January 29, 2019

To: The Honorable Mayor Van Arsdale, Members of the City Council and Citizens of Cedar Park:

I am pleased to present to you the Monthly Finance Update for FY 2019 year-to-date activities through October 2018. This update includes a detailed look at key revenues, expenditures and summary for all operating funds. Overall, the revenues and expenses in the General Fund and Utility Fund are in line with budget expectations.

**General Fund Overview**

The chart to the left displays the City’s revenues and expenses through October. Revenues to date are $1.96 million, up by 12.5% over last year’s collections year-to-date. This is primarily due to the implementation of the 1/8 cent sales tax funded storm water drainage program, which began in October 2018. Expenditures to date are $3.11 million, up by 2.4% over last year’s expenses year-to-date.

**Property Tax Collections**

Property tax collections, excluding any delinquent or penalty property tax collections and the annual transfer to TIRZ, amount to $293,704 through October. Collections in October are historically inconsistent. We will see the activity normalize in the next few months. The majority of collection activity occur between December and February.
Sales Tax Collections

Sales tax collections were $1.19 million through October, up by 16.3% through the same period last year. Sales tax collections continue to trend upward.

Sales Tax – Storm Water

Beginning in October of 2018, the city implemented a Storm Water Drainage program. In May of 2018, residents voted to redirect one-fourth of revenue (or 1/8 of one cent) from the Type A Corporation Fund to the City’s General Fund to provide revenue for storm water drainage and related street repairs. Through October, the City has $148,441 in Sales Tax for the Storm Water Drainage program.

Interest Income

Through October, the City has collected $64,750 in interest revenue in the General Fund. This is $48,471 more than the prior year. Revenue through interest has grown as a result of sounds investments practices and rising interest rates.
**FY 2019 MONTHLY FINANCE UPDATE THROUGH OCTOBER**

**Other Revenue**

Other Revenue received through fines, forfeitures, and fees for the General Fund total $266,253 through October ($44,259 less than prior year). Of the $266,253, fees for service, such as fire protection and park fees, totaled $78,333 ($4,440 more than prior year), development related fees totaled $106,940 ($8,700 more than prior year), fines and forfeitures totaled $49,914 ($2,179 less than prior year), administrative and contract service fees totaled $14,316 ($22,345 less than prior year), and franchise fees totaled $11,408 ($168 more than prior year).
**FY 2019 MONTHLY FINANCE UPDATE THROUGH OCTOBER**

**General Fund Expenditures by Function**

Expenditures totaled $3.11 million through October up by 2.4% compared to the same period last year. The chart below provides FY 2018 and FY 2019 budget and actual expenses comparisons by function through the month of October. Public safety expenses account for 50% of all General Fund expenses.

![Chart showing General Fund Expenditures by Function](chart1.png)

**General Fund Expenditures by Category:**

The following chart provides the General Fund expenses by category. Personnel expenses represent $2.14 million or 68% of General Fund expenses to date. Contractual services totaled $617,110, accounting for 20% of General Fund expenses. The remaining $399,565, or 12% of General Fund expenses represent expenditures on materials and supplies, repairs and maintenance, occupancy, economic development, capital outlay, and other charges.

![Chart showing General Fund Expenditures by Category](chart2.png)
Utility Fund:

Revenues through October totaled $776,685, while expenses totaled $3.9 million. Revenues are $32,270, or 4.3% more than the same period last year and expenditures are $393,018 or 9.1% less more than last year. The reduction in expense is a result of less funding needed for utility funded projects in FY 2019.

Utility Fund Revenue by Category:

Of the $776,685 in revenue collected, $377,344 was collected through water sales, $304,224 was collected through sewer billings, and $95,117 was collected as other revenue. The lower than expected collection on water sales is attributed to the large amount of rain that occurred in October. Total precipitation for October this year was 7.39 inches compared to 1.33 inches last year.
**FY 2019 MONTHLY FINANCE UPDATE THROUGH OCTOBER**

**Utility Fund Expenses by Category:**

The chart below displays the Utility Fund budget and actual expenses by category through October for FY 2018 and FY 2019. Of the $3.9 million in total expenses through October, contractual services totaled $483,007, personnel services totaled $357,488, occupancy totaled $106,925, transfers for CIP projects total $2.9 million, and other expenses totaled $81,785. All expenses are in line and within budget expectations.

![Utility Fund Expenses by Category](image-url)

- **Personnel Services:** FY 2018 Actual - $0.37, FY 2019 Budget - $0.47, FY 2019 Actual - $0.36
- **Occupancy:** FY 2018 Actual - $0.13, FY 2019 Budget - $0.11, FY 2019 Actual - $0.11
- **Contractual Services:** FY 2018 Actual - $0.45, FY 2019 Budget - $0.61, FY 2019 Actual - $0.48
- **Transfers Out:** FY 2018 Actual - $2.24, FY 2019 Budget - $2.90, FY 2019 Actual - $2.90
- **Other:** FY 2018 Actual - $0.13, FY 2019 Budget - $0.13, FY 2019 Actual - $0.08
**FY 2019 MONTHLY FINANCE UPDATE THROUGH OCTOBER**

**Investment Activity:**

The information below details the City’s cash and investment activity for the month of October in relation to our investment policy. In summary, the City is managing $184.2 million in cash and investments. $165.1 million is invested, while $19 million is available cash. The total investment yield in October was 1.999% compared to 0.820% for the same period last year. The “Max” column in the table indicates the maximum percentage of the portfolio that can be invested in each type according to our investment policy. For example, we can invest up to 40% of our portfolio in Certificates of Deposits (CDs). Our policy further limits investments in CDs to no more than 20% in any one bank. In October, we had 14.24% invested in CDs with 14.24% of our portfolio invested in a single bank.

<table>
<thead>
<tr>
<th>Diversity</th>
<th>Max %</th>
<th>$ Amount</th>
<th>Actual %</th>
</tr>
</thead>
<tbody>
<tr>
<td>CD  Certificates of Deposit</td>
<td>40.00%</td>
<td>26,232,580</td>
<td>14.24%</td>
</tr>
<tr>
<td>CP  Commercial Paper</td>
<td>25.00%</td>
<td>26,816,718</td>
<td>14.56%</td>
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<tr>
<td>MM  Money Market Funds</td>
<td>100.00%</td>
<td></td>
<td>0.00%</td>
</tr>
<tr>
<td>MUNI Municipal Obligations</td>
<td>35.00%</td>
<td>2,516,031</td>
<td>1.37%</td>
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<tr>
<td>AGENCY US Agencies</td>
<td>80.00%</td>
<td>51,865,183</td>
<td>28.16%</td>
</tr>
<tr>
<td>USOB US Obligations</td>
<td>80.00%</td>
<td></td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Securities</strong></td>
<td></td>
<td>107,430,512</td>
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<tr>
<td>LGIP Local Gov Investment Pools</td>
<td>100.00%</td>
<td>57,706,868</td>
<td>31.33%</td>
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<tr>
<td>Portfolio Total</td>
<td></td>
<td>165,137,380</td>
<td>89.66%</td>
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<tr>
<td>BANK Cash in Bank Accounts</td>
<td></td>
<td>19,046,122</td>
<td>10.34%</td>
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<tr>
<td>Portfolio Total</td>
<td></td>
<td>184,183,503</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Maximum in any single institution:
- CD - Investment in any one bank: 20% 26,232,580 14.24%
- CP - Investment in any one Issuer: 5% 5,972,307 3.24%

**Performance**

<table>
<thead>
<tr>
<th></th>
<th>Max</th>
<th>Oct-17</th>
<th>Oct-18</th>
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</thead>
<tbody>
<tr>
<td>Weighted Avg Maturity (days)</td>
<td>365</td>
<td>174</td>
<td>117</td>
</tr>
<tr>
<td>Weighted Avg Yield</td>
<td>N/A</td>
<td>0.820%</td>
<td>1.999%</td>
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