



Department of Finance
Quarterly Review

For the Period Ended December 31, 2018

Town of Addison

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To: Wes Pierson, City Manager
From: Olivia Riley, Chief Financial Officer
Re: First Quarter Financial Review
Date: 2/15/2019

This is the first quarter report for the 2018-2019 fiscal year. Revenues and expenditures reflect activity from October 1, 2018 through December 31, 2018 or twenty-five percent of the fiscal year.

GENERAL FUND

- Fiscal year to date revenue totaled almost \$9.9 million, which is 26 percent of the overall budget amount. Sales tax collections are 26.3 percent of the fiscal year 2019 budget. Current year alcoholic beverage tax has not yet been distributed by the state.
- Fiscal year-to-date expenditures and transfers totaled approximately \$9.0 million, which is 21.6 percent of budget. All departments are on pace with or below their respective budgets.

HOTEL FUND

- Revenues through the first quarter totaled approximately \$1.1 million, 12.3 percent of the fiscal year 2019 budget. Hotel occupancy tax collections are 16.7 percent of budget for two months of collections or 16.6 percent of the fiscal year. Proceeds from Special Events are below budget due to the timing of events; all significant events occur between May and September.
- Hotel Fund expenditures of \$1.2 million are 13.9 percent of budget and \$288 thousand less than this time a year ago. Performing Arts expenditures are at 66.3 percent due to the first payment of the Water Tower Theater grant, and Special Events expenses are at 18.8 percent due to timing of events.

AIRPORT FUND

- Operating revenue through the first quarter totaled approximately \$1.4 million or 26.2 percent of the fiscal year 2019 budget.
- Year-to-date operating expenses amounted to \$993 thousand, resulting in operating income of \$434 thousand.

UTILITY FUND

- Operating revenue through the first quarter totaled just over \$2 million or 15.9 percent of the fiscal year 2019 budget. With a one-month lag in the collection of utility revenues, 16.7 percent of the fiscal year has expired. Water revenues are 14.7 percent of the fiscal year 2019 budget, the result of unusually wet weather.
- Operating expenses through the first quarter totaled approximately \$2.6 million, or 22 percent of the fiscal year 2019 budget. Wastewater treatment expenses, however, are unusually high due to the timing of payments and increased costs from the Trinity River Authority wastewater treatment.

STORMWATER FUND

- Operating revenue through the first quarter totaled almost \$430 thousand or 19.9% of the fiscal year 2019 budget. With a one-month lag in the collection of stormwater revenues, 16.7 percent of the fiscal year has expired.
- Operating expenses through the first quarter totaled approximately \$207 thousand or 10.3 percent of the fiscal year 2019 budget. One quarterly transfer has been made to the Addison Grove Escrow fund.

Executive Dashboard - 1st Quarter, 2019 Fiscal Year

Financial Indicators

Positive variance compared to historical trends

Positive

Negative variance of 3%-5% and more than \$50,000 compared to historical trends

Warning

Negative variance of >5% and more than \$50,000 compared to historical trends

Negative

Key Revenue Sources	FY2019 Budget	Actual through 12/31/18	% Annual Budget
Ad Valorem Taxes - General Fund	\$ 16,950,736	\$ 4,758,937	28.08%
Non-Property Taxes - General Fund	14,900,000	3,599,591	24.16%
Hotel Tax	5,530,000	921,641	16.67%
Franchise Fees - General Fund	2,575,000	638,196	24.78%
Service/Permitting/License Fees - General Fund	2,442,570	646,696	26.48%
Rental Income - All Funds	5,013,255	1,261,892	25.17%
Fines and Penalties - All Funds	395,000	93,515	23.67%
Special Event Revenue - Hotel Fund	2,647,700	2,488	0.09%
Fuel Flowage Fees - Airport Fund	917,400	259,797	28.32%
Water and Sewer Charges - Utility Fund	12,584,297	1,891,362	15.03%

Key Expenditures	FY2019 Budget	Actual through 12/31/18	% Annual Budget
General Fund	\$ 41,543,404	\$ 8,965,566	21.58%
Hotel Fund	8,944,381	1,245,916	13.93%
Economic Development	1,860,868	307,747	16.54%
Airport Operations	5,576,572	993,112	17.81%
Utility Operations	12,035,512	2,646,387	21.99%

Executive Dashboard - 1st Quarter, 2019 Fiscal Year

Financial & Staffing Indicators

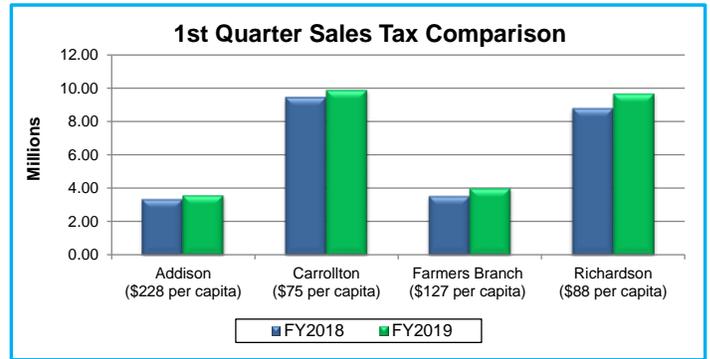
Personnel Information:

New Hires - Benefitted Positions				
	10/2018-12/2018			FY2019
Department	Part-Time Positions	Full-time positions	Total, 1st Qtr	YTD
City Manager	0	1	1	1
Development Services	0	1	1	1
General Services	0	1	1	1
Infrastructure	0	2	2	2
Parks	0	2	2	2
Police	0	2	2	2
Recreation	1	0	1	1
Grand Total	1	9	10	10

Separations - Benefitted Positions				
	10/2018-12/2018			FY2019
Department	Part-Time Positions	Full-time positions	Total, 1st Qtr	YTD
City Manager	0	2	2	2
Fire	0	1	1	1
Human Resources	0	1	1	1
Police	0	2	2	2
Grand Total	0	6	6	6

Economic Development Incentives:

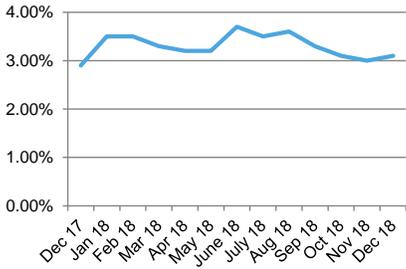
Executed Agreements	Amount Paid FY19	Total Incentives Committed
0	\$0	\$505,334



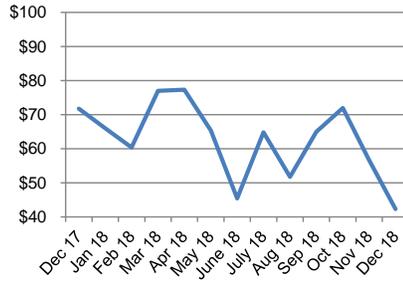
Executive Dashboard - 1st Quarter, 2019 Fiscal Year

Economic Indicators

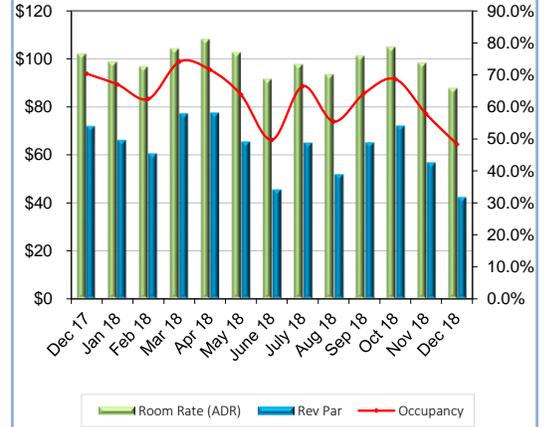
DFW Unemployment Rate Last 12 months



Hotel Revenue Per Available Room



Addison Hotel Statistics



Occupancy Indicators:

Office Occupancy = 84.1%

Retail Occupancy = 92.3%

Hotel Indicators

Hotel Occupancy = 58.3%

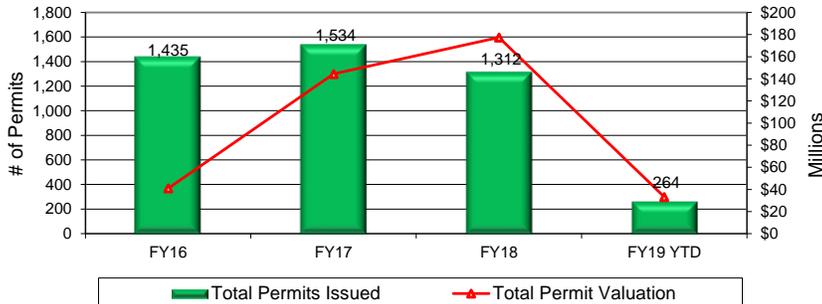
RevPar = \$56.98



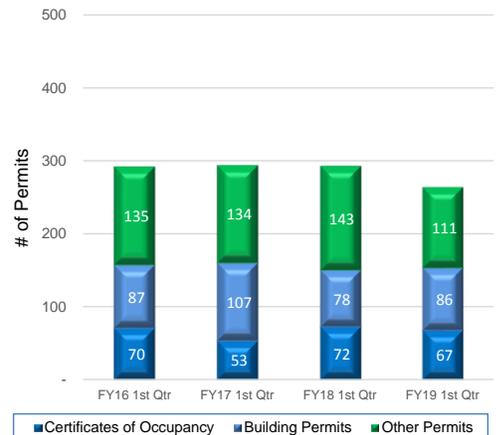
Source: CoStar (compares to prior year)

Source: STR Report (compares to prior year)

Total Permits Issued and Valuation

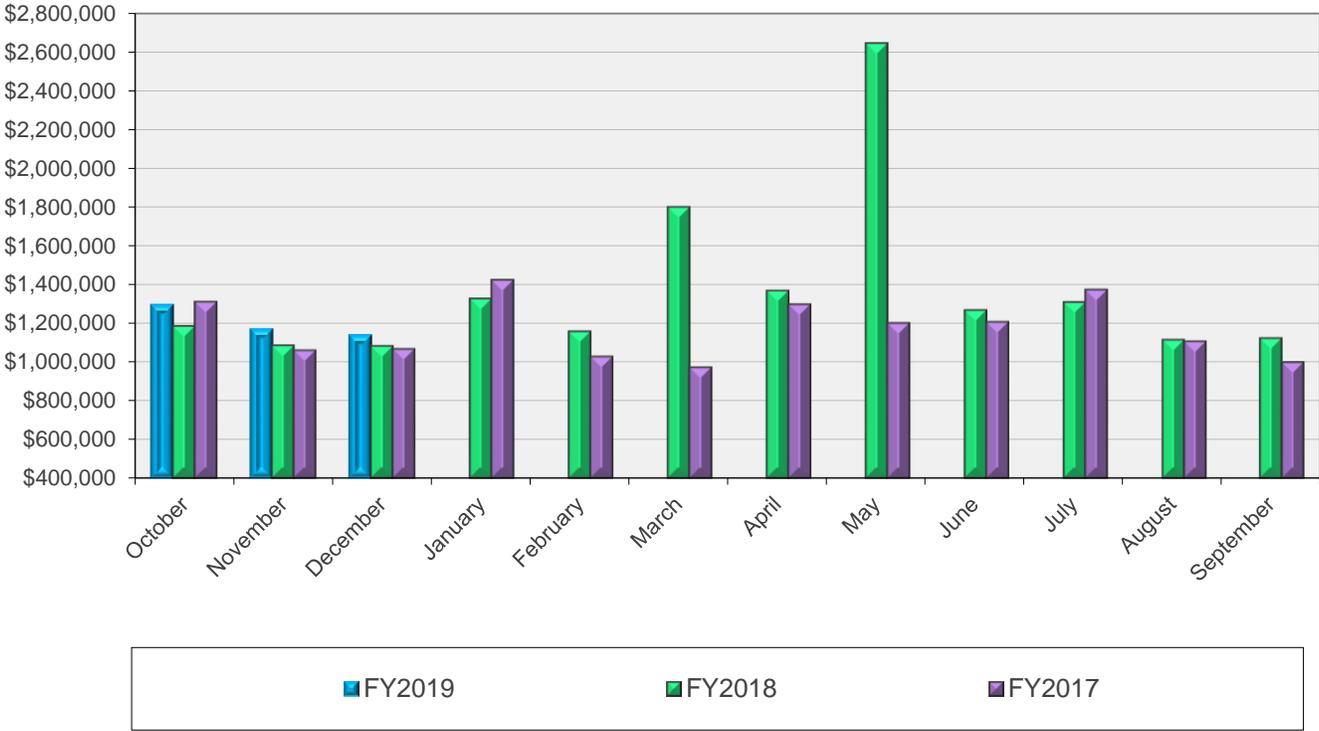


Quarterly Permit Activity, Year over Year



Sales Tax Information

Monthly Sales Tax Collections



Positive variance compared to historical trends
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends
 Negative variance of >5% and more than \$50,000 compared to historical trends

Positive
 Warning
 Negative

TOWN OF ADDISON
 GENERAL FUND
 FY2019 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2017-18 ACTUAL PRIOR YEAR	FY 2018-19 REVISED BUDGET	FY 2018-19 ACTUAL 1ST QTR	FY 2018-19 ACTUAL YTD	ACTUAL YTD as % of Budget
Revenues:					
Ad Valorem taxes:					
Current taxes	\$ 15,904,272	\$ 16,965,736	\$ 4,769,403	\$ 4,769,403	28.1%
Delinquent taxes	(73,767)	(45,000)	(14,037)	(14,037)	31.2%
Penalty & interest	44,338	30,000	3,570	3,570	11.9%
Non-property taxes:					
Sales tax	16,449,993	13,700,000	3,599,591	3,599,591	26.3%
Alcoholic beverage tax	1,146,633	1,200,000	-	-	0.0%
Franchise / right-of-way use fees:					
Electric franchise	1,568,812	1,600,000	471,450	471,450	29.5%
Gas franchise	229,319	200,000	-	-	0.0%
Telecommunication access fees	468,770	475,000	101,553	101,553	21.4%
Cable franchise	288,094	300,000	65,193	65,193	21.7%
Street rental fees	11,844	-	-	-	0.0%
Licenses and permits:					
Business licenses and permits	117,157	194,900	24,475	24,475	12.6%
Building and construction permits	1,286,878	603,900	247,393	247,393	41.0%
Service fees:					
General government	31	100	-	-	0.0%
Public safety	974,914	870,000	187,418	187,418	21.5%
Urban development	890	2,850	70	70	2.5%
Streets and sanitation	414,493	371,000	85,475	85,475	23.0%
Recreation	70,715	71,300	14,520	14,520	20.4%
Interfund	530,520	328,520	87,345	87,345	26.6%
Court fines	334,467	320,000	81,864	81,864	25.6%
Interest earnings	333,192	100,000	71,207	71,207	71.2%
Rental income	8,120	6,600	2,930	2,930	44.4%
Other	193,845	158,000	52,438	52,438	33.2%
Total Revenues	40,303,530	37,452,906	9,851,859	9,851,859	26.3%

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TOWN OF ADDISON
 GENERAL FUND
 FY2019 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2017-18 ACTUAL PRIOR YEAR	FY 2018-19 REVISED BUDGET	FY 2018-19 ACTUAL 1ST QTR	FY 2018-19 ACTUAL YTD	ACTUAL YTD as % of Budget
Expenditures:					
General Government:					
City secretary	180,167	180,089	33,513	33,513	18.6%
City manager	1,098,973	1,148,976	273,009	273,009	23.8%
Finance	1,832,385	1,820,814	417,634	417,634	22.9%
General services	637,461	742,211	154,199	154,199	20.8%
Municipal court	623,809	737,885	123,816	123,816	16.8%
Human resources	629,992	696,206	140,867	140,867	20.2%
Information technology	1,865,571	2,100,593	392,932	392,932	18.7%
Combined services	1,186,403	1,360,626	219,157	219,157	16.1%
Council projects	312,580	341,507	148,986	148,986	43.6%
Public safety:					
Police	8,726,035	9,509,734	1,985,124	1,985,124	20.9%
Emergency communications	1,375,968	1,383,152	670,801	670,801	48.5%
Fire	7,713,285	7,851,079	1,774,409	1,774,409	22.6%
Development services	1,374,246	1,611,844	274,136	274,136	17.0%
Streets	1,895,171	2,204,253	267,147	267,147	12.1%
Parks and Recreation:					
Parks	3,381,066	3,882,652	735,025	735,025	18.9%
Recreation	1,673,500	1,863,368	327,707	327,707	17.6%
Other financing uses:					
Transfers to other funds	1,202,000	4,108,415	1,027,104	1,027,104	25.0%
Total Expenditures	35,708,612	41,543,404	8,965,566	8,965,566	21.6%
Net Change in Fund Balance	4,594,918	(4,090,498)	886,293	886,293	
Fund Balance at Beginning of Year	16,368,038	20,962,956		20,962,956	
Fund Balance at End of Year	\$ 20,962,956	\$ 16,872,458		\$ 21,849,249	

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TOWN OF ADDISON
 HOTEL FUND
 FY2019 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2017-18 ACTUAL PRIOR YEAR	FY 2018-19 REVISED BUDGET	FY 2018-19 ACTUAL 1ST QTR	FY 2018-19 ACTUAL YTD	ACTUAL YTD as % of Budget
Revenues:					
Hotel/Motel occupancy taxes	\$ 5,552,084	\$ 5,530,000	\$ 921,641	\$ 921,641	16.7%
Proceeds from special events	1,570,391	2,647,700	2,488	2,488	0.1%
Conference centre rental	629,279	620,000	135,630	135,630	21.9%
Theatre centre rental	77,992	80,000	21,450	21,450	26.8%
Interest and miscellaneous	555,313	17,000	15,659	15,659	92.1%
Total Revenues	8,385,059	8,894,700	1,096,868	1,096,868	12.3%
Expenditures:					
Addison theatre centre	352,605	395,452	58,091	58,091	14.7%
Conference centre	1,027,977	1,100,052	220,022	220,022	20.0%
General hotel operations	150,178	161,470	36,027	36,027	22.3%
Marketing	922,818	1,083,888	163,023	163,023	15.0%
Performing arts	445,000	445,000	295,000	295,000	66.3%
Special events	2,889,450	4,060,994	110,231	110,231	2.7%
Special events operations	937,755	982,525	184,772	184,772	18.8%
Other financing uses:					
Transfer to Debt service fund	710,800	-	-	-	0.0%
Transfer to Economic development fund	610,000	715,000	178,750	178,750	25.0%
Total Expenditures	8,046,583	8,944,381	1,245,916	1,245,916	13.9%
Net Change in Fund Balance	338,476	(49,681)	(149,048)	(149,048)	
Fund Balance at Beginning of Year	3,839,188	4,177,664		4,177,664	
Fund Balance at End of Year	\$ 4,177,664	\$ 4,127,983		\$ 4,028,616	

Positive variance compared to historical trends
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends
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TOWN OF ADDISON
 ECONOMIC DEVELOPMENT FUND
 FY2019 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2017-18 ACTUAL PRIOR YEAR	FY 2018-19 REVISED BUDGET	FY 2018-19 ACTUAL 1ST QTR	FY 2018-19 ACTUAL YTD	ACTUAL YTD as % of Budget
Revenues:					
Ad Valorem taxes:	\$ 1,024,998	\$ 1,080,834	\$ 307,272	\$ 307,272	28.4%
Business license fee	58,304	60,500	100	100	0.2%
Interest income and other	23,162	7,000	6,870	6,870	98.1%
Transfers from General/Hotel Fund	610,000	715,000	178,750	178,750	25.0%
Total Revenues	1,716,464	1,863,334	492,992	492,992	26.5%
Expenditures:					
Personnel services	412,407	463,125	99,049	99,049	21.4%
Supplies	16,200	23,604	6,360	6,360	26.9%
Maintenance	16,980	22,866	4,259	4,259	18.6%
Contractual services	1,011,926	1,329,252	192,574	192,574	14.5%
Capital replacement/lease	17,688	22,021	5,505	5,505	25.0%
Other financing uses:					
Transfers to other funds	100,000	-	-	-	0.0%
Total Expenditures	1,575,201	1,860,868	307,747	307,747	16.5%
Net Change in Fund Balance	141,263	2,466	185,245	185,245	
Fund Balance at Beginning of Year	1,295,762	1,437,025		1,437,025	
Fund Balance at End of Year	\$ 1,437,025	\$ 1,439,491		\$ 1,622,270	

Positive variance compared to historical trends
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends
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AIRPORT FUND
 FY2019 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2017-18 ACTUAL PRIOR YEAR	FY 2018-19 REVISED BUDGET	FY 2018-19 ACTUAL 1ST QTR	FY 2018-19 ACTUAL YTD	ACTUAL YTD as % of Budget
Operating Revenues:					
Operating grants	\$ 50,000	\$ 50,000	\$ -	\$ -	0.0%
Customs fees	127,023	145,391	28,150	28,150	19.4%
Fuel flowage fees	975,818	917,400	259,797	259,797	28.3%
Rental income	4,473,583	4,306,655	1,101,882	1,101,882	25.6%
Interest income and other	719,627	24,500	37,507	37,507	153.1%
Total Operating Revenues:	6,346,051	5,443,946	1,427,336	1,427,336	26.2%
Operating Expenses:					
Town - Personnel services	378,066	446,673	62,949	62,949	14.1%
Town - Supplies	11,795	40,000	2,822	2,822	7.1%
Town - Maintenance	36,482	53,000	4,441	4,441	8.4%
Town - Contractual services	195,042	249,308	90,233	90,233	36.2%
Town - Capital Replacement/Lease	26,823	222,292	55,573	55,573	25.0%
Town - Debt service	587,112	902,466	-	-	0.0%
Town - Capital Outlay	279,034	-	-	-	0.0%
Operator - Operations and maintenance	2,793,948	3,255,453	684,442	684,442	21.0%
Operator - Service contract	452,169	407,380	92,652	92,652	22.7%
Total Operating Expenses:	4,760,471	5,576,572	993,112	993,112	17.8%
Net Change in Fund Balance	1,585,580	(132,626)	434,224	434,224	
Fund Balance at Beginning of Year	5,085,906	6,671,486		6,671,486	
Fund Balance at End of Year	\$ 6,671,486	\$ 6,538,860		\$ 7,105,710	

Positive variance compared to historical trends
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends
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UTILITY FUND
 FY2019 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2017-18 ACTUAL PRIOR YEAR	FY 2018-19 REVISED BUDGET	FY 2018-19 ACTUAL 1ST QTR	FY 2018-19 ACTUAL YTD	ACTUAL YTD as % of Budget
Operating revenues:					
Water sales	\$ 6,997,055	\$ 6,998,344	\$ 1,031,250	\$ 1,031,250	14.7%
Sewer charges	5,073,338	5,585,953	860,112	860,112	15.4%
Tap fees	18,496	25,275	300	300	1.2%
Penalties	89,342	75,000	11,651	11,651	15.5%
Interest income and other	225,792	79,600	126,473	126,473	158.9%
Total Operating Revenues:	12,404,023	12,764,172	2,029,786	2,029,786	15.9%
Operating expenses:					
Personnel services	1,578,303	2,057,126	362,943	362,943	17.6%
Supplies	147,849	208,040	35,092	35,092	16.9%
Maintenance	358,293	487,177	23,884	23,884	4.9%
Contractual services					
Water purchases	3,871,343	3,519,797	768,440	768,440	21.8%
Wastewater treatment	3,341,843	2,978,229	1,093,631	1,093,631	36.7%
Other services	1,163,952	1,247,802	272,673	272,673	21.9%
Capital Replacement/Lease	54,394	340,657	85,164	85,164	25.0%
Debt service	982,597	1,056,684	4,560	4,560	0.4%
Capital outlay	255,351	140,000	-	-	0.0%
Other financing uses:					
Transfers to other funds	500,000	-	-	-	0.0%
Total Operating Expenses:	12,253,925	12,035,512	2,646,387	2,646,387	22.0%
Net Change in Fund Balance	150,098	728,660	(616,601)	(616,601)	
Fund Balance at Beginning of Year	12,706,799	12,856,897		12,856,897	
Fund Balance at End of Year	\$ 12,856,897	\$ 13,585,557		\$ 12,240,296	

Positive variance compared to historical trends
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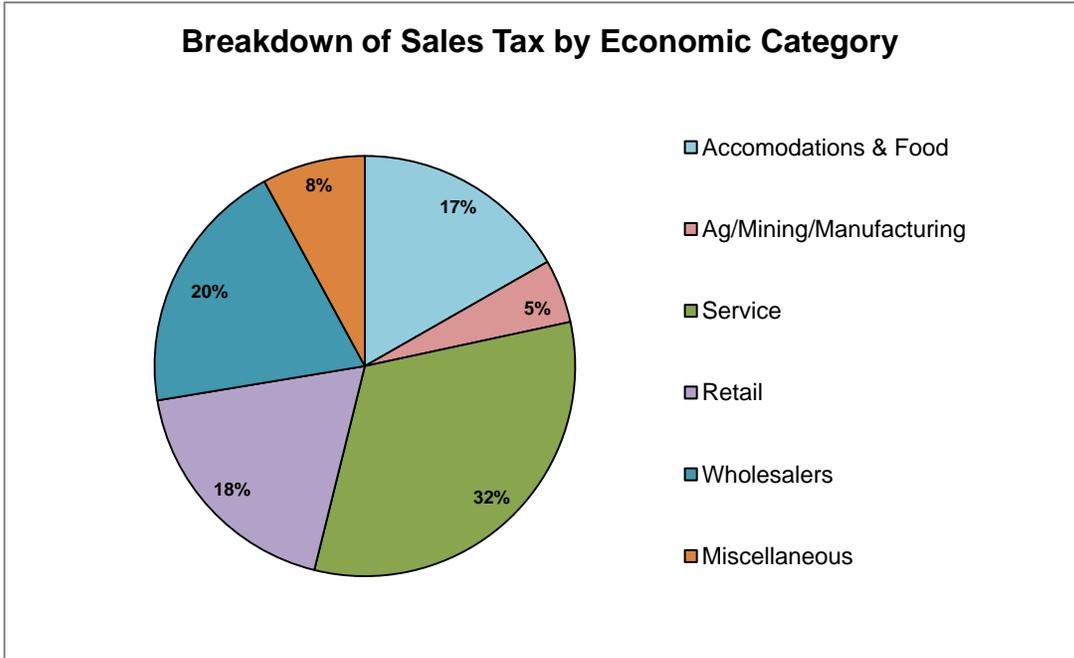
Positive
 Warning
 Negative

STORMWATER UTILITY FUND
 FY2019 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

CATEGORY	FY 2017-18 ACTUAL PRIOR YEAR	FY 2018-19 REVISED BUDGET	FY 2018-19 ACTUAL 1ST QTR	FY 2018-19 ACTUAL YTD	ACTUAL YTD as % of Budget
Operating revenues:					
Drainage Fees	\$ 2,137,942	\$ 2,134,800	\$ 396,385	\$ 396,385	18.6%
Interest income and other	203,768	30,000	33,390	33,390	111.3%
Total Operating Revenues:	2,341,710	2,164,800	429,775	429,775	19.9%
Operating expenses					
Personnel services	157,845	312,464	43,025	43,025	13.8%
Supplies	8,084	41,597	8,195	8,195	19.7%
Maintenance	84,131	216,200	6,625	6,625	3.1%
Contractual services	189,334	351,083	24,205	24,205	6.9%
Debt service	522,210	546,108	-	-	0.0%
Capital outlay	13,760	50,000	-	-	0.0%
Other financing uses:					
Transfers to other funds	-	500,000	125,000	125,000	25.0%
Total Operating Expenses:	975,364	2,017,452	207,050	207,050	10.3%
Net Change in Fund Balance	1,366,346	147,348	222,725	222,725	
Fund Balance at Beginning of Year	4,074,813	5,441,159		5,441,159	
Fund Balance at End of Year	\$ 5,441,159	\$ 5,588,507		\$ 5,663,884	

TOWN OF ADDISON
Schedule of Sales Tax Collections
For the quarter ending December 31, 2018

	FY2019		% Change	FY2018	
	Monthly Collections		from	Monthly Collections	
			Prior Year		
October	\$	1,294,332	9.3%	\$	1,184,668
November		1,168,041	7.7%		1,084,154
December		1,137,218	5.2%		1,080,572
January					1,326,683
February					1,156,819
March					1,798,199
April					1,366,196
May					2,643,325
June					1,266,269
July					1,308,045
August					1,113,326
September					1,121,736
	\$	3,599,591		\$	16,449,992
Budget:		13,700,000	26.3%		13,400,000



TOWN OF ADDISON
HOTEL OCCUPANCY TAX COLLECTION
Hotels By Service Type for the Quarter and Year-to-Date Ended December 31, 2018
With Comparative Information from Prior Fiscal Year

	Rooms		Oct. - Dec. 2018		18 to 17 % Diff.
	Number	%	Amount	%	
Full Service					
Marriott Quorum	547	14%	\$ 140,907	15%	-26%
Renaissance	528	13%	143,188	16%	-5%
Crowne Plaza	428	11%	87,189	9%	-25%
	1,503	38%	371,285	40%	-19%
Extended Stay					
Budget Suites	344	9%	844	0%	-68%
Hawthorn Suites	70	2%	9,487	1%	-31%
Marriott Residence Inn	150	4%	46,993	5%	25%
Hyatt House	132	3%	32,424	4%	-9%
Homewood Suites	120	3%	34,286	4%	-7%
Home2Suites	132	3%	45,152	5%	0%
Springhill Suites	159	4%	45,748	5%	-6%
	1,107	28%	214,935	23%	-2%
Business Moderate					
Marriott Courtyard Quorum	176	4%	61,598	7%	-7%
LaQuinta Inn	152	4%	34,350	4%	3%
Marriott Courtyard Midway	145	4%	41,158	4%	0%
Radisson - Addison	101	3%	26,163	3%	-8%
Hilton Garden Inn	96	2%	33,571	4%	-11%
Holiday Inn Express	97	2%	25,461	3%	109%
Best Western Plus	84	2%	17,203	2%	-20%
	851	21%	239,504	26%	0%
Economy					
Motel 6	124	3%	17,576	2%	17%
Hampton Inn	158	4%	40,714	4%	0%
Red Roof Inn	104	3%	17,712	2%	-6%
Quality Suites North/Galleria	78	2%	15,525	2%	9%
America's Best Value Inn	60	2%	4,390	0%	-1%
	524	13%	95,917	10%	3%
TOTAL	3,985	100%	921,641	100%	-18%

