



Consent Agenda Item 20-0011

Consider approving the June 2020 Financials.

ECONOMIC DEVELOPMENT CORPORATION

(Fund 0309)

The Cedar Hill Economic Development Corporation (EDC) is tasked with bringing much needed commercial, industrial opportunities to the City of Cedar Hill. On January 15, 1994, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (1/2 of 1%) for economic development. Collection was effective on July 1, 1994. A portion of the EDC's sales tax (1/8 of 1%) was reallocated to the City's Crime Control District effective July 1, 2013. The first reduction was in September 2013. The total sales tax administered by the EDC Board is 3/8 of 1%. The board set Economic Development policies and administers certain incentive programs.

Fiscal Year 2019-2020 Budget Report

(Reported Through June 30, 2020)



Board of Directors

Michael Lemmon, President
Shawn Qildon, Vice President
Duane Dankesreiter
James Mauldin
Jan Blake
Johnny Wallace, ex-officio
Jeff Powers, ex-officio
Randall Chase, ex-officio
Andrew LeGrand, ex-officio
Angela Berry-Roberson, ex-officio

TO: Kim Buttram, EDC Director
FROM: Finance



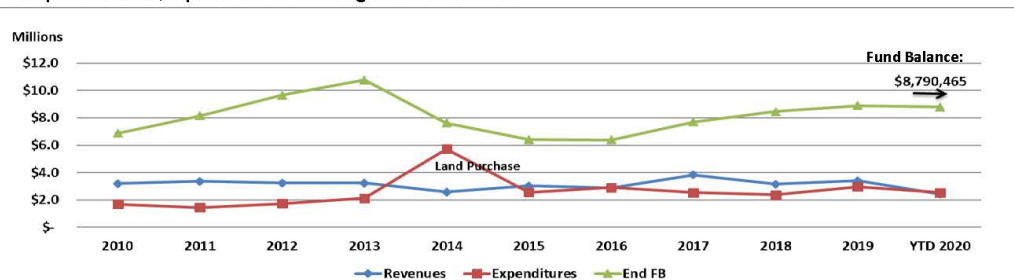
The following are highlights of the Economic Development Corporation's budget for the fiscal period ending **June 30, 2020** for fiscal year 2019-2020.

- The budget is reported through Jun 30, 2020 which is targeted at 75% of the budget year.
- The FY20 revenue budget is \$3,401,924 with YTD revenues at \$2,432,371 or 71.5% of budget (Cash Basis for Sales Tax).
- The FY20 total expenditure budget is \$8,530,271 with YTD expense of \$2,538,067 or 29.8%; below target of 75%.
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	Budget	FYTD	% Budget
Operations	\$ 1,562,701	\$ 781,849	50.0%
Incentives	5,800,000	584,800	10.1%
Debt	1,167,570	1,166,168	99.9%
Capital (Bldg. Improv.)	-	5,250	0.0%
	<u>\$ 8,530,271</u>	<u>\$ 2,538,067</u>	<u>29.8%</u>

- Sales tax is reported on a cash basis in the Fund Summary.
- Sales tax collected (cash basis) = \$2,330,735 (Oct - Jun) or 73% of Budget.
- EDC Sales tax (cash basis) for June 2020 was \$191,499 or 23% less than June 2019 (\$248,640).
- Expenses exceed Revenues by \$105,696 at the end of this reporting period.
- Ending fund balance (adj. Cash-Basis Sales Tax) at 6/30/20 was \$8,790,401 (Assets - Liabilities = Fund Balance); ✓
- The EDC's cash balances are incorporated in the City Funds' portfolio which consists of laddered Certificate of Deposit and other Money Market/Demand Accounts; the average FYTD City Funds Portfolio yield was 1.42% at 06/30/20; the current quarter City Portfolio average yield was .94%; the weighted average maturity of investments was 135 days.
- | | | |
|--|---------------------|------------------------------------|
| Cash on hand (1.76% APY - Prosperity Bank) | 6,790,883 | Prosperity Bank |
| CD Acct No. 8423 - 2.67% APY; matured 3/2020 | - | East/West Bank |
| CD Acct No. 0683 - 1.71% APY; matures 1/2022 | 1,506,340 | Prosperity Bank |
| CD Account - Pooled | - | Various Banks |
| Other Cash and Cash Equivalents | 316 | Receivables and Prepaid Items |
| Cash/Accrual Reporting Conversion | 521,161 | Sales Tax Reported Cash vs Accrual |
| Less: Current liabilities | (28,235) | (P-Card, Invoices & Payroll) |
| Assets - Liabilities = Fund Balance | <u>8,790,464.78</u> | ✓ |
- Incentive Agreements Outstanding: \$2.06M, YTD payments \$584,800. (See Report for details)
- | | |
|---------------------------|-----------------------|
| Debt Outstanding : | 2006 CO Series |
| 6,060,000 | Principal |
| 952,750 | Interest |
| <u>7,012,750</u> | |

Graph: Revenues, Expenditures and Change in Fund Balance:



ECONOMIC DEVELOPMENT CORPORATION

Revenue, Expenses and Changes in Fund Balance

**BEGINNING FUND BALANCE**

ACTUAL 2017 2018	ACTUAL 2018 2019	BUDGET 2019-2020	YTD ACTUAL 2019-2020	\$ Change to Budget	% to Budget
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\$ 7,688,749 \$ 8,454,071 \$ 8,896,097 \$ 8,896,097

REVENUES

		(2)				
Sales tax	\$ 3,000,355	\$ 3,107,809	\$ 3,201,924	\$ 2,330,735	\$ (871,189)	72.8%
Interest income	146,288	188,032	200,000	101,636	(98,364)	50.8%
Miscellaneous	-	(4)	-	-	-	0.0%
Sale of assets	-	108,900	-	-	-	0.0%

Total operating revenues

\$ 3,146,643 \$ 3,404,737 \$ 3,401,924 \$ 2,432,371 \$ (969,553) 71.5%

Operating Expenditures

Personnel	\$ 371,019	\$ 411,040	\$ 457,136	\$ 189,470	\$ 267,666	41.4%
Supplies	1,356	3,852	18,405	5,578	12,827	30.3%
Maintenance	12,227	12,800	52,245	15,909	36,336	30.5%
Services	483,885	859,413	930,110	515,876	414,234	55.5%
Utilities	7,738	4,010	1,560	2,503	(943)	160.4%
Leases/Rentals	29,156	28,907	28,990	21,942	7,048	75.7%
Miscellaneous	51,515	69,640	74,255	30,507	43,748	41.1%

Total operating expenditures

\$ 956,896 \$ 1,389,663 \$ 1,562,701 \$ 781,786 \$ 780,915 50.0%

Other Expenditures

Incentives	\$ 258,000	\$ 386,000	\$ 5,800,000	\$ 584,800	\$ 5,215,200	10.1%
Capital Outlay	-	20,095	-	5,250	(5,250)	0.0%
Debt	1,166,425	1,166,953	1,167,570	1,166,168	1,403	99.9%

Total other expenditures

\$ 1,424,425 \$ 1,573,048 \$ 6,967,570 \$ 1,756,218 \$ 5,211,353 25.2%

Total Expenditures

\$ 2,381,321 \$ 2,962,711 \$ 8,530,271 \$ 2,538,003 \$ 5,992,268 29.8%

Net Change

\$ 765,322 \$ 442,026 \$ (5,128,347) \$ (105,632) n/a n/a

ENDING FUND BALANCE

* \$ 8,454,071 \$ 8,896,097 \$ 3,767,750 \$ 8,790,465 n/a n/a

2018 2019 Budget 2020 YTD

15% Financial Policy Designation

\$ 471,996 \$ 510,711 \$ 510,289 \$ 510,289

Undesignated, Unreserved

\$ 7,982,075 \$ 8,385,387 \$ 3,257,462 \$ 8,280,176

Total Fund Balance:

\$ 8,454,071 \$ 8,896,097 \$ 3,767,750 \$ 8,790,465 ✓

⁽¹⁾ Ending fund balance at 9/30/2019 is on an accrual basis and conforms with audited fiscal year end statements.

⁽²⁾ Sales Tax for FY19 converted to accrual basis - final audit complete

CITY OF CEDAR HILL
ECONOMIC DEVELOPMENT CORPORATION
INCENTIVE STATUS REPORT (ACTIVE ONLY)
Incentives Paid YTD 2020, as of 05/31/20
updated 5/31/20

	CASH INCENTIVE (Per Contract)	INCENTIVE PAID FY 2020	INCENTIVES PAID PRIOR YEARS	TOTAL AMOUNTS PAID	INCENTIVE BALANCE
JPS Legacy, LLC					
- Reimbursement incentive for completion of infrastructure	1,000,000	44,800		44,800	955,200
- Infrastructure incentive upon issuance of CO and proof of exp.				-	-
- Construction has to be completed 5 years				-	-
- Agreement dated October 3, 2016				-	-
Total Incentives	\$ 1,000,000	\$ 44,800	\$ -	\$ 44,800	\$ 955,200
Lake Moreno Partners, LLC					
- Reimbursement incentive for infrastructure	1,000,000	-		-	1,000,000
- Agreement dated June 13, 2018				-	-
Total Incentives	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Fuel City Cedar Hill, LLC					
- Reimbursement incentive for infrastructure	400,000	400,000		400,000	-
- Agreement dated Aug 19, 2018				-	-
Total Incentives	\$ 400,000	\$ 400,000	\$ -	\$ 400,000	\$ -
1179 W. Belt Line Ltd. Co. (The Ruiz Group)					
- Reimbursement incentive for office bldg & related infrastructure	140,000	140,000		140,000	-
- Agreement dated 10/08/2018				-	-
Total Incentives	\$ 140,000	\$ 140,000	\$ -	\$ 140,000	\$ -
API Precision Machining, LLC					
- Reimbursement incentive for land - Business Park Lot 14 2.5 acres	107,485	-		-	107,485
- Agreement dated Oct 26, 2018				-	-
Total Incentives	\$ 107,485	\$ -	\$ -	\$ -	\$ 107,485
TOTAL (ACTIVE INCENTIVES)	\$ 2,647,485	\$ 584,800	\$ -	\$ 584,800	\$ 2,062,685



Sales Tax Overview - (June 2020) Fiscal Year Cash Basis

Fund	Annual Budget	Monthly Estimate	MTD Budget	Current Month	FYTD Actual (Cash)	Budget Remaining	% of Annual Budget
GF	\$8,538,464	\$711,539	\$5,692,309	\$510,664	\$6,215,292	2,323,172	72.8%
EDC	\$3,201,924	\$266,827	\$2,134,616	\$191,499	\$2,330,735	871,189	72.8%
CDC	\$4,269,232	\$355,769	\$2,846,155	\$255,332	\$3,107,646	1,161,586	72.8%
CCD	\$1,053,945	\$87,829	\$702,630	\$64,386	\$780,907	273,038	74.1%
Total	17,063,565	1,421,964	11,375,710	1,021,881	12,434,580	4,628,985	72.9%

Comparative (Fiscal Year) Current collections Compared to Jun 2019 Compared to Jun 2018 Compared to Jun 2017 Compared to Jun 2016 Compared to Jun 2015

GF, EDC & CDC = \$0.01875 Cents

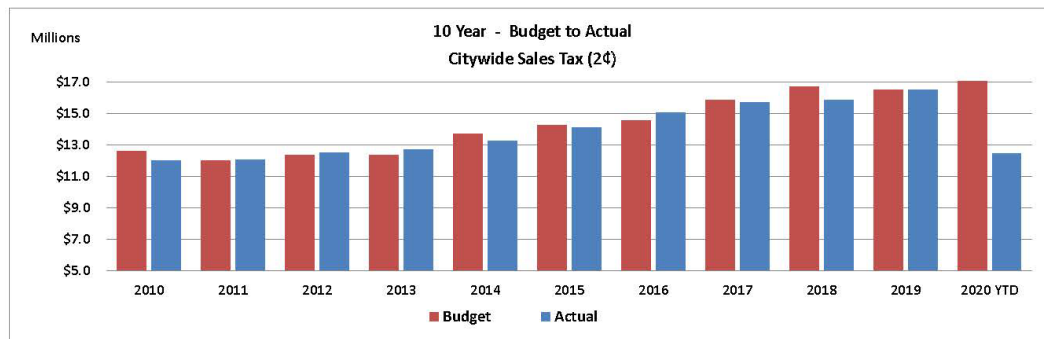
Percentage Change Compared to Prior Periods

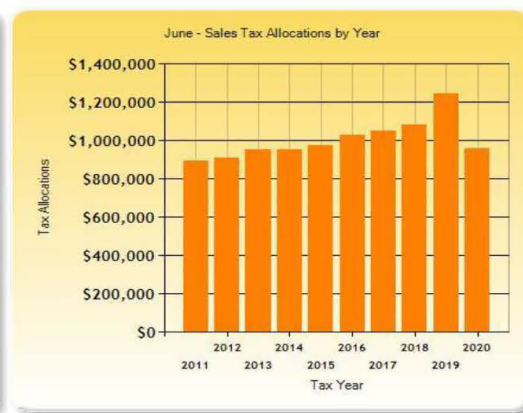
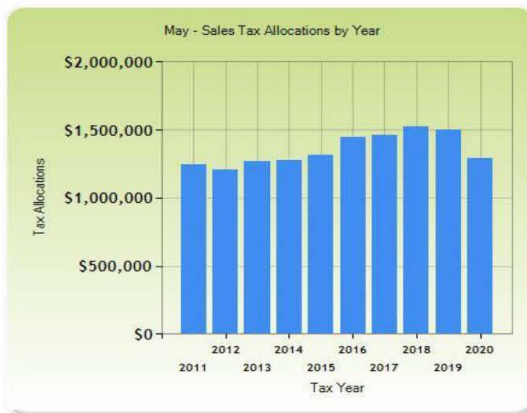
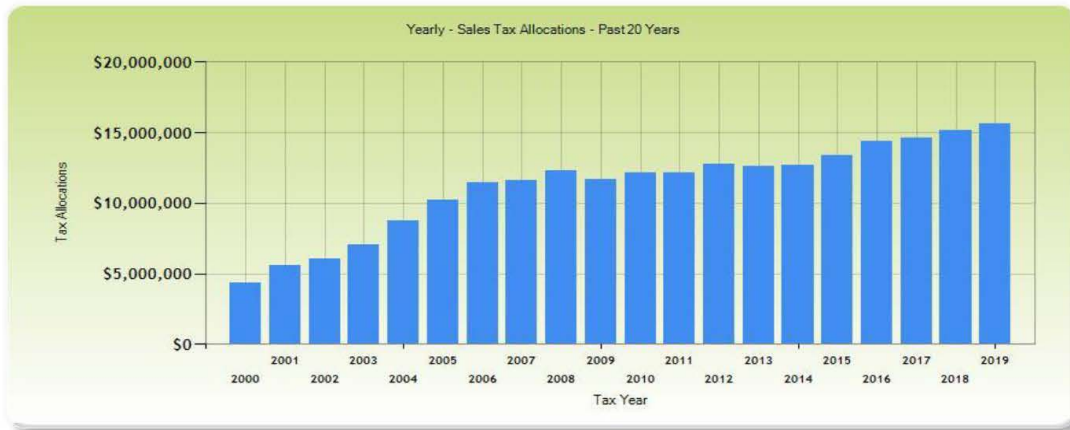
Jun 20	957,495					
Jun 19	1,243,198	-23.0%				
Jun 18	1,083,715		-11.6%			
Jun 17	1,048,812			-8.7%		
Jun 16	1,029,075				-7.0%	
Jun 15	975,039					-1.8%
		(\$285,704)	(\$126,221)	(\$91,318)	(\$71,580)	(\$17,545)
		23%< than same period last year	11.6%< than same period 2 years ago	8.7%< than same period 3 years ago	7%< than same period 4 years ago	1.8%< than same period 5 years ago

EDC Only			EDC % of Total	0.2000	\$ change	% change
Jun 20		191,499				
Jun 19		248,640			(57,141)	-23.0%
Jun 18		216,743			(25,244)	-11.6%
Jun 17		209,762			(18,264)	-8.7%
Jun 16		205,815			(14,316)	-7.0%
Jun 15		195,008			(3,509)	-1.8%

Sales Tax History-Cash Basis

Cedar Hill - Fiscal Year Cash Basis									
Fiscal Year	0.01875	0.01	0.00375	0.005	0.00125	Total 2¢	Collection Ratio and Budget		
Sales Tax Fund		General	EDC	CDC	CCPD	Total	% Chg	Budget	% of Budget
2010	12,018,330	6,009,165	3,004,583	3,004,583	0	12,018,330	1.6%	12,600,000	95.38%
2011	12,068,986	6,034,493	3,017,246	3,017,246	0	12,068,986	0.4%	12,000,000	100.57%
2012	12,498,379	6,249,190	3,124,595	3,124,595	0	12,498,379	3.6%	12,350,000	101.20%
2013	12,841,601	6,452,294	2,969,473	3,226,147	51,932	12,699,846	1.6%	12,351,500	102.82%
2014	12,520,828	6,677,775	2,504,166	3,338,888	752,095	13,272,923	4.5%	13,695,000	96.92%
2015	13,249,010	7,066,139	2,649,802	3,533,069	851,302	14,100,312	6.2%	14,252,320	98.93%
2016	14,111,571	7,526,171	2,822,314	3,763,086	925,915	15,037,486	6.6%	14,533,065	103.47%
2017	14,727,673	7,854,759	2,945,535	3,927,379	983,812	15,711,484	4.5%	15,831,140	99.24%
2018	14,864,832	7,927,911	2,972,966	3,963,955	985,915	15,850,747	0.9%	16,684,990	95.00%
2019	15,503,695	8,268,638	3,100,739	4,134,319	1,015,509	16,519,204	4.2%	16,487,485	100.19%
2020 YTD	10,696,178	6,215,292	2,330,735	3,107,646	780,907	12,434,580		17,063,565	72.87%





There was a 23% decrease or \$285,703 in June (April Sales) year over year as seen in the June bar-chart above; this is COVID impact; we are expecting May sales received in July to improved as a result of partial openings of all retail.

EDC Supported Debt \$12,890,000 Certificates of Obligation, Series 2006					
Fiscal Year	Rate	Principal	Interest	Total	
2020	4.300%	845,000	321,168	1,166,168	13.9% paid
2021	5.000%	890,000	280,750	1,170,750	14.7%
2022	5.000%	935,000	235,125	1,170,125	15.4%
2023	5.000%	980,000	187,250	1,167,250	16.2% 46.3%
2024	5.000%	1,030,000	137,000	1,167,000	17.0%
2025	5.000%	1,085,000	84,125	1,169,125	17.9%
2026	5.000%	1,140,000	28,500	1,168,500	18.8% 100.0%
Total		6,060,000	952,750	7,012,750	

Debt Outstanding: 2006 CO Series

Principal	6,060,000	Amortizing on avg 16.7% per year
Interest	952,750	
	<u>7,012,750</u>	