

City of Meadowlakes

Second Quarter Financial Report

March 31st, 2017

Overview

This report summarizes the City's overall financial position for the first six months of the current fiscal year. This report will give the reader a brief overview of the City of Meadowlakes financial status for the period of October 1, 2016, through March 31, 2017. This report has been compiled by staff and figures presented here are unaudited.

This report is based on detailed information generated by the City of Meadowlakes financial reports.

General Fund-Overview

At the end of the second quarter, the General Fund revenues are at 76% of the those budgeted for the fiscal year, while expenditures are at 42%. Total revenues are approximately 4% less than those budgeted for the period, while expenditures were about 19% less.

**General Fund
Comparison of Projected Revenues and Expenses
To Actual as of March 31, 2017**

	Annual Budget	Projected Budget as 3/31/17	Actual as of 3/31/17
Total Revenue	\$574,605	\$378,197	\$363,197
Total Expenditures	\$574,605	\$297,956	\$240,887
Net Gain/Loss	\$ -0-	\$146,960	\$196,478

General Fund Revenues – While the General Fund income for the period was less than budgeted, total revenue was approximate \$51,500 greater than for the same period last fiscal year. This increase is due to the increase in funds transferred into the General Fund from other Funds to help offset administrative expenses assumed by the General Fund.

General Fund Revenue	Annual Budget	Projected Budget as 3/31/17	Actual as of 3/31/17
Ad Valorem Taxes	\$352,400	\$333,371	\$328,239
Franchise Fees	\$75,200	\$38,650	\$28,299
Building Income	\$5,250	\$2,411	\$3,585
Judicial Income	\$4,000	\$1,920	\$995
Miscellaneous	\$4,200	\$1,789	\$2,079
Transfer In	\$133,555	\$65,775	\$73,168
TOTAL REVENUE	\$574,605	\$443,916	\$436,365

Ad Valorem Tax: Ad Valorem (Property Taxes) revenues for the period were 1.5% less than those budgeted for the period. The collection rate for assessed ad valorem taxes was 95.6% at the end of March; this compares to 96% at the same time last year.

Franchise Fees: Franchise fees collected for the first half of the fiscal year were about \$10,000 less than those budgeted for the period, this is due to less than expected income from cable franchise fees.

Building Income: Income from the issuance of building permits within the City was approximate \$1,000 greater than those budgeted and those for the same period last year.

Miscellaneous Income: Miscellaneous income was up slightly over that budgeted for the period.

Transfer in From Other Funds: The General Fund receives, transfers in from both the Utility Fund and the Recreation Fund. In fiscal year 2017, all general administrative expenses were combined under the General Fund. Both the Utility Fund and the Recreation Fund transfer funds monthly into the Fund to cover each funds portion of these expenditures.

Total Revenue: At the end of March the Fund had received approximately 76% of its budgeted revenues. It is anticipated that the Fund's revenues should meet or end the fiscal year very close to its budget.

General Fund Expenses – General Fund expenses for the first half of the fiscal year are about 55% greater than those at this time last year. The vast majority of the increase in expenses over those of last year is due to increased administrative expenses, as noted above. The Fund's expenses were about 19% less than those budgeted for the period.

General Fund Expenses	Annual Budget	Projected Budget as 3/31/17	Actual as of 3/31/17
Employee Related		\$164,578	\$143,869
General Administrative		\$73,482	\$40,077
Ordinance/Animal Control		\$13,929	\$10,602
Traffic Control		\$8,562	\$9,022
Fire/EMS Services		\$36,405	\$36,317
Transfer to Other Funds		\$1,000	\$1,000
TOTAL EXPENSES		\$297,956	\$240,887

General Fund Cash Flow – The General Fund experienced a positive cash flow of nearly \$180,000 for the first half of the fiscal year, this compares to \$174,000 for the same period last year. The Fund is expected to have a negative cash flow for the remainder of the fiscal year.

General Fund Net Gain - The Fund showed a net gain of just under \$196,500 for the first half of the fiscal year, which was

\$49,500 greater than budgeted and about \$42,000 greater than the first half of last fiscal year.

Utility Fund-Overview

Overall the Utility Fund is performing better than budgeted with revenues for the first half of the fiscal year exceeding those budgeted and expenses below those budgeted. Revenues for the period were 6% greater than those budgeted and were 5.6% greater than those for the same period last year. Expenses for the period were 10.6% less than those budgeted and 8.8% less than for the same period last year.

**Utility Fund
Comparison of Projected Revenues and Expenses
To Actual as of March 31, 2017**

	Annual Budget	Projected Budget as 3/31/17	Actual as of 3/31/17
Total Revenue	\$1,262,950	\$604,070	\$639,190
Total Expenditures	\$1,262,950	\$641,923	\$573,302
Net Gain/Loss	\$ -0-	(\$37,853)	\$65,888

Utility Fund Revenues – The vast majority of the revenue streams for the Utility Fund exceeds those amounts budgeted for the first half of the fiscal year and those for the same period last fiscal year. Current year revenues exceed those budgeted and those for the same period last fiscal year by 5.8% (\$35,000).

Utility Fund Revenues	Annual Budget	Projected Budget as 3/31/17	Actual as of 3/31/17
Water Sales	\$430,000	\$188,210	\$198,589
Sewer Service	\$511,200	\$255,600	\$258,315
Garbage Revenue	\$204,000	\$102,000	\$102,821
Contract Services	\$95,000	\$47,500	\$55,559
Connect Fees	\$8,000	\$3,150	\$10,850
Miscellaneous	\$14,750	\$7,610	\$13,056
TOTAL REVENUE	\$1,262,950	\$604,070	\$639,190

Water Sales: Income from the sale of water for the first half of the fiscal year exceed those budgeted by 5.5% and those for the same period last year by 1.8%. Based on prior trends and extended weather forecasts, it is anticipated that water sales will meet or exceed those budgeted for the fiscal year. Last month we had a total of 928 water customers.

Sewer Service: Income from sewer service is a rather stable funding stream and is on track to meet its targeted budget income amount. At the end of March, we billed out sewer service to 917 customers.

Garbage Revenue: The City utilizes an outside vendor for the collection and disposal of solid waste within the City. This funding stream is also very stable with a total of 884 customers billed in March. This revenue stream is expected to meet its targeted budget for the fiscal year.

Contract Services: Contract Service income is those revenues derived from services provided to the Meadowlakes POA via a contract. The contract amount is \$95,000 per year paid on a monthly basis. Income for the first six months of the fiscal year is \$8,029 greater than those budgeted for the period. It appears that September’s income was posted in October instead of September.

Connect Fees: New water and sewer tap revenue for the first half of the fiscal year exceed those budgeted for the entire fiscal year. A total, of 7 new water and sewer connection were made in the first half of the fiscal year.

Miscellaneous: Miscellaneous income exceeds those budgeted for the first half of the fiscal year and was just slightly less than the total budgeted for the fiscal year. The increased income derived from providing services to the POA which not covered within our contract, reimbursement by our insurance carrier for damages due to a sewer backup that occurred in the prior fiscal year and reimbursement for the repair of a damaged water main by a cable contractor.

Total Income: At the end of March the Fund had received approximately 51% of its budgeted income for the fiscal year. Based on prior trends it is anticipated that the Fund should end the year with revenues slightly greater than those budgeted.

Utility Fund Expense – Operational expenses for the Utility Fund for the first half of the fiscal year are approximately 10.6% (\$68,621) less than those budgeted for the period and 1.1% less than those budgeted for the same period last fiscal year, at this time.

Utility Fund Expense	Annual Budget	Projected Budget as 3/31/17	Actual as of 3/31/17
Employee Related	\$398,300	\$194,450	\$168,050
Administrative	\$32,950	\$26,270	\$28,478
Water Treatment	\$194,500	\$94,248	\$54,340
Wastewater Treatment	\$69,500	\$33,594	\$46,756
Other Operational	\$96,595	\$57,905	\$41,515
Garbage Service	\$185,000	\$92,400	\$91,610
Transfers to Other Funds	\$286,105	\$143,056	\$142,553
TOTAL EXPENSES	\$1,262,950	\$641,923	\$573,302

Employee Related Expenses: Employee related expenses for the first half of the fiscal year are 13.6% less than those budgeted for the period. The decrease in employee expenses is mainly due to having two positions budgeted but not filled. We hope to fill one of the open positions shortly.

Administrative Expenses: Administrative expenses for the first half of the fiscal year exceed that budgeted by approximately \$2,000. The increase in expense was mainly due to the cost of meter reading software updates and increased insurance expense.”

Water Treatment Expenses: Expenses related to water treatment for the first half of the fiscal year were about 42% less than that budgeted for the period. Budgeted but not purchased, water meter expense was the primary contributing factor to the decrease in expense.

Wastewater Treatment Expenses: Expense related to the treatment of wastewater is the only major expense line item that exceeded its budget for the first half of the fiscal year. The budget overrun is due to the cost of the renovation of the sewage lift station at the wastewater treatment plant. Staff is in the process of installing one new larger pump; we hope to install the second pump by the end of the summer thus eliminating troublesome smaller pumps.

Other Operational Expenses: Other operational expenses for the first half of the fiscal year are approximately 28% below those budgeted for the period. All line items within this expense category are below those budgeted.

Garbage Service Expense: This expense line item will vary only slightly during the fiscal and is on track to end the fiscal year very near of slightly below its budgeted expenses.

Transfer to Other Funds: The Utility Fund makes three transfers each month to other funds of the City. The transfer to the General Fund provides funding to the General Fund for administrative expenses that it incurs on behalf of the Utility Fund such as administrative salaries, office operations, insurance and audit expenses. A monthly transfer to the Debt Service Fund provides funding for a portion of the City's bonded indebtedness and the transfer to the Recreation Fund provides funds to offset the cost of irrigation of the City's treatment effluent onto the golf course.

Total Expenses: The Fund's total expenditures for the first half of the fiscal year were about \$68,600 less than those budgeted for the period. Pending any additional major complications, it is expected that the Fund's total expenses should end the fiscal year slightly less than budgeted.

Utility Fund Cash Flow – The Utility Fund experienced a positive cash flow of just under \$115,000 compared to about a \$20,000 positive cash flow for the first half of last fiscal year. Please note that last year we had a principal payment of just over \$47,000 that affected the cash flow.

Utility Fund Net Gain - The Fund net gain for the first half of the fiscal year stands at nearly \$65,900 compared to a \$25,500 loss last year and a budgeted \$37,850 loss for this fiscal year.

Debt Service – Overview

The Debt Service Fund is performing as budgeted for the first half of the fiscal year. Income for the period is slightly greater than that budgeted and expenses are as budgeted.

*Debt Service
Comparison of Projected Revenues and Expenses
To Actual as of March 31, 2017*

	Annual Budget	Projected Budget as 3/31/17	Actual as of 3/31/17
Total Revenue	\$442,298	\$367,585	\$377,509
Total Expenditures	\$442,298	\$28,649	\$28,649
Net Gain/Loss	\$0	\$338,936	\$348,860

Recreation Fund - Overview

Recreation Revenues for the first half of the fiscal year fell short of those budgeted by about 2.7%, but exceeded revenues for the first half of last fiscal year by 3.3%. Expenses for the year-to-date are 16.4% less than those budgeted for the period and about 1% less than for the same time frame last fiscal year.

*Recreation Fund
Comparison of Projected Revenues and Expenses
To Actual as of March 31, 2017*

	Annual Budget	Projected Budget as 3/31/17	Actual as of 3/31/17
Total Revenue	\$1,064,850	\$519,395	\$506,602
Total Expenditures	\$1,064,850	\$547,185	\$457,289
Net Gain/Loss	\$0	(\$27,790)	\$49,313

Recreation Fund Revenues:

As mentioned above, the Recreation Fund revenues for the first half of the fiscal year were less than those budgeted; enough operational revenues were generated to cover actual operational costs. Last fiscal year, most all months had fewer revenues than expenses and had to depend on transfers from the Fund to cover the losses.

Recreation Fund Revenues:

Recreation Fund Revenues	Annual Budget	Projected Budget as 3/31/17	Actual as of 3/31/17
Prepaid (Member Dues)	\$243,350	\$121,670	\$147,317
Pro Shop	\$371,250	\$176,500	\$147,159
Food and Beverage	\$342,750	\$172,725	\$163,906
Miscellaneous	\$14,500	\$2,000	\$1,470
Transfers In	\$93,000	\$46,500	\$46,750
TOTAL REVENUE	\$1,064,850	\$519,395	\$506,602

Prepaid (Membership Dues): Income from prepaid golfing exceeds those budgeted by just over \$30,000 and those for the first half of last fiscal year by about \$2,000. At the end of March, we had a total of 76 golfing members.

Pro Shop Revenues: Revenues generated by the pro shop while down from those budgeted for the first half of the fiscal year by 16% they exceeded those for the same period last year by 1.4%. Most all revenue streams from the pro shop fall short of their budgeted amounts.

Food and Beverage (F&B) Revenues: While F&B revenues are below those budgeted for the period they exceed those for the same period last year by 5.8%. Food sales for the period contribute to the vast majority of less than budgeted sales. However, food sales exceed those of last year by about \$5,000. F&B revenues were adequate to cover F&B expenses incurred during the period (less House Expenses).

Miscellaneous Revenues: Miscellaneous revenues for the period are slightly below those budgeted for the period, mainly due to tennis membership income not being as budgeted.

Transfer from Other Funds: The Recreation Fund receives a monthly transfer from the Utility Fund to help offset some of the costs associated with the golf course dispersing the City's treated effluent. The Utility Fund will transfer \$93,000 into the Recreation Fund in fiscal year 2017.

Total Revenues: The Fund's income for the first half of the fiscal year have fallen short of those budgeted for the period. It is anticipated that the shortage in revenue will be made up in the coming months. However, the Fund's revenue for the first half of the fiscal year has been adequate to cover its operational expenses.

Recreation Fund Expenses:

The Recreation Fund expenses for the first half of the fiscal year were 16.4% less than those budgeted for the period. All the main expense categories were less than those budgeted for the period.

Recreation Fund Expense	Annual Budget	Projected Budget as 3/31/17	Actual as of 3/31/17
Administrative	\$114,700	\$55,555	\$42,698
Pro Shop	\$205,850	\$102,203	\$96,051
Grounds Maintenance	\$392,750	\$211,190	\$152,597
Food and Beverage	\$334,600	\$174,487	\$164,762
Miscellaneous	\$16,950	\$3,750	\$1,181
TOTAL EXPENSES	\$1,064,850	\$547,185	\$457,289

Administrative Expenses: Administrative expenses for the first half of the fiscal year came in at just over 23% below those budgeted for the period. Most expense line items within this category are very close or below those budgeted for the period. Administrative costs should end the fiscal year below those budgeted.

Pro Shop Expenses: Total Pro Shop expenses for the first half of the fiscal year were 5.9% below those budgeted. They do

exceed those for the same period last fiscal year by just over 8%. Increased employee expenses are the primary contributing factor.

A few line item expenses exceed those budgeted. However, the vast majority of the expenditures were below those budgeted for the period.

Grounds Maintenance Expenses: Grounds Maintenance expenses for the first half of the fiscal year were 27.7% less than those budgeted for the period and 5.8% less than for the same period last year even though approximately \$10,000 in additional principal payments were made. Employee related expenses contributed to the vast majority of the period's expenses being less than those budgeted.

Food and Beverage Expenses: F&B expenses for the first half of the fiscal year were 5.7% less than those budgeted and came in 4.5% greater than those for the same period last year. Most all expense line items were below those budgeted for the period.

Miscellaneous Expenses: Miscellaneous expenses cover those costs incurred in the operation and maintenance of the pool and tennis courts and are in line with those budgeted for the period.

Total Expenses: Total Expenses for the first half of the fiscal year were approximate \$100,000 less than those budgeted for the period were just over \$2,000 less than budgeted for the first half of last fiscal year.

Recreation Fund Cash Flow:

The Recreation Fund in the past had issues with adequate cash flows to cover its operational expenses. The Fund began the fiscal year with less than \$1,500 in uncommitted cash, and at the end of March, the Fund's uncommitted cash flow had increased to \$53,327 and a net gain of \$51,995.

Due to the nature of the income and expenses of the Fund cash flow will have to be monitored carefully to insure adequate funds are available to meet the needs of the Fund.

Net Gain/(Loss):

The Fund has experienced a net gain of just over \$49,000 so far this fiscal year. This compares to a loss of just over \$15,000 during the first half of the last fiscal year.