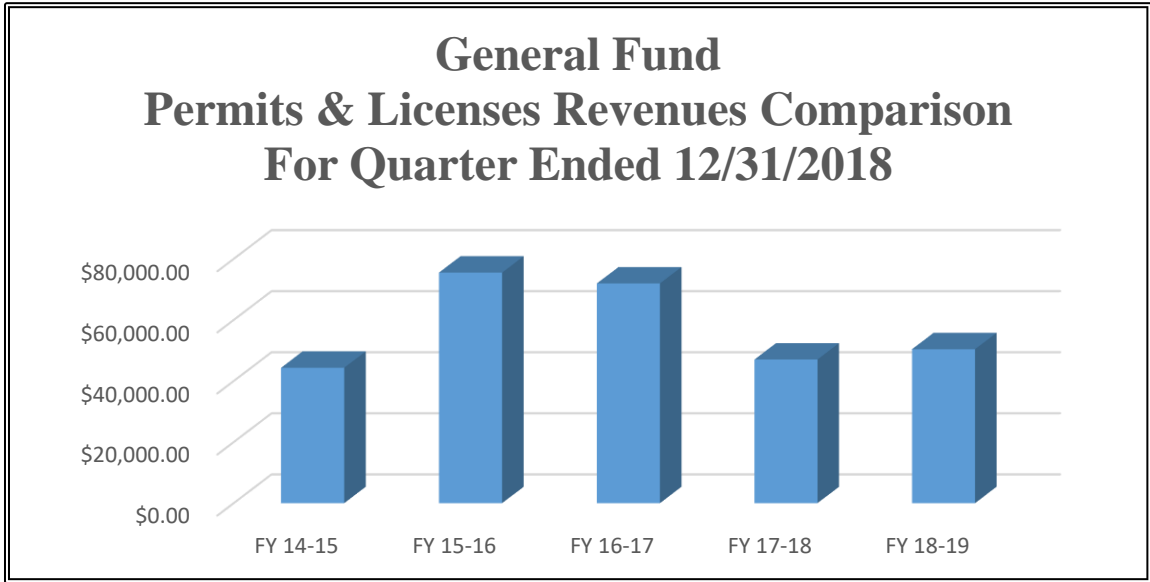


	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Adjusted Annual Budget	\$4,550,000.00	\$4,550,000.00	\$4,575,000.00	\$4,700,000.00	\$4,978,000.00
Actuals	\$1,179,159.90	\$1,135,356.98	\$1,250,446.39	\$1,241,661.12	\$1,249,823.47
Actuals vs Budget	25.92%	24.95%	27.33%	26.42%	25.11%

D. Permits & Licenses

This revenue category consists of all permits and licensing revenue generated by the Planning Department. Revenues in this category are significantly higher than the prior year, but less than what was projected for the 1st quarter. Revenues should be at \$53,250 which is short about \$2,838.

Due to past year’s performance, the budget was again reduced to \$213,000 versus the \$256,625 in FY 17-18. The budget for this category has been reduced each year for the last 5 fiscal years.

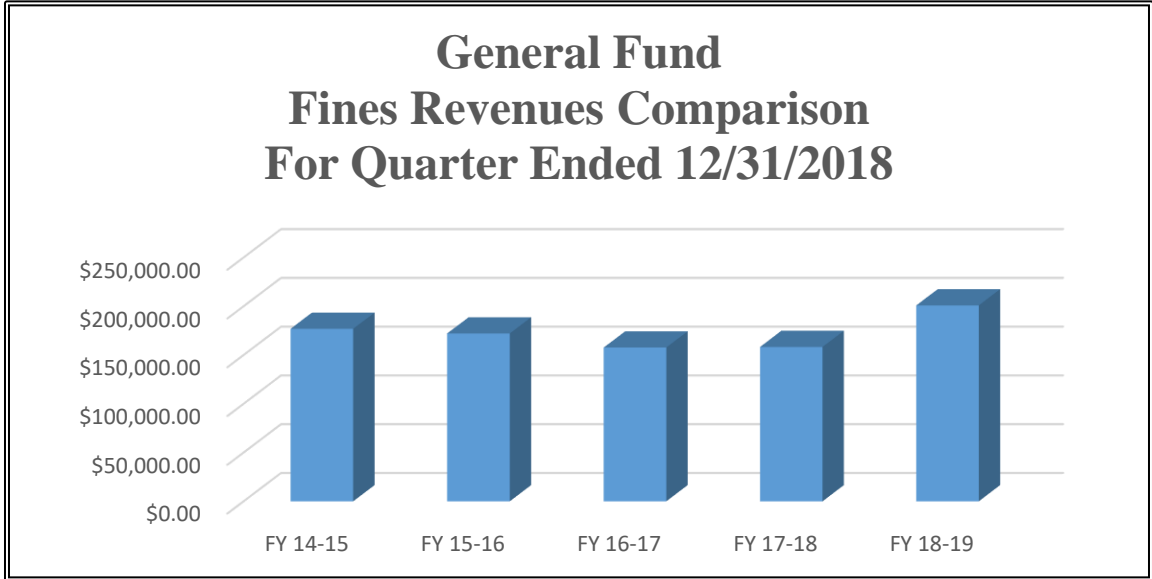


	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Adjusted Annual Budget	\$361,450.00	\$277,975.00	\$275,225.00	\$256,625.00	\$213,000.00
Actuals 1st Quarter	\$44,338.87	\$75,499.93	\$71,946.52	\$47,035.77	\$50,411.63
Actuals vs Budget	12.27%	27.16%	26.14%	18.33%	23.67%

E. Fines

Municipal Court revenues are trending slightly higher than expected and better than this time last FY.

The construction on the first floor is now completed and municipal court is now able to schedule full dockets. Warrant roundup is scheduled for the 2nd quarter which should result in a continuing trend of increased revenues.



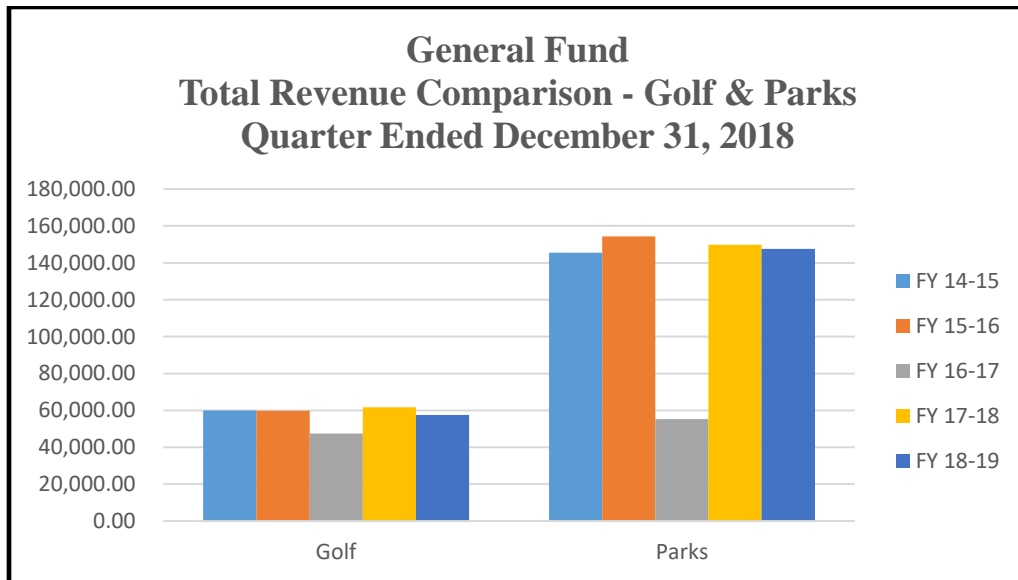
	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Adjusted Annual Budget	\$735,500.00	\$960,200.00	\$835,000.00	\$760,500.00	\$741,100.00
Actuals	\$176,855.51	\$172,081.42	\$157,668.31	\$158,266.75	\$200,850.72
Actuals vs Budget	24.05%	17.92%	18.88%	20.81%	27.10%

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 budgeted revenues represents 34.34% of the FY 18-19 budget versus 22.25% last year. Actual revenues decreased \$6,401 over the same period last FY.

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.



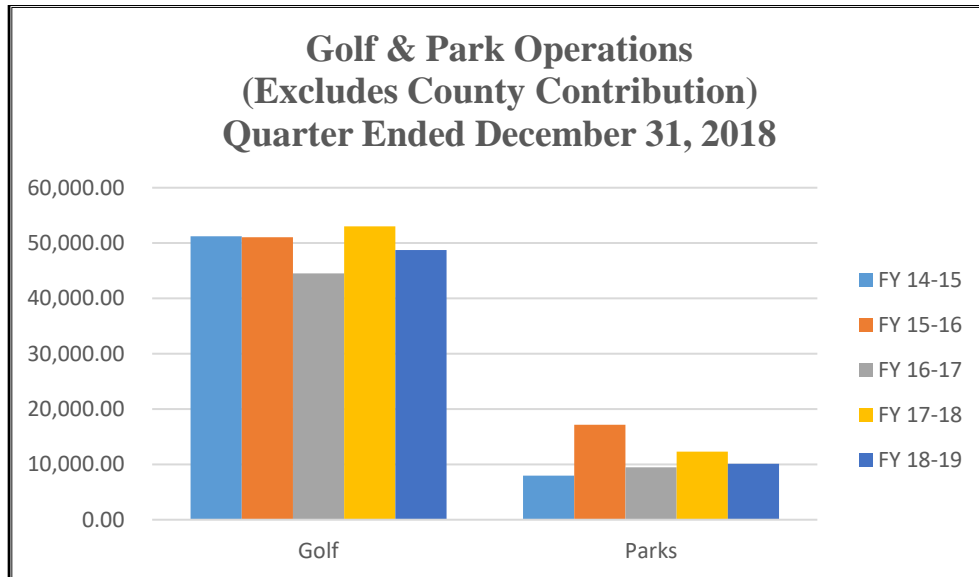
Golf

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Adjusted Annual Budget	\$450,177.05	\$278,025.00	\$247,200.00	\$277,500.00	\$330,000.00
Actuals	\$59,989.88	\$59,821.46	\$47,459.13	\$61,744.60	\$57,502.88
Actuals vs Budget	13.33%	21.52%	19.20%	22.25%	17.43%

Parks & Recreation

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Adjusted Annual Budget	\$675,351.66	\$650,680.00	\$610,890.00	\$646,150.00	\$631,050.00
Actuals	\$145,467.99	\$154,360.86	\$55,284.83	\$149,779.14	\$147,619.54
Actuals vs Budget	21.54%	23.72%	9.05%	23.18%	23.39%

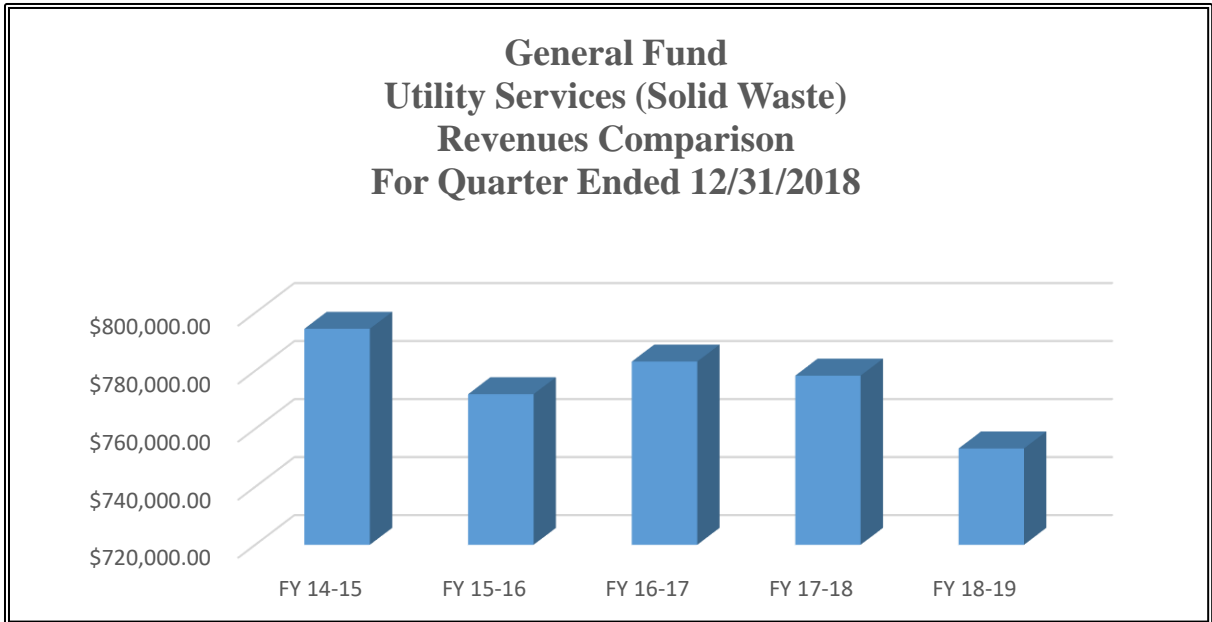
Operating budgeted revenues for the Golf and Parks are \$295,000 and \$81,050 respectively.



Division	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Golf	51,239.87	51,071.45	44,542.46	52,994.60	48,752.91
Parks	7,968.00	17,160.87	9,451.50	12,279.15	10,119.51

G. Solid Waste

In General Fund, this revenue category includes landfill and garbage fees. Revenues for this fiscal year have decreased from last fiscal by \$35,113 and is running behind expected. Revenues should be at \$801,625 which is short by \$48,419.



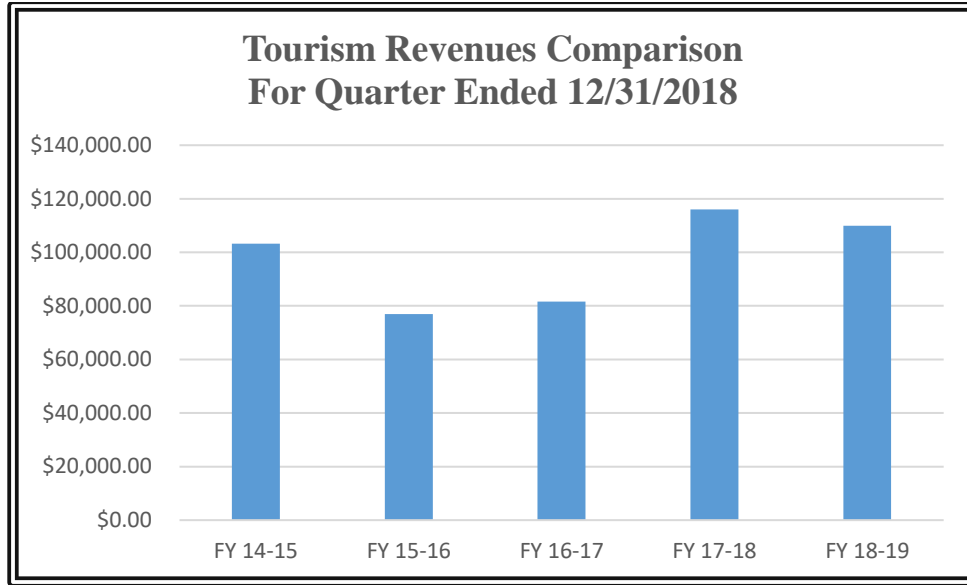
	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Adjusted Annual Budget	\$3,185,700.00	\$3,284,900.00	\$3,284,700.00	\$3,205,500.00	\$3,206,500.00
Actuals	\$794,462.27	\$771,923.25	\$783,164.50	\$788,319.24	\$753,206.18
Actuals vs Budget	24.94%	23.50%	23.84%	24.59%	23.49%

Landfill includes revenues that are billed to commercial accounts and revenues from residential customers. Below is a comparison of those revenues:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Landfill - Commercial Billings	\$74,042.42	\$62,397.18	\$80,073.69	\$101,485.01	\$63,443.85
Landfill - Scale House	\$14,247.89	\$9,807.80	\$4,476.40	\$3,659.00	\$10,213.35

Tourism Fund Revenues

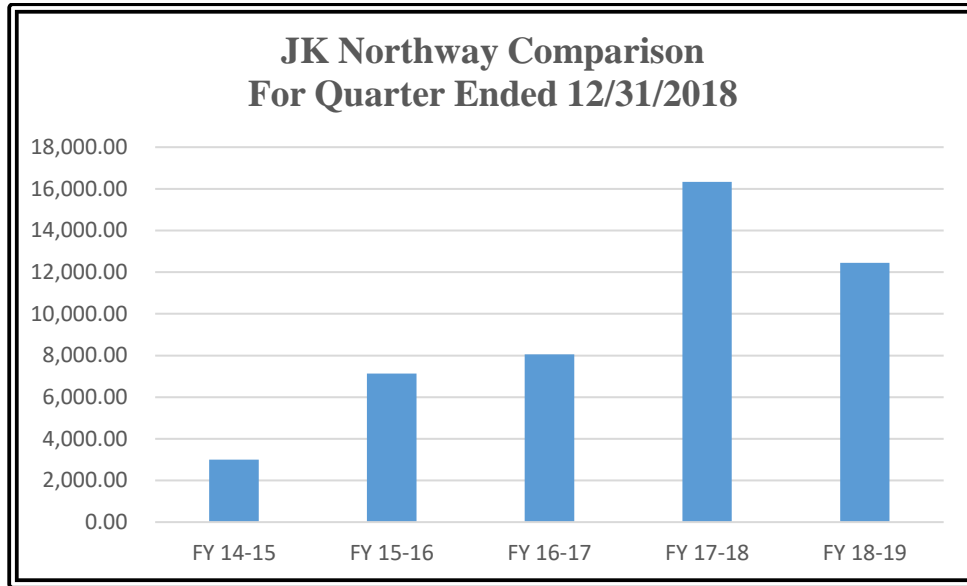
The main revenue for Tourism Fund are Hotel Occupancy Taxes collected by the hotels from overnight hotel guests. Revenues received for FY 18-19 are less than what was received for last year and what was expected at 18.19%. However, historically the first quarter is not busy and annual revenues are made up in the 4th quarter.



Tourism

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Adjusted Annual Budget	\$575,100.00	\$502,300.00	\$490,700.00	\$554,780.00	\$604,221.00
Actuals	\$103,219.95	\$76,938.83	\$84,309.09	\$116,062.88	\$109,897.42
Actuals vs Budget	17.95%	15.32%	17.18%	20.92%	18.19%

The JK Northway was moved from the Parks Division to the Tourism Department in FY 16-17. In FY 17-18, the City began transferring \$25,000 from the County’s Park contribution to offset expenditures for the JK Northway. Revenues are trending less than last FY at this time and less than expected at 16.71%.

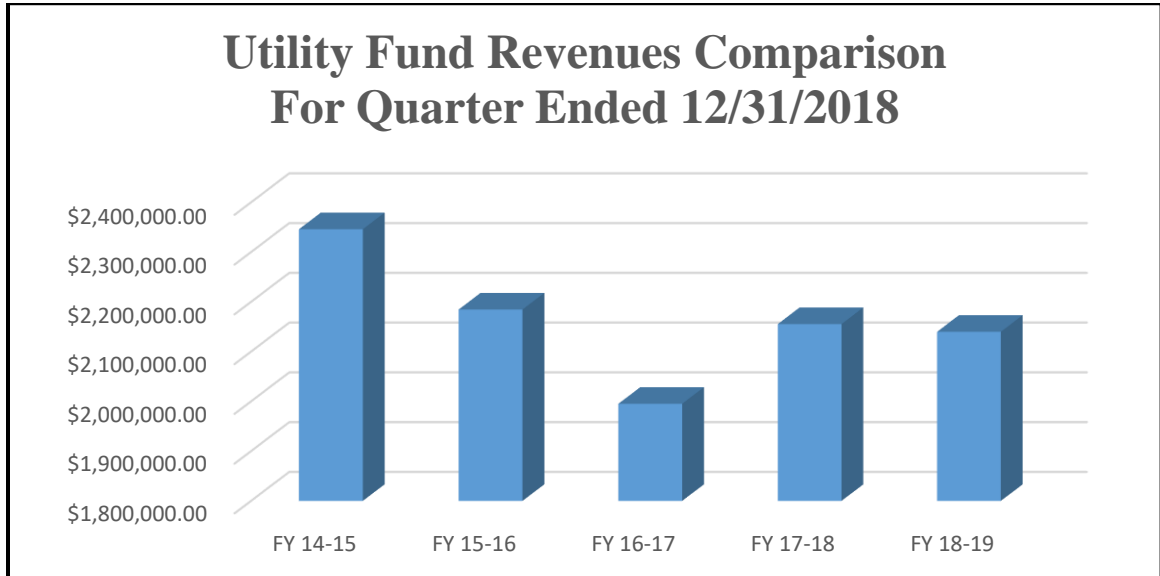


JK Northway

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Adjusted Annual Budget	\$0.00	\$38,475.00	\$36,375.00	\$61,375.00	\$74,500.00
Actuals	\$3,000.00	\$7,125.00	\$8,050.00	\$16,330.00	\$12,450.00
Actuals vs Budget	0.00%	18.52%	22.13%	26.61%	16.71%

Utility Fund Revenues

Revenues from this fund come mainly from water and sewer sales for both residential and commercial customers. Revenues are down over last FY at this time and trending less than expected at 23.47%.

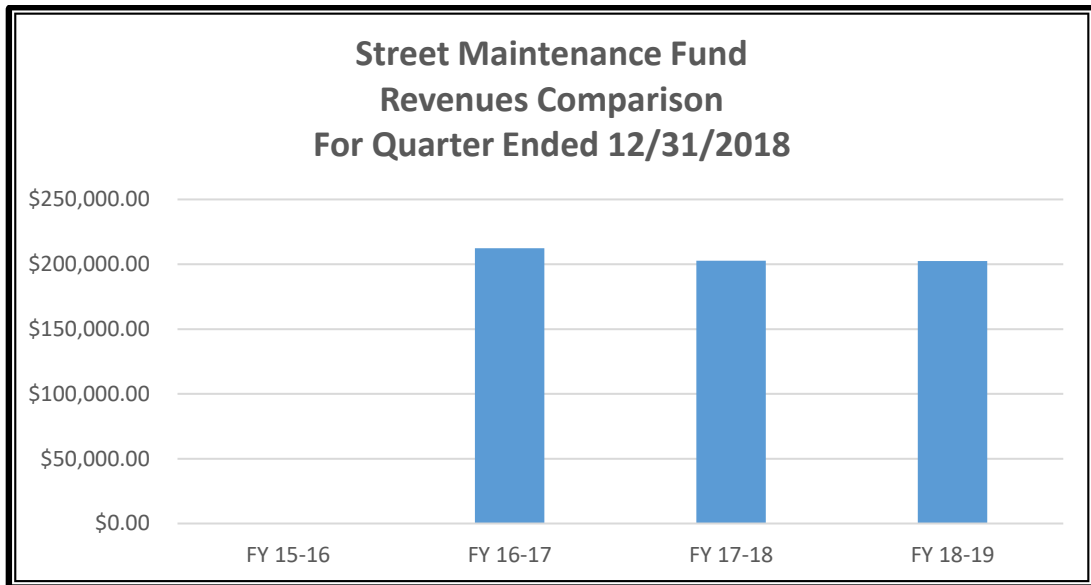


	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Adjusted Annual Budget	\$8,496,990.00	\$8,570,884.00	\$7,953,785.00	\$7,988,321.00	\$9,117,606.00
Actuals	\$2,345,961.12	\$2,184,607.67	\$1,995,157.44	\$2,155,343.07	\$2,139,863.68
Actuals vs Budget	27.61%	25.49%	25.08%	26.98%	23.47%

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.

Revenues are trending as expected at 24.95%.



	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Adjusted Annual Budget	\$536,000.00	\$937,229.38	\$812,000.00	\$812,000.00
Actuals	\$0.00	\$212,272.70	\$202,770.82	\$202,569.88
Actuals vs Budget	0.00%	0.00%	24.97%	24.95%

FY 18-19

Total Amount Budgeted For Street Maintenance

Fund 001-General Fund	Regular Budget	\$50,000.00
Fund 033-CO Series 2016	Street Projects & Equip	\$0.00
Fund 087-SW Capital Projects	Alley Maintenance	\$50,000.00
Fund 092-Street Maintenance	Street Projects & Equip	\$1,262,021.00
	Total	\$1,362,021.00

Last Six Years
Total Amount Expended For Street Maintenance
 FY 18-19 Is Based On Budget

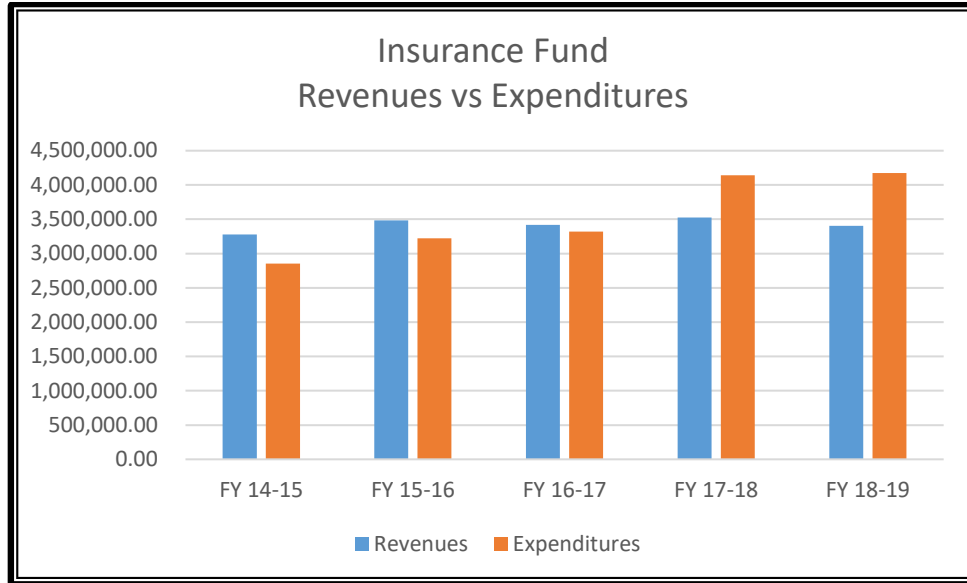
Fund	Actuals FY 13-14	Actuals FY 14-15	Actuals FY 15-16	Actuals FY 16-17	Actuals FY 17-18	Budgeted FY 18-19
Fund 001-General Fund	\$43,861.04	\$22,440.82	\$88,122.02	\$13,048.65	\$64,151.92	\$50,000.00
Fund 033-CO Series 2016	0.00	0.00	0.00	85,026.25	506,408.00	0.00
Fund 065-CO Series 2011	924,152.53	205,228.00	92,459.35	0.00	0.00	0.00
Fund 067-CO Series 2013	3,400.00	611,935.11	295,532.45	0.00	0.00	0.00
Fund 068-CO Series 2013	0.00	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	0.00
Fund 087-SW Capital Projects	0.00	0.00	0.00	26,539.08	11,531.41	50,000.00
Fund 091-GF Capital Projects	300,000.00	0.00	0.00	0.00	0.00	0.00
Fund 092-Street Maintenance	0.00	0.00	301,435.59	449,584.18	503,085.13	1,262,021.00
Total Street Expenditures	\$1,271,413.57	\$839,603.93	\$797,400.10	\$574,198.16	\$1,085,176.46	\$1,362,021.00

III. Insurance Fund

The City is self-insured 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 18-19, the city chose to make changes to health care premiums for employees.

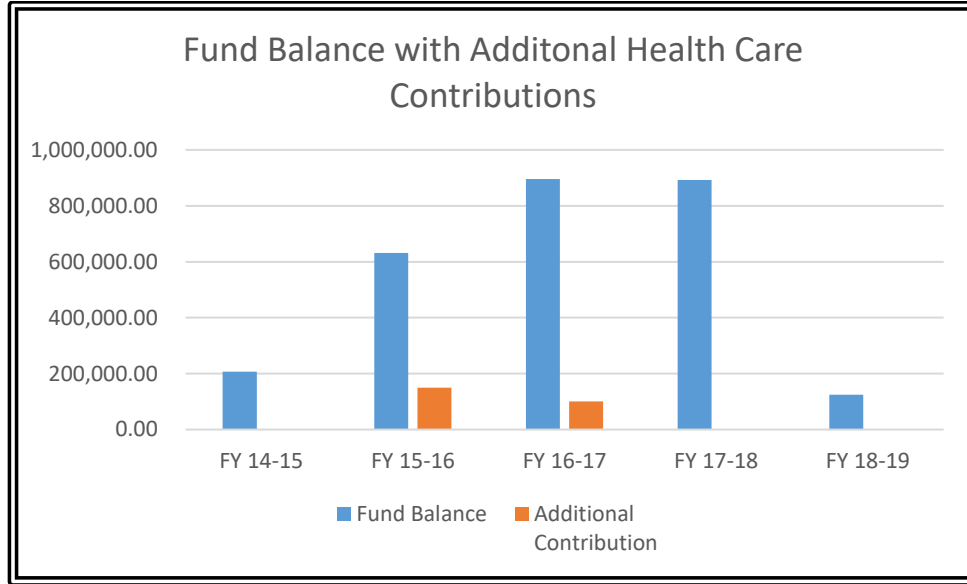
Revenues are set by the City through employer and employer contributions, so the health of the fund depends on keeping claims at levels which can be supported by current contributions. For FY 18-19, expenditures were estimated and budgeted at \$4,172,075. Expenditures for the 1st quarter are below expected at \$652,590.85 or 15.64% of budget.

The chart below compares the revenues to the expenditures with the exception of FY 18 - 19 which compares the budgeted revenues to the budgeted expenditures.



Fiscal Year	Revenues	Expenditures
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
FY 18-19	3,406,489.00	4,172,075.00

The following chart depicts the estimated fund balance for FY 19 and is subject to change until the audit is complete. Once the audit is complete, the estimated fund balance for FY 17-18 and FY 18-19 may change. The chart also shows the fiscal year where the city made additional contributions to the health insurance fund.



Fund Balance with Additional Contribution

Fiscal Year	Fund Balance	Additional Contribution
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	892,777.67	0.00
FY 18-19	124,191.67	0.00

IV. Overall Revenues

Overall, revenues for FY 18-19 from all sources are trending as expected at 25.85%.

**Overall Revenues - All Sources
Quarter Ended December 31, 2018**

Fund	Fund Name	Budget	Revenues	Percentage
001	General Fund	19,237,311.00	5,499,252.71	28.59%
002	Tourism Fund	604,221.00	109,897.42	18.19%
005	PD State Seizure Fund	15,000.00	29,051.64	193.68%
010	Law End Off Stand-Fire	2,656.00	0.00	0.00%
011	GO Debt Service	1,499,488.00	616,916.60	41.14%
012	UF Debt Service	1,878,013.00	469,632.08	25.01%
016	PD Stonegarden Grant	90,000.00	0.00	0.00%
017	PD Borderstar Grant	75,000.00	0.00	0.00%
023	PD Step Grant	15,596.00	894.25	5.73%
025	Building Security Fund	10,000.00	2,731.51	27.32%
026	Golf Course Capital Maint	5,471.00	1,367.75	25.00%
027	EMS Fund	9,619.00	0.00	0.00%
028	PD Federal Seizure Fund	58.00	20.77	35.81%
029	JAG Grant 2017	0.00	0.00	0.00%
031	Muni Court Technology Fur	13,000.00	3,593.18	27.64%
033	CO Series 2016-GF	15,000.00	9,678.31	64.52%
039	CO Series 2002-GF	0.00	31.01	0.00%
051	Utility Fund	9,117,606.00	2,139,863.68	23.47%
054	UF Capital Projects	1,398,000.00	350,316.65	25.06%
055	Stormwater Drainage	405,000.00	99,380.59	24.54%
062	CO Series 2005-UF	800.00	304.77	38.10%
066	CO Series 2011-UF	2,800.00	1,678.27	59.94%
067	CO Series 2013-GF Streets	2,150.00	51.01	2.37%
068	CO Series 2013-Drainage	0.00	(444.98)	0.00%
077	FEMA FF Assistance	0.00	0.00	0.00%
080	Homeland Security Grant	55,520.00	0.00	0.00%
082	TX CDBG Grant	0.00	0.00	0.00%
083	Criminal Justice Division	224,655.00	0.00	0.00%
084	DEAAG Grant Fund	179,520.00	8,976.00	5.00%
085	Certified Local Govt	40,000.00	5,000.00	12.50%
086	TX CDBG Grant 7218269	60,000.00	15,000.00	25.00%
087	Solid Waste Capital Projec	562,000.00	143,390.96	25.51%
090	Landfill Closure	367,583.00	92,379.51	25.13%
091	GF Capital Projects	0.00	22.11	0.00%
092	Street Fund	812,000.00	202,569.88	24.95%
093	Park Maintenance	25,000.00	6,250.00	25.00%
094	Texas Parks & Wildlife	421,000.00	49,250.00	11.70%
097	Vehicle Replacement	225,000.00	132,116.27	58.72%
098	Economic Development	106,000.00	0.00	0.00%
138	Self Insurance	3,406,489.00	579,731.42	17.02%
202	Tourism - Façade Grant	50,000.00	12,500.00	25.00%
	Revenue Fund Totals	40,931,556.00	10,581,403.37	25.85%

Overall Expenditures

Overall expenditures are trending better than expected at 18.77%.

**Overall Expenditures - All Sources
Quarter Ended December 31, 2018**

Fund	Fund Name	Budget	Expenditures	Percentage
001	General Fund	19,992,203.00	4,088,795.76	20.45%
002	Tourism Fund	759,441.00	184,917.62	24.35%
005	PD State Seizure Fund	983,423.29	171,985.94	17.49%
010	Law End Off Stand-Fire	2,656.00	0.00	0.00%
011	GO Debt Service	1,433,515.00	0.00	0.00%
012	UF Debt Service	1,575,014.00	0.00	0.00%
016	Stonegarden	90,000.00	19,879.26	22.09%
017	Borderstar Grant	75,000.00	17,072.46	22.76%
023	PD Step Grant	15,596.00	0.00	0.00%
025	Building Security Fund	10,000.00	2,186.11	21.86%
026	Golf Course Capital Maint	2,500.00	0.00	0.00%
027	EMS	9,619.00	0.00	0.00%
028	PD Federal Seizure Fund	30,000.00	5,000.00	16.67%
029	JAG Grant 2017	5,257.00	0.00	0.00%
031	Muni Court Technology Fund	32,068.00	17,384.23	54.21%
033	CO Series 2016-GF	1,668,959.00	671,199.00	40.22%
039	CO Series 2002-GF	5,026.00	0.00	0.00%
051	Utility Fund	9,979,613.00	2,334,413.35	23.39%
054	UF Capital Projects	845,832.00	43,408.98	5.13%
055	Stormwater Drainage	291,550.00	72,612.50	24.91%
066	CO Series 2011-UF	112,147.00	83,660.75	74.60%
068	CO Series 2013-Drainage	1,391,015.00	0.00	0.00%
080	Homeland Security Grant	55,520.00	0.00	0.00%
083	Criminal Justice Division	224,655.00	224,654.53	100.00%
084	DEAAG Grant Fund	179,520.00	25,658.60	14.29%
085	CLG Grant	40,000.00	0.00	0.00%
086	TX CDBG Grant 7218269	60,000.00	0.00	0.00%
087	Solid Waste Capital Projects	511,904.00	91,297.90	17.83%
090	Landfill Closure	41,695.00	0.00	0.00%
091	GF Capital Projects	3,616.00	904.00	25.00%
092	Street Fund	1,274,227.00	29,652.93	2.33%
093	Park Maintenance Fund	30,000.00	0.00	0.00%
094	Texas Parks & Wildlife	421,000.00	0.00	0.00%
097	Vehicle Replacement	204,800.00	0.00	0.00%
098	Economic Development	174,939.00	30,014.27	17.16%
138	Self Insurance	4,172,075.00	652,590.85	15.64%
202	Tourism - Façade Grant	50,000.00	2,922.96	5.85%
601	FEMA Event - Harvey	70,228.00	17,557.00	25.00%
	Expenditure Fund Totals	46,824,613.29	8,787,769.00	18.77%

V. Revenue Budget Amendments

REVENUE BUDGET AMENDMENTS

Revenues:	
Original Budget	40,854,156.00
Current Budget	40,931,556.00
Budget Amendment	77,400.00

<u>Ord. No.</u>	<u>Amendment Description</u>	<u>Amount</u>
<u>General Fund - 001</u>		
2018-69	Donation for Recreation Programs	\$ 1,000.00
2018-73	Child Safety Fund Computer/Software	\$ 11,000.00
2018-76	Donation for Fire Prevention Supplies	\$ 3,000.00
2018-77	Donation for Park Program & Pool	\$ 2,400.00
	Total General Fund 001	\$ 17,400.00
 <u>CDBG Grant Fund - 086</u>		
2018-72	Manhole Rehabilitation	\$ 60,000.00
	Total TXCDBG Grant Fund 082	\$ 60,000.00
	 Total Revenue Budget Amendments	 \$ 77,400.00

VI. Expenditure Budget Amendments

EXPENDITURES BUDGET AMENDMENTS

Expenditures:	
Original Budget	45,764,362.00
Current Budget	46,824,613.29
Budget Amendment	1,060,251.29

Ord. No.	Amendment Description	Amount
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General Fund - 001

2018-75	Rollover Purchase Orders	\$	44,259.00
2018-76	Fire Prevention Supplies	\$	3,000.00
2018-77	Recreational Programs Donation	\$	2,400.00
2018-73	Safety Fund Computer Soft/Equip	\$	11,000.00
2018-69	Park Donation-Recreation Programs	\$	1,000.00
2018-65	PD Rollover Projects	\$	67,272.00
	Total General Fund 001	\$	128,931.00

Tourism Fund - 002

2018-75	Rollover Purchase Orders	\$	35,030.00
	Total Tourism Fund 002	\$	35,030.00

PD Seizure Fund - 005

2018-73	Safety Fund Computer Soft/Equip	\$	91,217.29
2018-65	PD Rollover Projects	\$	3,000.00
	Total PD Seizure Fund 005	\$	94,217.29

JAG Grant Fund - 029

2018-65	PD Rollover Projects	\$	5,257.00
	Total JAG Grant Fund 029	\$	5,257.00

CO Series 2016 Fund - 033

2018-75	Rollover Purchase Orders	\$	20,785.00
	Total CO Series 2016 Fund 033	\$	20,785.00

Utility Fund - 051

2018-75	Rollover Purchase Orders	\$	16,967.00
2018-72	Manhole Rehabilitaion	\$	60,000.00
2018-70	State Fees	\$	48,125.00
	Total Utility Fund 051	\$	125,092.00

Utility Fund Capital Projects - 054

2018-75	Rollover Purchase Orders	\$	139,832.00
	Total Utility Fund Capital Projects Fund 054	\$	139,832.00

Expenditure Budget Amendments (con't)

Ord. No.	Amendment Description	Amount
<u>CO Series 2011 - 066</u>		
2018-71	Water Well #22 Emergency Repairs	\$ 112,147.00
	Total CO Series 2011 Fund 066	\$ 112,147.00
<u>CO Series 2013 - 068</u>		
2018-75	Rollover Purchase Orders	\$ 81,815.00
	Total CO Series 2013 Fund 068	\$ 81,815.00
<u>CDBG Grant - 086</u>		
2018-72	Manhole Rehabilitation	\$ 60,000.00
	Total CDBG Grant Fund 086	\$ 60,000.00
<u>Street Maintenance Fund - 092</u>		
2018-75	Rollover Purchase Orders	\$ 12,206.00
	Total Street Maintenance Fund 092	\$ 12,206.00
<u>Vehicle Replacement Fund - 097</u>		
2018-63	Ambulance Purchase	\$ 200,000.00
	Total Vehicle Replacement Fund 097	\$ 200,000.00
<u>Economic Development Fund - 098</u>		
2018-64	County Hospital Purchase	\$ 44,939.00
	Total Economic Development Fund 098	\$ 44,939.00
	Total Expenditure Budget Amendments	\$ 1,060,251.29

VII. 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, 2018, delinquent property taxes were \$512,045.74. There is a corresponding allowance for uncollectible accounts in the amount of \$209,452.11 leaving an anticipated collection of \$302,593.63. 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, 2018, the receivable was \$4,307,725.68. There is a corresponding \$4,276,099.69 allowance for uncollectible accounts leaving an anticipated collection amount of \$31,625.99. 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, 2018, this receivable was \$380,125.26. There is a corresponding allowance for uncollectible accounts in the amount of \$356,959.33 leaving an anticipated collection amount of \$23,165.93. 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, 2018, the following balances existed:

○ Demolition Liens	\$196,633.70
○ Paving Liens	\$1,317.80
○ Abatement of Noxious Matter	\$182,759.67
○ Weed Liens	\$485,328.52
- Water Accounts – this is for water service for both residential and commercial customers. As of December 31, 2018, this receivable was \$580,456.38.
- Sewer Accounts – this is for sewer service for both residential and commercial customers. As of December 31, 2018, this receivable was \$334,466.01. There is a corresponding allowance for uncollectible accounts of \$617,942.86 for both water and sewer accounts receivable leaving an anticipated collection of \$296,979.53.

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

VIII. Budgeted Capital Outlay Status

Department	Description	Approved Budget	Status
General Fund 001			
City Commission	Restoration & Preservation of Minutes 001-5-1000-31400	\$22,200	Books have been picked up by company.
Technology	Initial Lease Recordation for Nimble Array Storage 001-5-1806-72600	\$48,946	
Golf	Chemical Storage container 001-5-4502-71300	\$10,000	
Parks	Splash pad fencing 001-5-4503-71224	\$15,000	Completed
PD Seizure Fund 005			
Police	K9 005-5-2100-71200	\$14,673	Ordered
Police	SWAT Bearcat Vehicle 005-5-2100-71100	\$300,000	Ordered
Police	(5) Chevy Tahoe's with equipment 005-5-2100-71100	\$298,586	PO has not been issued
MC Technology Fund 031			
Finance	Kiosk – split funded with 051 & 033 031-5-1800-71200	\$5,068	Ordered
CO Series 2016 Fund 033			
City Special	Kiosk – split funded with 031 & 051 033-5-1030-71200	\$17,500	Ordered
Fire	Ferrera Fire apparatus pumper 033-5-2200-71100	\$600,000	Ordered
Parks	Brookshire pool decking 033-5-4503-71225	\$60,000	
Utility Fund 051			
Collections	Kiosk – split funded with 031 & 033 051-5-6201-71200	\$6,000	Ordered
Utility Capital Projects Fund 054			

Department	Description	Approved Budget	Status
Water Production	Ground storage tank replacement 054-5-6002-54300	\$125,000	
Wastewater – South Plant	(2) stainless steel canal gates in basin 054-5-7002-72100	\$100,000	
Wastewater – South Plant	Polyblen polymer feed unit 054-5-7002-72100	\$9,234	
Solid Waste Capital Projects Fund 087			
Landfill	Tilt trailer for transport of skid loader 087-5-1703-71200	\$5,000	
Park Maintenance Fund 093			
Parks	Baseball field 5 irrigation repair 093-5-4503-71228	\$5,000	

IX. 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.

X. 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
General Fund 001				
Rental of lift for scaffolding to paint jet at park	Professional Services 4503-31400	(\$2,000.00)	Equipment Rental 4503-31800	\$5,500.00
	Minor Equip 4503-21700	(\$2,500.00)		
	Dick Kleberg Park 4503-59113	(\$1,000.00)		
Mower purchase	Splash Pad 4503-71224	(\$12,852.02)	Mach/Equip 4503-71200	\$12,852.02
Fund 051 - Utility Fund				
Major repairs to Vactor Unit #7411	Utility Plant 7001-54300	(\$6,000.00)	Vehicle Maint 7003-41100	\$11,000.00
	Utility Plant 7003-54300	(\$5,000.00)		
Total Transfers > \$5,000		(\$29,352.02)		\$29,352.02

XI. 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 18-19 Beginning Fund Balance (Unaudited)	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 18-19 Ending Fund Balance (Unaudited)
001	6,797,471.25	17,619,512.00	1,617,799.00	19,850,792.00	141,411.00	6,042,579.25
025	2,266.23	10,000.00	0.00	10,000.00	0.00	2,266.23
026	14,588.05	0.00	5,471.00	2,500.00	0.00	17,559.05
087	324,777.89	562,000.00	0.00	299,278.00	212,626.00	374,873.89
090	1,368,849.60	270,400.00	97,183.00	41,695.00	0.00	1,694,737.60
091	3,609.32	0.00	0.00	0.00	3,616.00	(6.68)
092	967,541.38	812,000.00	0.00	1,224,227.00	50,000.00	505,314.38
093	17,785.37	0.00	25,000.00	30,000.00	0.00	12,785.37
096	3,873.38	0.00	0.00	0.00	0.00	3,873.38
097	90,000.00	200,000.00	25,000.00	204,800.00	0.00	110,200.00
098	66,675.26	106,000.00	0.00	154,939.00	20,000.00	(2,263.74)
Totals	9,657,437.73	19,579,912.00	1,770,453.00	21,818,231.00	427,653.00	8,761,918.73

To verify the ending fund balance for General Fund 001, budgeted expenditures, and budgeted transfers out for FY 18-19 are used:

- Budgeted Expenditures and Transfers Out for FY 18-19 are \$19,992,203 less the capital lease recordation of \$48,946 (Nimble Storage) = \$19,943,257
- Minimum required fund balance = actual total expenditures of \$19,943,257 x 25% = \$4,985,814
- The estimated ending fund balance of \$6,042,579 for FY 18-19 has a surplus reserve of \$1,056,765
- Estimated Ending Fund Balance for FY 17-18 is 30.30%

Once the audit is complete and beginning fund balance numbers are firm, the transfers scheduled out for Funds 091 & 098 will be adjusted.

The above numbers include all budget amendments that have been approved for the first quarter of FY 18-19.

Fund 001 – General Fund
 Fund 026 – Golf Course Capital Maint
 Fund 090 – Landfill Closure Fund
 Fund 092 – Street Fund
 Fund 096 – Insurance Claim Recovery
 Fund 098 – Economic Development

Fund 025 – Building Security Fund
 Fund 087 – Solid Waste Capital Projects
 Fund 091 – General Fund Capital Projects
 Fund 093 – Park Maintenance Fund
 Fund 097 – Vehicle Replacement
 Fund 099 – Disaster Response Recovery

Capital Improvement Funds – General Fund

Fund	FY 18-19 Beginning Fund Balance (Unaudited)	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 18-19 Ending Fund Balance (Unaudited)
033	1,687,554.82	15,000.00	0.00	1,471,959.00	197,000.00	33,595.82
039	5,071.71	0.00	0.00	5,026.00	0.00	45.71
065	2,288.28	0.00	0.00	0.00	0.00	2,288.28
067	28,718.64	2,150.00	0.00	0.00	0.00	30,868.64
Totals	1,723,633.45	17,150.00	0.00	1,476,985.00	197,000.00	66,798.45

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 18-19 Beginning Fund Balance (Unaudited)	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 18-19 Ending Fund Balance (Unaudited)
005	1,891,578.82	15,000.00	0.00	983,423.29	0.00	923,155.53
028	157,940.30	58.00	0.00	30,000.00	0.00	127,998.30
031	37,848.54	13,000.00	0.00	32,068.00	0.00	18,780.54
Totals	2,087,367.66	28,058.00	0.00	1,045,491.29	0.00	1,069,934.37

Fund 005 – State Forfeiture

Fund 028 – Federal Forfeiture

Fund 031 – Municipal Court Technology

Debt Service – General Fund

Fund	FY 18-19 Beginning Fund Balance (Unaudited)	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 18-19 Ending Fund Balance (Unaudited)
011	559,381.82	1,452,353.00	47,135.00	1,433,515.00	0.00	625,354.82
Totals	559,381.82	1,452,353.00	47,135.00	1,433,515.00	0.00	625,354.82

Tourism Fund

Fund	FY 18-19 Beginning Fund Balance (Unaudited)	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 18-19 Ending Fund Balance (Unaudited)
002	336,309.33	579,221.00	25,000.00	626,847.00	132,594.00	181,089.33
202	0.00	0.00	50,000.00	50,000.00	0.00	0.00
Totals	336,309.33	579,221.00	75,000.00	676,847.00	132,594.00	181,089.33

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 23.84%. To keep the same 25%, the required fund balance would need to be \$189,860 based on budgeted expenditures and transfers out. In FY 18-19, a new fund 202-Façade Grants was created to manage the façade grant allocation from the Tourism fund. By creating this fund, unused allocations can be rolled forward.

Enterprise – Utility Funds

Fund	FY 18-19 Beginning Fund Balance (Unaudited)	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 18-19 Ending Fund Balance (Unaudited)
012	211,077.08	8,000.00	1,870,013.00	1,575,014.00	0.00	514,076.08
051	3,943,287.60	9,089,200.00	28,406.00	5,594,050.00	4,385,563.00	3,081,280.60
054	128,370.32	2,000.00	1,396,000.00	845,832.00	0.00	680,538.32
055	38,670.12	405,000.00	0.00	1,100.00	290,450.00	152,120.12
062	49,742.29	800.00	0.00	0.00	0.00	50,542.29
066	295,784.19	2,800.00	0.00	112,147.00	0.00	186,437.19
068	2,057,435.79	0.00	0.00	1,391,015.00	0.00	666,420.79
Totals	6,724,367.39	9,507,800.00	3,294,419.00	9,519,158.00	4,676,013.00	5,331,415.39

To verify the ending fund balance for Utility Fund 051, budgeted expenditures, and budgeted transfers out for FY 18-19 are used:

- Budgeted Expenditures and Transfers Out for FY 18-19 are \$6,032,613
- Minimum required fund balance = actual total expenditures of \$6,032,613 x 25% = \$1,508,153.
- The estimated ending fund balance of \$3,081,281 for FY 18-18 has a surplus reserve of \$1,573,128
- Estimated Ending Fund Balance for FY 18-19 is 30.87%

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. In FY 18-19, the city made changes to employee premiums and increased the number of coverage tiers from 2 to 4. The main reason why the beginning balance is high in comparison to the estimated ending fund balance is due to stop loss reimbursements that not budgeted due to the uncertainty of this revenue. Any reimbursement received will affect the estimated ending fund balance for FY 18-19.

Fund	FY 18-19 Beginning Fund Balance (Unaudited)	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 18-19 Ending Fund Balance (Unaudited)
138	892,777.67	3,406,489.00	0.00	4,172,075.00	0.00	127,191.67
Totals	892,777.67	3,406,489.00	0.00	4,172,075.00	0.00	127,191.67

Grant Funds

Fund	FY 18-19 Beginning Fund Balance (Unaudited)	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 18-19 Ending Fund Balance (Unaudited)
010	0.00	2,656.00	0.00	2,656.00	0.00	0.00
013	56.76	0.00	0.00	0.00	0.00	56.76
016	0.00	90,000.00	0.00	90,000.00	0.00	0.00
017	0.00	75,000.00	0.00	75,000.00	0.00	0.00
023	0.00	12,019.00	3,577.00	15,596.00	0.00	0.00
027	0.00	9,619.00	0.00	9,619.00	0.00	0.00
029	0.00	0.00	0.00	5,257.00	0.00	(5,257.00)
030	58.26	0.00	0.00	0.00	0.00	58.26
060	47.76	0.00	0.00	0.00	0.00	47.76
078	3,598.89	0.00	0.00	0.00	0.00	3,598.89
079	3,056.51	0.00	0.00	0.00	0.00	3,056.51
080	0.00	55,520.00	0.00	55,520.00	0.00	0.00
082	60,000.00	0.00	0.00	0.00	0.00	60,000.00
083	0.00	224,655.00	0.00	224,655.00	0.00	0.00
084	0.00	143,616.00	35,904.00	179,520.00	0.00	0.00
085	0.00	20,000.00	20,000.00	40,000.00	0.00	0.00
086	0.00	0.00	60,000.00	60,000.00	0.00	0.00
094	0.00	224,000.00	197,000.00	421,000.00	0.00	0.00
601	63,954.21	0.00	0.00	0.00	70,228.00	(6,273.79)
Totals	130,772.39	857,085.00	316,481.00	1,178,823.00	70,228.00	55,287.39

For Fund 029 – JAG Grant and Fund 601 – FEMA Harvey Event. These grant funds will be reviewed.

Fund 010 – Law End Off Stand-Fire
Fund 016 – PD Stonegarden
Fund 023 – PD Step Grant
Fund 029 – JAG Grant
Fund 060 – Computer Lease Purchase
Fund 079 – TX Capital Main Street
Fund 082 – Texas CDBG Grant
Fund 084 – DEAAG Grant
Fund 086 – TX CDBG Grant
Fund 601 – FEMA Harvey Grant

Fund 013 - Texas Historical
Fund 017 – PD Borderstar
Fund 027 – EMS Fund
Fund 030 – Red Ribbon Awareness
Fund 078 – Texas Parks & Wildlife
Fund 080 – Homeland Security Grant
Fund 083 – Criminal Justice Grant
Fund 085 – Certified Local Govt
Fund 094 – Texas Parks & Wildlife