

Updated Potential Financial Impact of COVID-19

The logo for ADDISON, featuring the word "ADDISON" in a bold, blue, sans-serif font centered within a white circle. The circle is set against a blue background that is part of a larger graphic design on the right side of the slide, which includes diagonal grey and blue sections.

Reassessing Vulnerabilities

- **General Fund**
 - Sales Tax
 - Mixed Beverage Tax
 - Taxable values
 - Operating Expenditures
 - Fund Balance
- **Airport Fund**
 - Fuel Flowage Fees
 - Rental Income
 - Working Capital
- **Hotel Fund**
 - Hotel Occupancy Taxes
 - Fund Balance
 - Operating expenditures
- **Utility Fund**
 - Water and Sewer Revenue
 - Working Capital

- Reviewing the Effects of Other Crisis'
 - 9/11
 - Great Recession
- Data
 - Sales Tax fell by 10% and took three year's to fully recover
 - Taxable values fell the second year following each crisis and did not fully recover for three years
 - Airport rental income fell by 10% and did not fully recover for three years
 - Hotel Occupancy taxes fell by 25% and did not fully recover for three years

- Revised Assumptions for the future
 - Recovery time of 18-36 months
 - 10% sales tax loss
 - 25% hotel occupancy tax loss
 - 4.5% airport rental revenue loss and 29% fuel flowage revenue loss
 - 0% decrease in Water Revenue and Sewer Revenue
 - Slow recovery based on developed model and full recovery of the economy
 - Potentially will require significant reductions in expenditures and/or changes in priorities

General Fund Analysis

	Budget 2019-2020	Original Estimate 2019-2020	Changes	Revised Estimate 2019-2020	Planning 2020-2021
BEGINNING FUND BALANCE (1)	\$ 18,084,229	\$ 20,588,244	\$ -	\$ 20,588,244	\$ 18,751,123
REVENUES:					
Ad valorem Taxes (2)	\$ 18,752,174	\$ 18,502,174	\$ 74,019	\$ 18,576,193	\$ 19,649,750
Sales Taxes (3)	13,700,000	12,695,145	898,151	13,593,296	12,330,000
Mixed Beverage Taxes (4)	1,140,000	440,000	210,000	650,000	1,026,000
Other Revenue (5)	5,501,490	5,765,361	774,754	6,540,115	5,880,950
TOTAL REVENUE	\$ 39,093,664	\$ 37,402,680	\$ 1,956,924	\$ 39,359,604	\$ 38,886,700
TOTAL AVAILABLE RESOURCES	\$ 57,177,893	\$ 57,990,924	\$ 1,956,924	\$ 59,947,848	\$ 57,637,823
ENDING FUND BALANCES	\$ 14,058,797	\$ 16,492,812	\$ 2,258,311	\$ 18,751,123	TBD
Fund Balance Percentage	36.0%	43.5%		49.9%	TBD
Planned Surplus / (Planned Drawdown)	(4,025,432)	(4,095,432)		(1,837,121)	TBD

- (1) Ending FY19 Fund Balance was \$2,504,015 more than anticipated; planning beginning fund balance for FY21 is \$4,608,992 higher than anticipated
- (2) Delinquent refunds exceeding budget by \$290k and current taxes exceeding the budget by \$95k in FY20; 3.5% increase for FY21 plus new properties
- (3) Decrease of \$250k per month less positive variance to date of \$893,296 in FY20, 10% reduction for FY21
- (4) Decrease of \$490,000 in FY20; 10% decrease in FY21
- (5) Total other revenue sources positive variance in FY20; 7% increase in FY21

Airport Fund Analysis

	Budget 2019-2020	Original Estimate 2019-2020	Changes	Revised Estimate 2019-2020	Planning 2020-2021
BEGINNING WORKING CAPITAL (1)	\$ 5,258,363	7,045,927	\$ -	\$ 7,045,927	\$ 5,541,348
REVENUES:					
Intergovernmental (2)	\$ 50,000	\$ 1,360,000	\$ -	\$ 1,360,000	\$ 50,000
Service Fees (3)	1,054,000	596,560	103,440	700,000	745,700
Rental Income (4)	4,509,000	4,000,000	300,000	4,300,000	4,305,960
Interest and Other Income	80,000	80,000	40,000	120,000	50,000
Transfer in (5)	-	700,000	-	700,000	-
TOTAL REVENUE	\$ 5,693,000	\$ 6,736,560	\$ 443,440	\$ 7,180,000	\$ 5,151,660
ENDING WORKING CAPITAL	\$ 2,643,188	\$ 4,682,895	\$ 858,453	\$ 5,541,348	TBD
Working Capital Percentage	46.9%	84.9%		98.7%	TBD
Surplus / Shortage	(2,615,175)	(2,363,032)		(1,504,579)	TBD

- (1) Ending FY19 Working Capital was \$1,787,564 more than anticipated
- (2) TXDoT Land Reimbursement of \$1,310,000 in FY20
- (3) Anticipate loss of fuel sales of \$354,000 in FY20; 29% decrease for FY21
- (4) Anticipate loss of rental income of \$209,000 in FY20; 4.5% reduction for FY21
- (5) Transfer in of \$ 700,000 from IIF for Aircraft Rescue Firefighting Truck in FY20

Hotel Fund Analysis

	Budget 2019-2020	Original Estimate 2019-2020	Changes	Revised Estimate 2019-2020	Planning 2020-2021
BEGINNING BALANCES (1)	\$ 3,026,502	\$ 3,449,095	\$ -	\$ 3,449,095	\$ 2,482,720
REVENUES:					
Hotel/Motel Occupancy Taxes (2)	\$ 5,540,000	\$ 2,439,228	\$ 560,772	\$ 3,000,000	\$ 4,155,000
Proceeds from Special Events (3)	1,297,500	910,000	(717,408)	192,592	1,104,500
Conference Centre Rental (4)	630,000	250,234	104,766	355,000	575,000
Theatre Centre Rental (4)	77,000	46,498	13,502	60,000	77,000
Interest Earnings and Other (5)	25,000	50,000	36,315	86,315	50,100
TOTAL REVENUE	\$ 7,569,500	\$ 3,695,960	\$ (2,053)	\$ 3,693,907	\$ 5,961,600
TOTAL AVAILABLE RESOURCES	\$ 10,596,002	\$ 7,145,055	\$ (2,053)	\$ 7,143,002	\$ 8,444,320
ENDING FUND BALANCES	\$ 2,658,296	\$ 632,533	\$ 1,850,187	\$ 2,482,720	TBD
Fund Balance Percentage	37.1%	10.3%		58.1%	TBD
Surplus / Shortage	(368,206)	(2,816,562)		(966,375)	TBD

- (1) Ending FY19 Fund Balance was \$422,593 more than anticipated
- (2) Year-to-date revenue through partial June collections, remainder of the year collections assumed at \$80,000 per month; anticipate 25% reduction from FY20 budget in FY21
- (3) Assuming Taste of Addison and Oktoberfest is cancelled and Kaboom Town occurred on a limited basis in FY20; FY21 events resume as scheduled
- (4) Year-to-date actuals for FY20; flat in FY21
- (5) Slight increase in assumed interest based on actuals in FY20; flat in FY21

Utility Fund Analysis

	Budget 2019-2020	Original Estimate 2019-2020	Changes	Revised Estimate 2019-2020	Planning 2020-2021
BEGINNING WORKING CAPITAL	\$ 6,518,713	\$ 6,518,713	\$ -	\$ 6,518,713	\$ 5,324,501
REVENUES:					
Water Sales (1)	\$ 7,051,676	\$ 6,699,092	\$ 352,584	\$ 7,051,676	\$ 7,502,499
Sewer Charges (2)	5,876,062	5,876,062	-	5,876,062	6,270,477
Tap Fees & Other	25,275	25,275	-	25,275	25,275
Penalties	75,000	75,000	-	75,000	75,000
Interest and Other Income	94,600	94,600	25,400	120,000	94,600
TOTAL REVENUE	\$ 13,122,613	\$ 12,770,029	\$ 377,984	\$ 13,148,013	\$ 13,967,851
TOTAL AVAILABLE RESOURCES	\$ 19,641,326	\$ 19,288,742	\$ 377,984	\$ 19,666,726	\$ 19,292,352
ENDING WORKING CAPITAL	\$ 4,715,666	\$ 5,218,269	\$ 106,232	\$ 5,324,501	TBD
Fund Balance Percentage	36.0%	39.9%		39.9%	TBD
Surplus / Shortage	(1,803,047)	(1,300,444)		(1,194,212)	TBD

(1) Assumes no change in FY20; Increase per rate model in FY21

(2) Assumes no change in FY20; increase per rate model in FY21

Fiscal Year 2020 Summary

- General Fund
 - Salary savings (\$756,971), Services/Supplies savings (\$624,000), and Capital savings (\$451,400).
- Airport Fund
 - Salary savings of \$120,000 and TXDoT land reimbursement (less use of working capital for Customs Facility) offset revenue losses despite an increase in debt service to repay an interfund loan from the Infrastructure Investment Fund.
- Hotel Fund
 - Expenditure reductions of \$2,893,424 greatly alleviate the revenue loss from hotel occupancy taxes.
- Utility Fund
 - Sewer Treatment cost increases of \$226,565 are offset by the use of residual 2014 CO proceeds of \$810,000.

?