
MEMORANDUM

DATE: September 6, 2019
TO: Gabe Reaume, City Manager
FROM: Kim Quin, Finance Director
RE: 2018-2019 Year-end Budget Adjustments

The attached schedule shows the recommended year-end budget adjustments. The changes are described below.

General Fund – Revenues – A decrease in court fines and fees is projected for the year based on the decrease in citations issued. Due to increased programming and good summer weather, recreation fee revenue is increased. Continued development activity results in increased building permits and other permits and fees. Property tax revenue is up due to increased property valuation. A strong property tax collection rate of 98.81% results in a decrease in delinquent property tax revenue. Sales tax collection remains strong with an overall year-to-date increase of 5%. Utility franchise fee collections, based on the previous year utility revenue, are increased for Atmos and Oncor. The increased use of alternatives to cable television has resulted in a decline in cable franchise fees. The first year of the rental inspection program has resulted in increased revenue. The program was budgeted to begin with multi-family dwellings but actual collections reflect the implementation of both multi-family and single-family rental property. The partial funding for an intern position through University of North Texas did not occur during the fiscal year. Other income includes a donation for Willow Creek Park playground improvements from Project Dream Play. The donation is offset by a decrease in other miscellaneous revenue. With strong fund balance and increased interest rates, interest income is higher than budgeted. **Expenses** – As more customers use credit cards as a payment method, credit card processing fees have increased. Due to vacancies in the Police Department and an increase in special events, overtime expense and the related benefit accounts are increased. A wet and stormy spring resulted in a shortened mowing season and savings in contract mowing services expense. A chair lift at the pool was replaced. Savings in fuel expense is a result of lower fuel prices. Funding for a TIRZ Feasibility Study was approved by the City Council on April 2, 2019. Funding is transferred from savings in economic development reimbursement. The City Council approved Building Improvement Grants on July 23, 2019 and August 6, 2019 with funding from the economic development incentive account. The projected unspent balance in the economic development incentives will be transferred to the General Escrow Fund for future City Council approved incentives. An increase to Information Technology training is added for required cyber security training.

Debt Service Fund - Property tax revenue is up due to increased property valuation. A strong property tax collection rate of 98.81% results in a decrease in delinquent property tax revenue. Increased interest rates resulted in higher interest income.

Enterprise Fund – Wastewater surcharge revenue is increased in the current year, a result of both increased volume and strength. The cost of wastewater treatment is also increased, likely a result of the rainy spring and early summer with inflow and infiltration into the wastewater lines. Penalty revenue is down and other miscellaneous revenue is up. Increased interest rates have resulted in increased interest income. The rainy weather has resulted in less water being purchased from the City of Fort Worth. Increases for the Saginaw Blvd 12" water line phase 2 and the Park Center water tank rehab were to complete the projects that were carried forward from the previous fiscal year. The budget adjustment for the Fairmount sewer rehabilitation phase 1, the FM 156 utility relocation, and the inflow and infiltration repairs phase 1 reflect project delays. Funding for the engineering fees for the BNSF utility relocation was approved by the City Council on July 2, 2019. The budget adjustment reflects the estimated expenses for this fiscal year.

Capital Projects Fund – Interest is being earned on unspent bond proceeds. The budget adjustments reflect the Bailey Boswell Overpass project delay. Tax note revenue, approved by the City Council on July 23, 2019, and cost of issuance expense are included.

Crime Control and Prevention District Fund - Sales tax collection remains strong with an overall year-to-date increase of 5.8%. Increased interest rates resulted in higher interest income.

Drainage Utility Fund – Revenues are increased based on current collections and higher interest earnings. The budget reduction for the design of the East Cement Creek drainage project reflect the project delay.

Street Maintenance Fund – Sales tax collection remains strong with an overall year-to-date increase of 5%. Increased interest rates resulted in higher interest income. Anderson Street, replacement of concrete panels at several railroad crossings, and Burlington Road reconstruction projects are delayed.

Donations Fund – The Donations Fund budget includes donations for the Train and Grain Festival. The Parks donations budget has been increase for the fireworks display, City Council approved April 4, 2019, and the Fourth of July celebration, approved by the City Council on June 4, 2019. The budget for Parks and Beautification was amended by the City Council on June 18, 2019 for additions to the holiday light display. The Beautification budget for the welcome sign was less than estimated. Senior supplies has increased due to increased activity. An expense budget is included for the Train and Grain Festival.

General Escrow Fund – Hotel/Motel tax collections have increased, insurance claim collections has been more than an average year, and the balance transfer of the economic development incentive from the General Fund is included. The entertainment expense for the Train and Grain Festival was approved by the City Council on April 2, 2019. Maintenance and repairs are increased for insurance claims.

Enterprise Escrow Fund – Due to increased interest rates interest income is higher than budgeted. Excess wastewater impact fees were refunded in the current fiscal year.

**YEAR-END BUDGET ADJUSTMENTS
FY 2018-2019**

<u>ACCOUNT DESCRIPTION</u>	<u>ACCT NUMBER</u>	<u>REVENUES</u>	<u>EXPENSES</u>	<u>COMMENTS</u>
General Fund				
Municipal Court Fines & Fees	01-3400-00-00	\$ (50,000.00)		Decrease fines revenue
Recreation Fees	01-3500-00-00	\$ 20,000.00		Increase Recreation revenue
Permits & Fees	01-3510-00-00	\$ 15,000.00		Increase Permits revenue
Property Tax - Delinquent	01-3610-00-00	\$ (17,000.00)		Decrease delinquent property tax revenue
Property Tax - Current	01-3620-00-00	\$ 115,000.00		Increase property tax revenue
Sales Tax	01-3680-00-00	\$ 350,000.00		Increase sales tax revenue
Franchise Fees - Utilities	01-3682-00-00	\$ 70,000.00		Increase franchise fees Atmos & Oncor
Franchise Fees - Cable TV	01-3683-00-00	\$ (33,000.00)		Decrease franchise fees Charter & SW Bell
Building Permits	01-3703-00-00	\$ 55,000.00		Increase building permit revenue
Rental Inspection Fees	01-3706-00-00	\$ 52,000.00		Increase rental inspection revenue
Grant Assistance	01-3800-00-00	\$ (10,000.00)		Decrease UNT reimbursement for intern
Other Income	01-3910-00-00	\$ 83,500.00		Playground Donation
Other Income	01-3910-00-00	\$ (14,500.00)		Decrease in other misc revenue
Interest Earnings	01-3950-00-00	\$ 134,000.00		Increase interest income
Bank Charges	01-7200-02-00		\$ 10,000.00	Increased credit card processing fees
Overtime	01-4015-06-00		\$ 15,000.00	Increased overtime expense
Social Security	01-4150-06-00		\$ 1,150.00	Increase social security expense
TMRS	01-4160-06-00		\$ 3,230.00	Increase retirement contribution expense
Contract Services - Mowing	01-5245-06-00		\$ (20,000.00)	Decrease mowing expense
Contract Services - Mowing	01-5245-07-00		\$ (35,000.00)	Decrease mowing expense
Capital Outlay/Special Request	01-7000-08-00		\$ 9,550.00	Pool chair lift replacement
Gasoline	01-4850-12-00		\$ (80,000.00)	Decrease fuel expense
Economic Development Reimb	01-6140-13-00		\$ (5,000.00)	Reduce Econ Dev reimbursement
Professional Services	01-6650-13-00		\$ 5,000.00	TIRZ feasibility study
Economic Development Incentive	01-6141-13-00		\$ (13,000.00)	Reduce Econ Dev incentive
Building Improvement Grants	01-6142-13-00		\$ 13,000.00	Increase funding for grants
Transfer to GF Escrow	01-9221-13-00		\$ 22,000.00	Transfer balance of Econ Dev incentive
Economic Development Incentive	01-6141-13-00		\$ (22,000.00)	Transfer balance of Econ Dev incentive
Training	01-6150-14-00		\$ 2,300.00	Required cyber security training
GENERAL FUND TOTAL		\$ 770,000.00	\$ (93,770.00)	
INCREASE IN FUND BALANCE			\$ 863,770.00	

**YEAR-END BUDGET ADJUSTMENTS
FY 2018-2019**

<u>ACCOUNT DESCRIPTION</u>	<u>ACCT NUMBER</u>	<u>REVENUES</u>	<u>EXPENSES</u>	<u>COMMENTS</u>
<u>Debt Service Fund</u>				
Property Tax - Delinquent	04-3610-00-00	\$ (11,000.00)		Decrease delinquent property tax revenue
Property Tax - Current	04-3620-00-00	\$ 67,000.00		Increase property tax revenue
Interest Earnings	04-3950-00-00	\$ 40,000.00		Increase interest income
DEBT SERVICE FUND TOTAL		\$ 96,000.00	\$ -	
INCREASE IN FUND BALANCE			\$ 96,000.00	
<u>Enterprise Fund</u>				
Wastewater Surcharge	05-3650-00-00	\$ 450,000.00		Increase wastewater surcharge revenue
Penalties	05-3671-00-00	\$ (10,000.00)		Decrease penalty revenue
Other Income	05-3910-00-00	\$ 15,000.00		Increase misc income
Interest Earnings	05-3950-00-00	\$ 87,000.00		Increase interest income
Water - Fort Worth	05-6810-50-00		\$ (120,840.00)	Decrease water purchase expense
Wastewater Service - Fort Worth	05-6820-50-00		\$ 399,730.00	Increase wastewater treatment expense
Saginaw Blvd 12" WL Ph 2	05-7018-55-00		\$ 28,810.00	Project cost increase
Park Center Tank Rehab	05-7020-55-00		\$ 55,530.00	Project cost increase
Fairmount Sewer Rehab PH1	05-7021-55-00		\$ (571,500.00)	Project delay - reduce FY expense
FM 156 Utility Relocation	05-7023-55-00		\$ (784,000.00)	Project delay - reduce FY expense
I&I Repairs PH1	05-7024-55-00		\$ (146,000.00)	Project delay - reduce FY expense
BNSF Utility Relocation	05-7026-55-00		\$ 25,500.00	New project - FY estimated expense
ENTERPRISE FUND TOTAL		\$ 542,000.00	\$ (1,112,770.00)	
INCREASE IN FUND BALANCE			\$ 1,654,770.00	

**YEAR-END BUDGET ADJUSTMENTS
FY 2018-2019**

<u>ACCOUNT DESCRIPTION</u>	<u>ACCT NUMBER</u>	<u>REVENUES</u>	<u>EXPENSES</u>	<u>COMMENTS</u>
<u>Capital Projects Fund</u>				
Bailey Boswell Reimb- Tarrant Co.	06-3851-00-00	\$ (2,875,000.00)		Reduce reimbursement from county for BB overpass
Interest Earnings	06-3974-00-00	\$ 83,000.00		Increase interest income
Tax Note Proceeds	06-3611-00-00	\$ 2,000,000.00		Tax Note proceeds - 2019
Bailey Boswell Overpass	06-4052-17-00		\$ (3,310,000.00)	Project delay - reduce FY expense
Cost of Issuance	06-5115-19-00		\$ 43,000.00	Cost of issuance tax note - 2019
CAPITAL PROJECTS FUND TOTAL		\$ (792,000.00)	\$ (3,267,000.00)	
INCREASE IN FUND BALANCE			\$ 2,475,000.00	

<u>CCPD Fund</u>				
Sales Tax	11-3680-00-00	\$ 75,000.00		Increase sales tax revenue
Interest Earnings	11-3950-00-00	\$ 6,000.00		Increase interest income
DRAINAGE UTILITY FUND TOTAL		\$ 81,000.00	\$ -	
INCREASE IN FUND BALANCE			\$ 81,000.00	

<u>Drainage Utility Fund</u>				
Drainage Utility Fees	14-3645-00-00	\$ 17,000.00		Increase drainage utility revenue
Interest Earnings	14-3950-00-00	\$ 20,000.00		Increase interest income
Design East Cement Creek	14-7000-00-00		\$ (259,900.00)	Project delay - reduce FY expense
DRAINAGE UTILITY FUND TOTAL		\$ 37,000.00	\$ (259,900.00)	
INCREASE IN FUND BALANCE			\$ 296,900.00	

**YEAR-END BUDGET ADJUSTMENTS
FY 2018-2019**

<u>ACCOUNT DESCRIPTION</u>	<u>ACCT NUMBER</u>	<u>REVENUES</u>	<u>EXPENSES</u>	<u>COMMENTS</u>
<u>Street Maintenance Fund</u>				
Sales Tax	16-3680-00-00	\$ 22,000.00		Increase sales tax revenue
Interest Earnings	16-3950-00-00	\$ 14,000.00		Increase interest income
South Streets	16-4008-00-00		\$ (51,000.00)	Anderson Street delayed
Capital Project	16-7000-00-00		\$ (45,000.00)	delayed - concrete panels at RR crossings
Capital Project	16-7000-00-00		\$ (434,480.00)	delayed Burlington Rd reconstruction
STREET MAINTENANCE FUND TOTAL		\$ 36,000.00	\$ (530,480.00)	
INCREASE IN FUND BALANCE			\$ 566,480.00	
<u>Donation Fund</u>				
Donations - Train and Grain	20-3940-67-00	\$ 30,000.00		Train and Grain revenue
Special Programs	20-5232-61-00		\$ 10,000.00	Firework show
Special Programs	20-5232-61-00		\$ 2,500.00	Fourth of July celebration
Capital Outlay	20-7000-61-00		\$ 24,595.00	Holiday light display
Capital Outlay	20-7000-63-00		\$ 15,000.00	Holiday light display
Capital Outlay	20-7000-63-00		\$ (12,000.00)	Welcome sign savings
Supplies	20-4750-64-00		\$ 3,200.00	Senior Center supplies increase
Supplies	20-4750-67-00		\$ 30,000.00	Train and Grain expenses
USE OF FUND BALANCE		\$ 43,295.00		
DONATION FUND TOTAL		\$ 73,295.00	\$ 73,295.00	

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<u>ACCOUNT DESCRIPTION</u>	<u>ACCT NUMBER</u>	<u>REVENUES</u>	<u>EXPENSES</u>	<u>COMMENTS</u>
<u>General Escrow Fund</u>				
Hotel Motel Tax	21-3677-31-00	\$ 6,000.00		Increase Hotel/Motel tax revenue
Hotel Motel Tax	21-3677-32-00	\$ 35,000.00		Increase Hotel/Motel tax revenue
Insurance Claims	21-3904-43-00	\$ 16,000.00		Increased insurance collections
Transfer from General Fund	21-9101-00-00	\$ 22,000.00		Transfer balance of Econ Dev incentives
Entertainment Expense	21-5232-31-00		\$ 16,500.00	Train and Grain entertainment expense
Maintenance and Repairs	21-4900-43-00		\$ 14,710.00	Insurance maintenance and repairs
GENERAL ESCROW FUND TOTAL		\$ 79,000.00	\$ 31,210.00	
INCREASE IN FUND BALANCE			\$ 47,790.00	
<u>Enterprise Escrow Fund</u>				
Interest Earnings	25-3950-51-00	\$ 35,000.00		Increase interest income
Impact Fee Refunds	25-6503-52-00		\$ 43,600.00	Refund excess wastewater impact fees
USE OF FUND BALANCE		\$ 8,600.00		
GENERAL ESCROW FUND TOTAL		\$ 43,600.00	\$ 43,600.00	