



**FARMERS BRANCH**  
TEXAS

# Budget 101 – Fiscal Year 2025–26

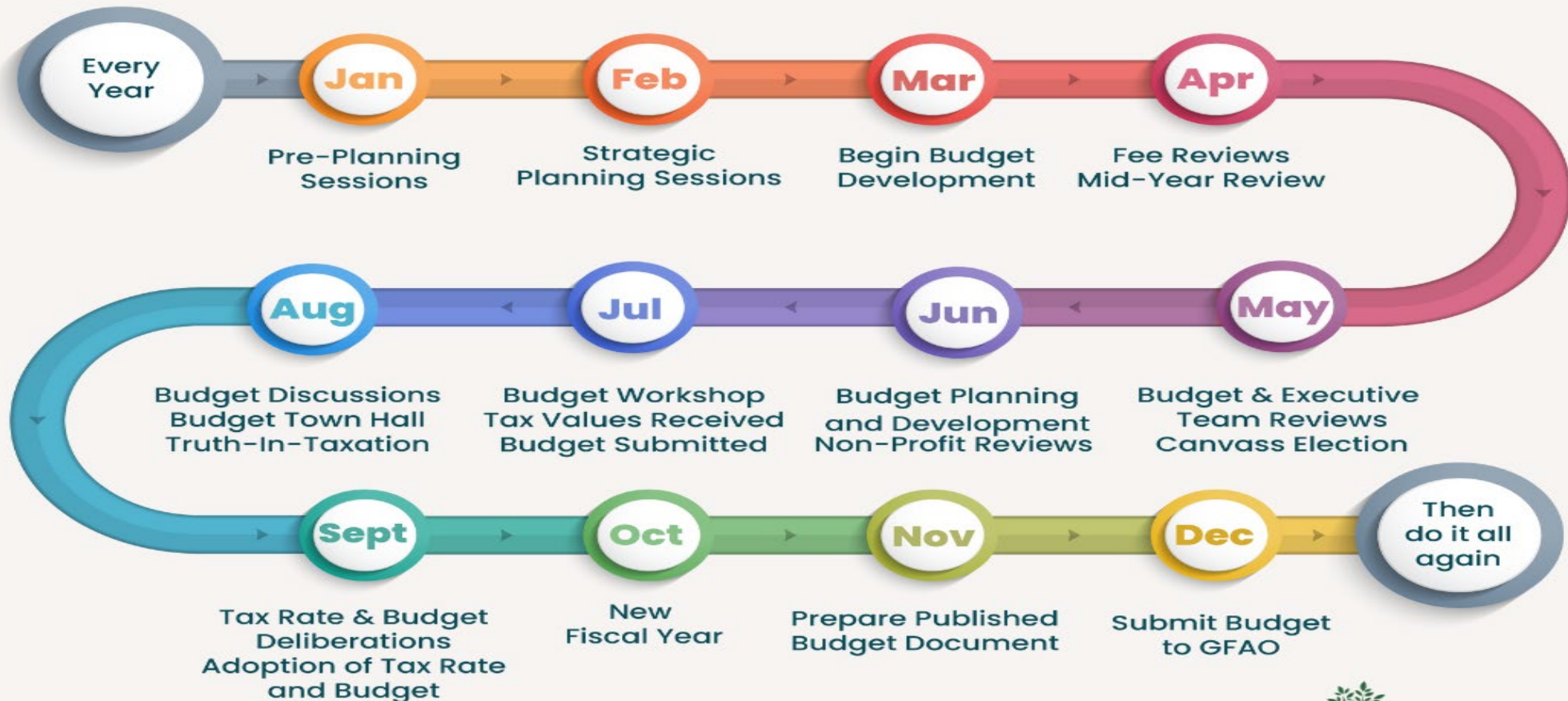
City Council Orientation | June 23, 2026

---

Presented By: Finance Department

# Strategic Planning Sessions

ARE THE FIRST STEP IN THE BUDGET PROCESS



## GENERAL FUND

### GENERAL GOVERNMENT

Budget \$26,821,600

**GENERAL GOVERNMENT**

- General Government
- Legal
- General Contracts
- Non-Departmental

**GENERAL ADMIN & COMMUNICATIONS**

**ECONOMIC DEVELOPMENT /TOURISM**

**PLANNING**

**SUPPORT SERVICES**

**HUMAN RESOURCES**

**FINANCE**

- Accounting
- Finance Administration
- Purchasing
- Municipal Court

**INNOVATION & TECHNOLOGY**

**COMMUNITY SERVICES, BUILDING INSPECTION &**

**CODE ENFORCEMENT**

**ANIMAL SERVICES**

### PUBLIC WORKS

Budget \$10,292,600

**PUBLIC WORKS**

- Public Works Administration
- Street Maintenance

**SUSTAINABILITY & PUBLIC HEALTH**

### PUBLIC SAFETY

Budget \$37,435,900

**POLICE**

- Police Administration
- Police Investigations
- Police Patrol
- Police Detention
- Police Communications

**FIRE**

- Fire Administration
- Fire Prevention
- Fire Operations

### CULTURE & RECREATION

Budget \$16,713,200

**PARKS & RECREATION**

- Facilities Management
- Park Administration
- Park Maintenance
- Recreation Center
- Aquatics Center
- Branch Connection
- Events
- Park Boards

**LIBRARY**

## OTHER FUNDS

### DEBT SERVICE

Budget \$7,916,200

- Property Tax
- Supported Debt Self Supporting Debt

### ECO DEVO

Budget \$1,655,000

- Purchase/Sale of Property
- Development Incentives

### SPECIAL REVENUE

Budget \$6,275,027

- Forfeitures;
- Donations; Grants;
- PID/TIRZ; Legally Req'd Funding

### FIXED ASSETS

Funds are being phased out.

### REVENUE STABILIZATION

Budget \$1,061,100

- Sales Tax Liabilities
- Separation Reserves
- Neighborhood Partnerships

## ENTERPRISE FUND

### PUBLIC WORKS

Budget \$36,929,900

**PUBLIC WORKS**

- Water & Sewer Administration
- Water & Sewer Operations
- Stormwater Utilities

## INTERNAL SERVICE FUNDS

### INTERNAL SERVICES

Budget \$6,172,900

**FLEET MANAGEMENT**

### WCF

Budget \$601,700

**WORKERS' COMPENSATION FUND**

### HCF

Budget \$5,420,300

**HEALTH CLAIMS FUND**

## HOTEL/MOTEL FUND

### CULTURE & RECREATION

Budget \$3,737,400

**PARKS**

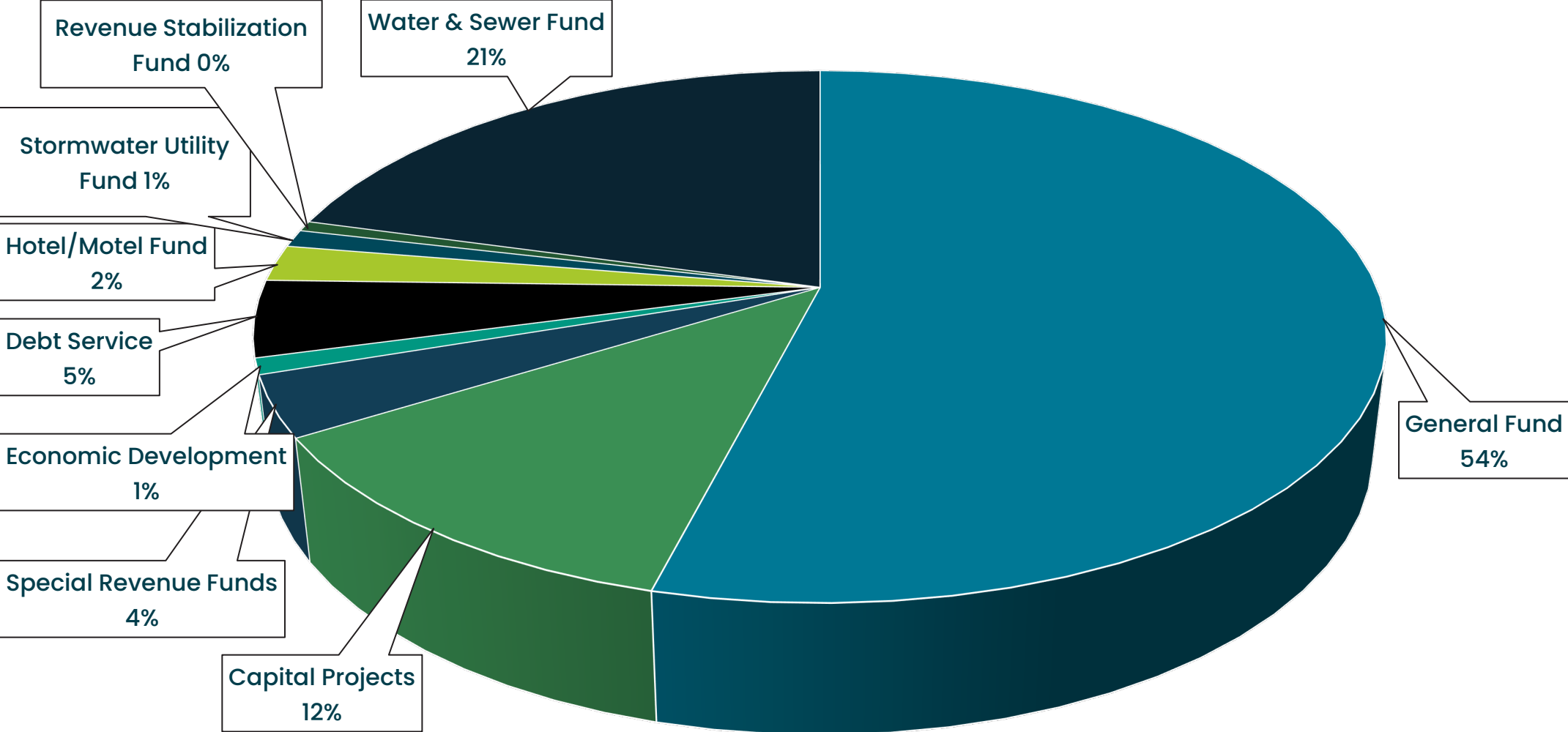
- Historical Preservation
- Event Center

**TOURISM**

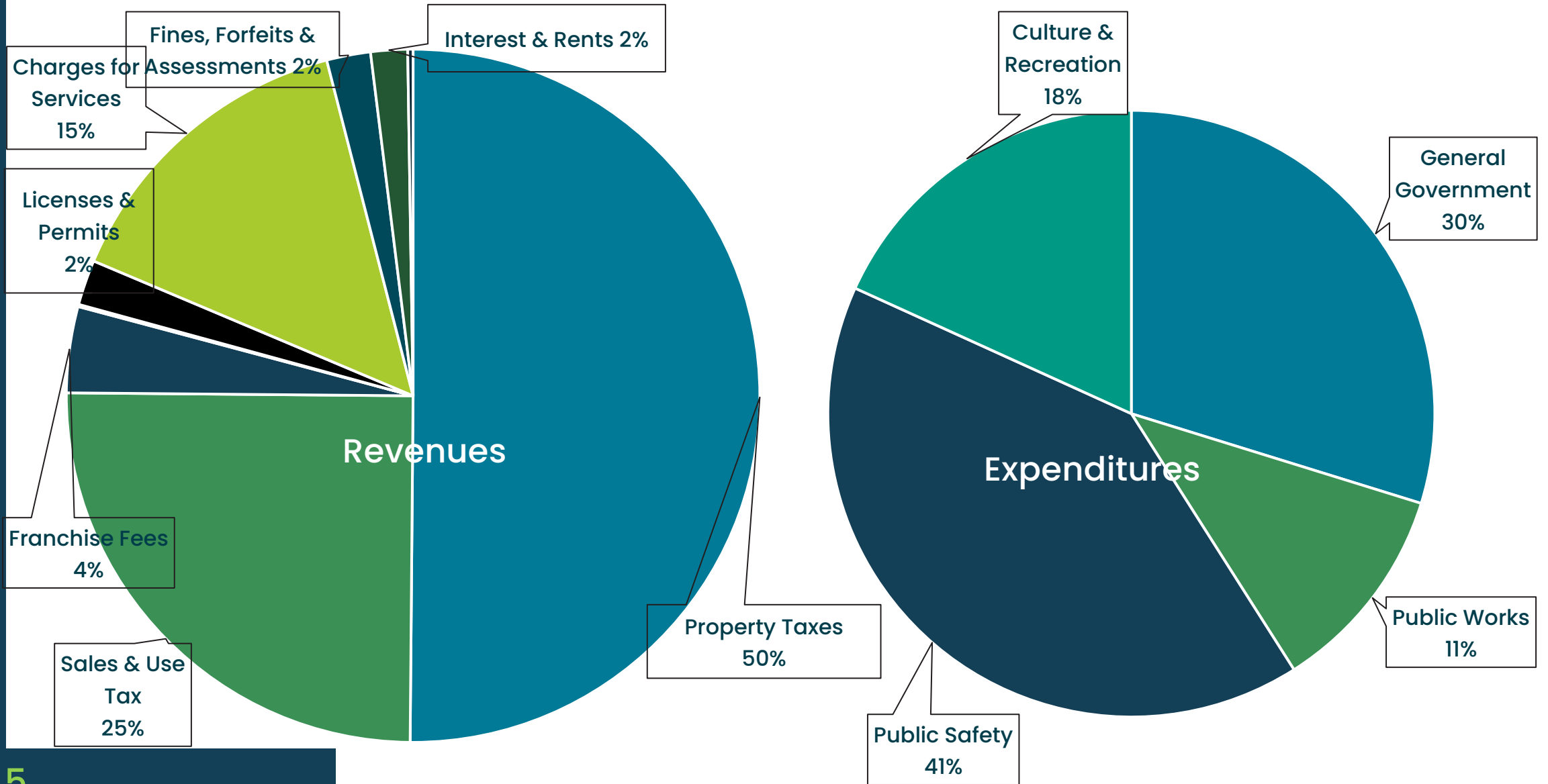
- Tourism
- Convention Center

Internal Service & Fixed Assets are not operating funds. Funding is recouped from other funds.

# OVERVIEW | Total 2025-26 Adopted Budget



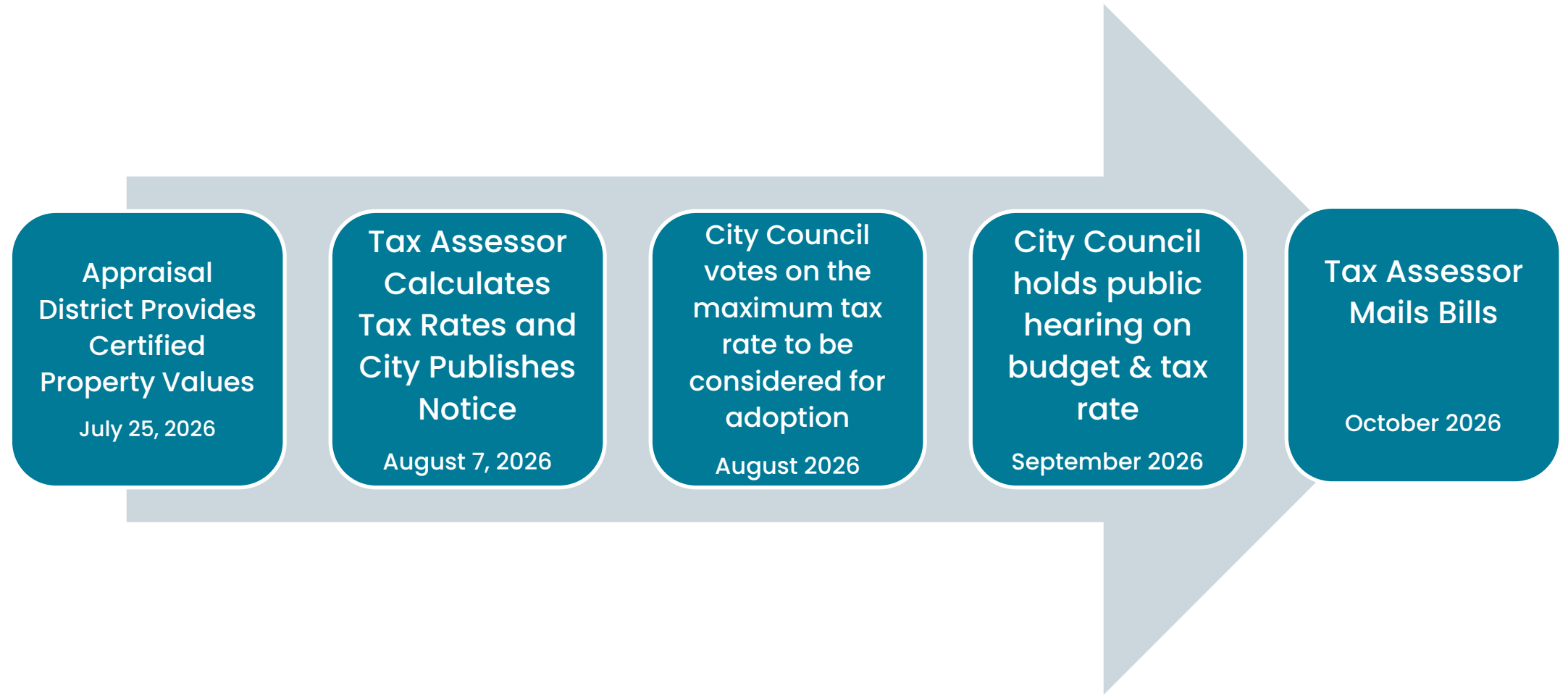
# GENERAL FUND | Overview



# GENERAL FUND | Revenues

---

## PROPERTY TAX RATE PROCESS

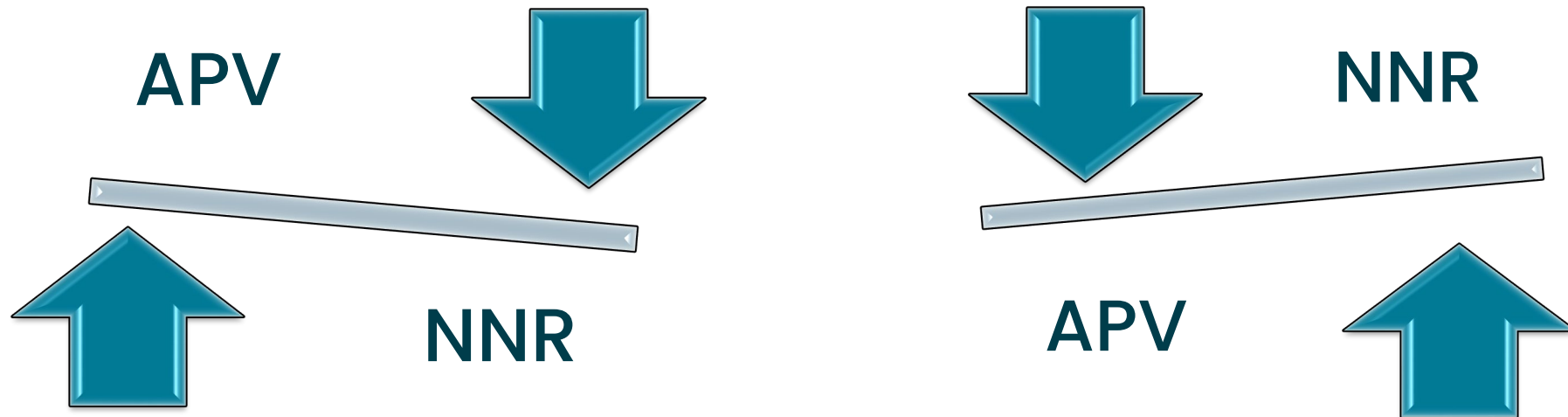


# GENERAL FUND | Revenues

---

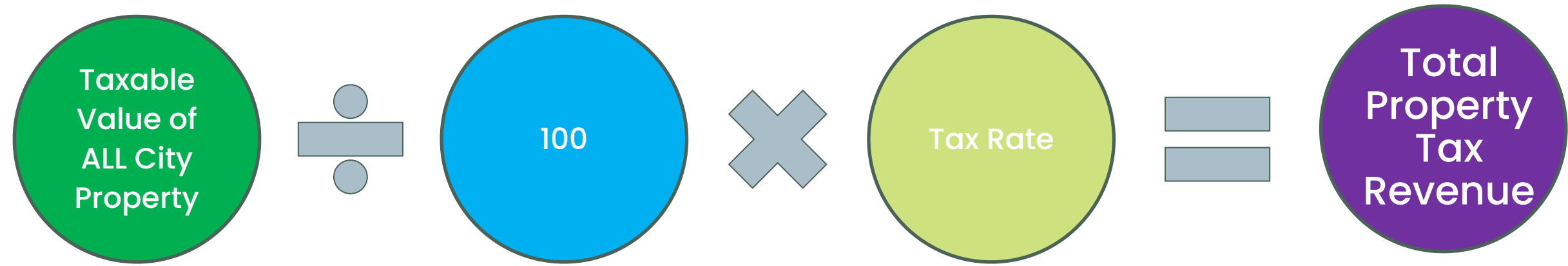
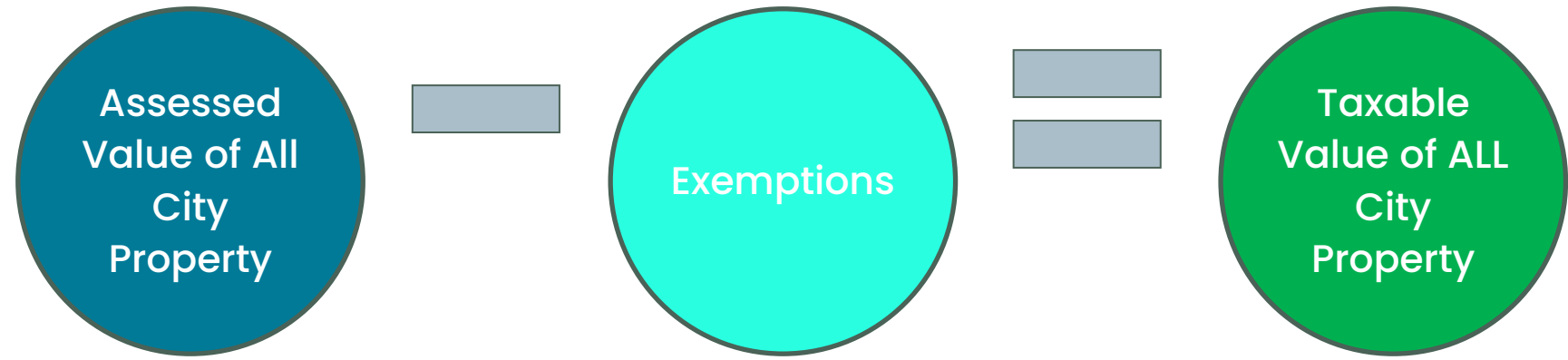
## PROPERTY TAX RATE PROCESS: SEESAW EFFECT

APV = APPRAISED PROPERTY VALUE    NNR: NO NEW REVENUE RATE



# GENERAL FUND | Revenues

## PROPERTY TAX REVENUE CALCULATION



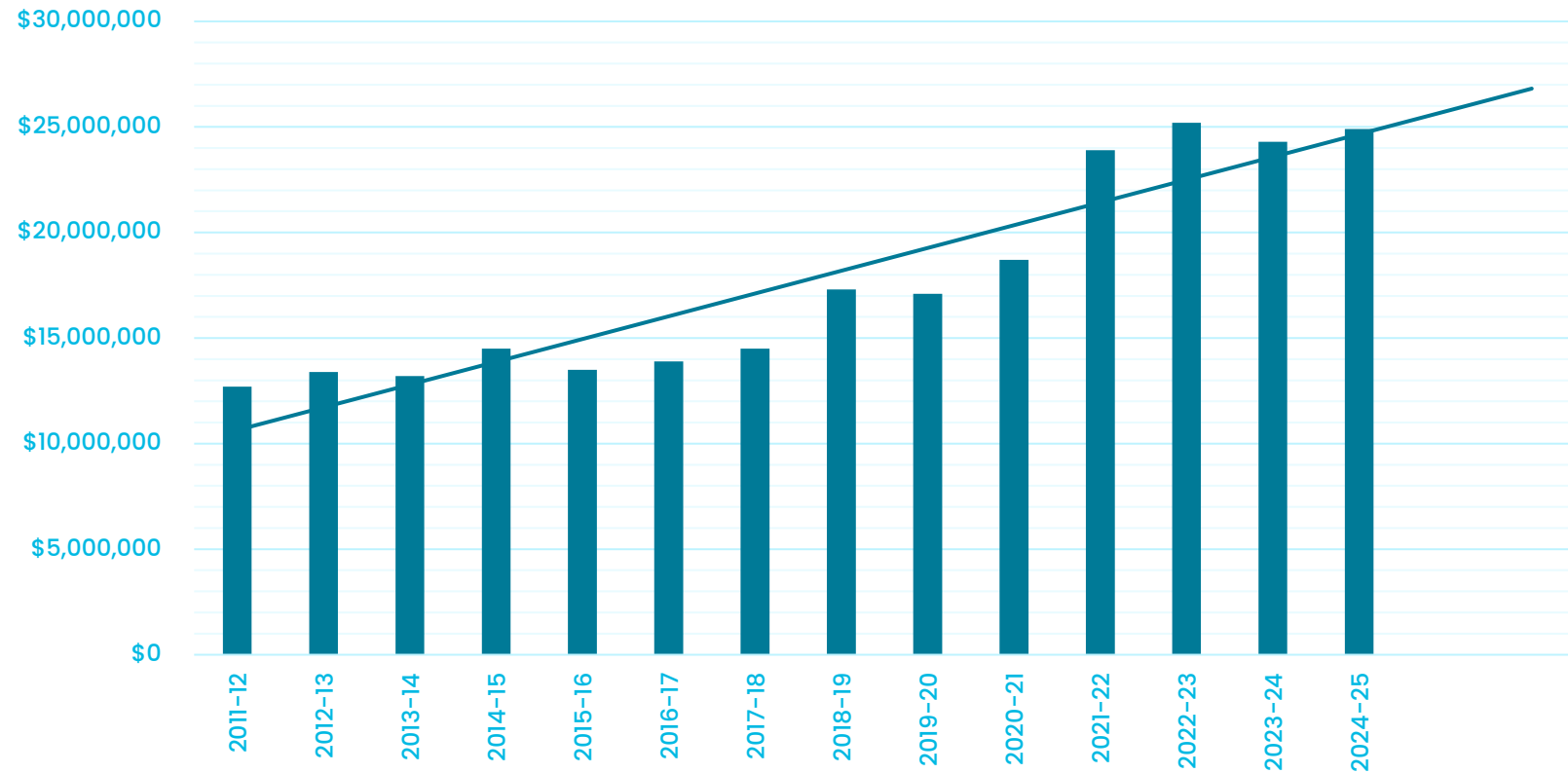
- Average Tax Bill:  $\$452,788 \div 100 \times 0.5435 = \$2,460 = \$2,460$
- \$1,969 after senior/homestead exemptions

# GENERAL FUND | Revenues

## SALES & USE TAX - \$23.0M Budget

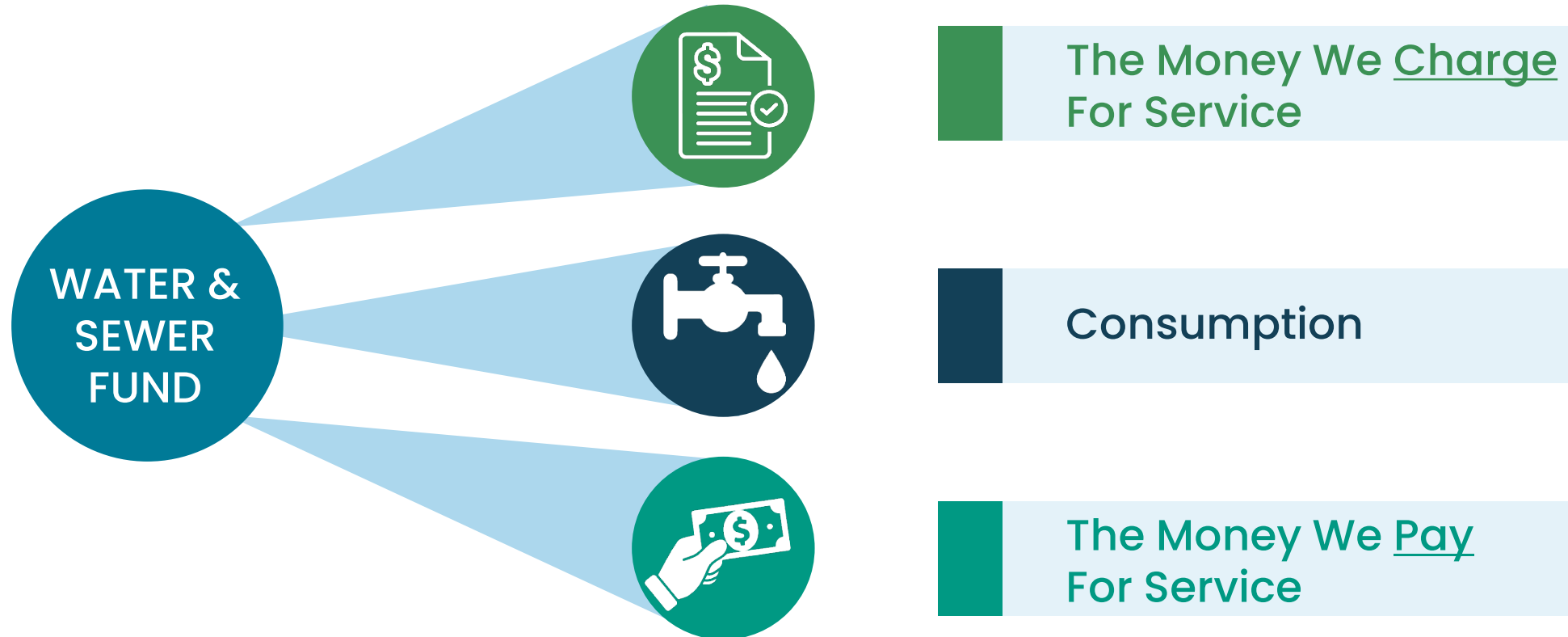
### Historical Sales Tax Revenue

Fiscal Year	Total
2011-12	\$12.7M
2012-13	\$13.4M
2013-14	\$13.2M
2014-15	\$14.5M
2015-16	\$13.5M
2016-17	\$13.9M
2017-18	\$14.5M
2018-19	\$17.3M
2019-20	\$17.1M
2020-21	\$18.7M
2021-22	\$23.9M
2022-23	\$25.2M
2023-24	\$24.3M
2024-25	\$24.9M



# Water & Sewer | Overview

- PROPRIETARY FUNDS OR ENTERPRISE FUNDS



All three work together to determine the financial success of the Water & Sewer Fund

# WATER & SEWER | Overview

Revenues		
Water Service	\$ 22,694,000	64.2%
Sewer Service	11,507,000	32.6%
Other Charges for Service	790,100	2.2%
Interest	330,000	0.9%
Miscellaneous	1,800	0.0%
<b>Total Revenues</b>	<b>\$ 35,322,900</b>	

Expenditures		
Water & Sewer Administration	\$ 6,643,400	18.9%
Water & Sewer Operations	28,503,000	81.1%
<b>Total Expenditures</b>	<b>\$ 35,146,400</b>	

**Net Income** \$ 176,500

## KEY OBSERVATIONS

- The Water & Sewer Fund has no debt, unlike many other cities. The upgrades/repairs to infrastructure are done thru pay-go funding (transfers).
- Water & Sewer Fund is projecting a \$6.6M fund balance at September 30, 2026
- Pages 145 - 150

# HOTEL/MOTEL | Overview

Revenues	
	2025-26 Adopted
Hotel/Motel Taxes	\$ 3,600,000
Events	47,900
Event Center	127,000
Interest	80,000
Miscellaneous	37,500
<b>Total Revenues</b>	<b>\$ 3,892,400</b>
Expenditures	
Historical Preservation	\$ 1,336,400
Event Center	\$ 297,600
Promotion of Tourism	1,940,900
Convention	162,700
<b>Total Expenditures</b>	<b>\$ 3,737,600</b>
<b>Net Income</b>	<b>\$ 154,800</b>

## What Is the Hotel–Motel (HOT) Tax?

- A tax paid by guests staying in local hotels
  - Not paid by residents
- Levied under Texas Tax Code Chapter 351
- Used to support tourism and convention-related activities
  - Uses must support creation of “heads in beds”
- HOT funds **CANNOT** be used for general City operations.
- Pages 157 – 164



# DEBT SERVICE | Overview

---



## TOTAL 2025-26 DEBT SERVICE EXPENDITURES - \$7,871,720

- A total of \$5.63M of Tax-Supported Principal and Interest will be due during 2025-26.
- A total of \$2.24M of Self-Supported Principal and Interest will be due during 2025-26.
- Total Outstanding Debt: \$103.05M (\$75.9M in Principal)
  - \$36.7M Self-Supported
- Pages 165 -183

# Capital Program Snapshot

- Total CIP (all funds): \$20.6M
- Primary focus areas:
  - Street rehabilitation & mobility
  - Parks & trails improvements
  - Water & sewer system upgrades
  - Facility and station area improvements
- Pages 209 – 249



# FUND BALANCES

## COMBINED SUMMARY OF ESTIMATED REVENUES, EXPENDITURES AND FUND BALANCES - SELECT FUNDS

### FISCAL YEAR 2025-26 BUDGET

		GENERAL FUND	WATER & SEWER FUND	HOTEL/ MOTEL FUND	STORMWATER FUND
<b>FUND BALANCE 9/30/2024</b>	[1]	\$ 22,211,703	\$ 6,517,130	\$ 2,498,307	\$ 450,989
2024-25 ESTIMATED REVENUES		89,680,300	30,706,500	4,171,900	1,798,000
2024-25 ESTIMATED EXPENDITURES		89,517,744	30,775,284	3,796,950	1,803,439
<b>ADDITION TO (USE OF) FUND BALANCE SUB-TOTAL</b>	[2]	162,556	(68,784)	374,950	(5,439)
<b>ESTIMATED FUND BALANCE 9/30/2025</b>		\$ 22,374,259	\$ 6,448,346	\$ 2,873,257	\$ 445,550
2025-26 ESTIMATED REVENUES		91,999,900	35,322,900	3,892,400	1,798,000
2025-26 ESTIMATED EXPENDITURES		91,771,200	35,146,400	3,737,600	1,798,000
<b>ADDITION TO (USE OF) FUND BALANCE SUB-TOTAL</b>	[2]	228,700	176,500	154,800	0
<b>ESTIMATED FUND BALANCE 9/30/2026</b>		\$ 22,602,959	\$ 6,624,846	\$ 3,028,057	\$ 445,550
<b>TARGET BALANCES</b>					
	Preferred 90 Days	\$ 21,708,425 [3]	\$ 4,000,000	\$ 1,000,000	\$ 1,000,000
	High 72 Days	\$ 17,366,740 [3]	\$ 2,500,000	\$ 1,000,000	\$ 400,000
	Low 54 Days	\$ 13,025,055 [3]	\$ 2,000,000	\$ 600,000	\$ 200,000

## KEY OBSERVATIONS

- General Fund Unassigned – budget shows \$22.6M. Preferred fund balance is \$21.7M.
- AAA Bond Rating – Received in July 2025 from S&P and Fitch due to strong reserves and low debt.
- Pages 251 – 252

# Questions

---



**FARMERS BRANCH**  
TEXAS