



INFORMATION MEMORANDUM

To: Mayor Robert C. Dye & City Council

Thru: Charles S. Cox, City Manager

From: Sherrelle Evans-Jones, Director of Finance

Date: September 21, 2020

Subject: 2019-20 Amended Budget & 2020-21 Proposed Budget Changes

The budget process is a yearly activity as set forth in the City Charter. The City Council adopts an annual budget prepared by City Administration, which is part of the strategic planning process the City uses to proactively forecast programs needed in a growing community. The budget process starts each year with a review of the strategic plan and city staff analyzing new projects and goals that the City Council has identified as areas of interest and would like to see developed into the strategic plan. The Finance department then updates projections of major revenue sources to determine whether total expenditures will need to be adjusted accordingly.

As part of the annual budget process, City Administration provides departments with guidelines to be used in preparing budget requests. The budget process is broken down into three parts: a year-end estimate, a base budget for the upcoming year, and identifying new programs and priorities for the new fiscal year. The City utilizes a conservative, realistic strategy when projecting revenues and expenditure. Revenue and expenditure patterns are closely monitored so that adjustments to spending can be implemented as needed. The City considers many influences and trend analysis to develop and manage the budget as the year progresses.

The first process, the year-end estimate, is a projection of revenues and expenditures for the remainder of the current fiscal year. All accounts are evaluated to determine whether they need to be adjusted from the current budget level and accounts that are over or under budget are revised to meet year-end needs. New projects are added to the year-end estimate as directed by City Council. Budget changes that do not affect the "bottom line" total for a department, but transfer dollars from one account to another within a department's operating budget, or changes between divisions within a department, are allowed at the City Manager's discretion. Any budget adjustment that brings about a change in the total appropriation for a department may be allowed by the City Manager, based on the City's ability to fund the request, provided the adjustment does not result in a change in total fund appropriations.

2019-20 YEAR-END ESTIMATES

The following outlines changes made to the current year's budget as a result of the year-end budget estimate process.

2019-20 REVENUE ADJUSTMENTS

FUND	CATEGORY	DESCRIPTION	CY ORIG BUD	ADJUSTED BUDGET	YEAR-END REQUEST	YEAR-END ADJUSTMENT
General Fund	Taxes	Sales & Use	-17,500,000	-17,500,000	-17,330,000	170,000
General Fund	Charges for Services	Aquatic Center Fees	-350,000	-253,500	-167,000	86,500
General Fund	Charges for Services	Building Use Fees	-625,000	-521,900	-431,000	90,900
General Fixed Assets	Miscellaneous	Insurance Recovery	0	0	-20,700	-20,700
General Fixed Assets	Miscellaneous	Insurance Recovery	0	-1,900	-4,300	-2,400
Economic Development	Miscellaneous	Miscellaneous	0	0	-500,000	-500,000
Economic Development	Miscellaneous	Sale of Assets	0	0	-2,407,800	-2,407,800
Hotel/Motel	Taxes	Hotel/Motel Taxes	-3,100,000	-3,085,700	-2,035,000	1,050,700
Special Revenue Funds	Police Forfeitures	Police Funds	-40,000	-40,000	-1,000	39,000
Special Revenue Funds	Police Forfeitures	Interest	-5,000	-5,000	-2,500	2,500
Special Revenue Funds	Donations	Employee Benefit Donations	0	0	-31,300	-31,300
Special Revenue Funds	Truancy Prevention	Local Truancy Prevention Fund	0	0	-11,900	-11,900
Special Revenue Funds	Youth Scholarship	Interest	-200	-200	-300	-100
Special Revenue Funds	Grants	State Grant - E-Rate Internet	0	0	-9,100	-9,100
Special Revenue Funds	Grants	State Grant - Cares Dal Cnty	0	-529,738	-2,648,690	-2,118,952
Special Revenue Funds	Grants	Federal Grant - Police Uniform	-24,750	-24,750	-24,800	-50
Special Revenue Funds	Grants	Federal Grant - Safer	-133,237	-233,905	-363,600	-129,695
Special Revenue Funds	Grants	State Grant - HHS Cares Act	0	0	-12,700	-12,700
Special Revenue Funds	Grants	State Grant - Covid CESF Program	0	0	-44,500	-44,500
Special Revenue Funds	Building Security	Building Security	-32,000	-32,000	-30,000	2,000
Special Revenue Funds	Landfill Closure/Postclosure	Sale of Assets	0	0	-535,900	-535,900
Special Revenue Funds	Court Technology	Court Fines	-39,000	-39,000	-35,000	4,000
Special Revenue Funds	Court Technology	Interest	-1,000	-1,000	-500	500
Special Revenue Funds	Municipal Juvenile	Municipal Jury Receipts	0	0	-100	-100
Special Revenue Funds	Red Light	Red Light Enforcement	0	0	-5,900	-5,900
Special Revenue Funds	PEG	Interest	-2,000	-2,000	-2,700	-700
Special Revenue Funds	Joint Fire Training	Interest	-400	-400	-500	-100
Special Revenue Funds	Police Forfeitures	Federal Equitable Sharing	0	0	-42,500	-42,500
Special Revenue Funds	Police Forfeitures	Interest	0	0	-3,200	-3,200
Special Revenue Funds	TIRZ 3	Interest	-4,000	-4,000	-13,000	-9,000
Special Revenue Funds	TIRZ 3	Admin Contribution	-81,600	-81,700	-84,900	-3,200
Special Revenue Funds	Residential Revitalization	Interest	0	0	-5,100	-5,100
Special Revenue Funds	Huffines Extension	Interest	-12,000	-12,000	-13,500	-1,500
Water & Sewer	Charges for Services	Residential Water	-4,973,500	-5,323,500	-5,673,500	-350,000
Water & Sewer	Charges for Services	Commercial Water	-7,301,700	-7,301,700	-7,500,000	-198,300
Water & Sewer	Charges for Services	Apartment Water	-3,369,500	-3,408,900	-3,769,500	-360,600
Water & Sewer	Charges for Services	City Water	-383,000	-383,000	-550,000	-167,000
Water & Sewer Fixed Ass	Miscellaneous	Sale of Assets	0	0	-5,100	-5,100
Stormwater	Miscellaneous	Interest	-30,000	-30,000	-55,000	-25,000
Internal Service	Charges for Services	Parts & Labor - Shop	-1,687,200	-1,687,200	-1,807,800	-120,600
Internal Service	Charges for Services	Departmental Sales	-354,300	-354,300	-442,900	-88,600
Internal Service	Charges for Services	Dept / Warehouse Overhead	-237,100	-272,400	-277,100	-4,700
Internal Service Fixed Ass	Miscellaneous	Sale of Assets	0	0	-1,800	-1,800
CIP		Transfer In - Non-Departmental	0	-1,287,000	0	1,287,000

2019-20 EXPENDITURE ADJUSTMENTS

FUND	DEPT/DIVISION	CATEGORY	CY ORIG BUD	ADJUSTED BUDGET	YEAR-END REQUEST	YEAR-END ADJUSTMENT
General Fund	Non-Departmental	Transfer from Hotel/Motel Fund	(576,000)	(576,000)	(288,000)	288,000
General Fund	Sustainability	Personnel Services/Benefits	326,100	332,700	240,500	(92,200)
General Fund	Sustainability	Personnel Services/Benefits	108,500	108,500	76,400	(32,100)
General Fund	Sustainability	Personnel Services/Benefits	73,300	74,600	62,100	(12,500)
General Fund	Police Investigations	Personnel Services/Benefits	1,414,700	1,477,600	1,410,800	(66,800)
General Fund	Police Investigations	Personnel Services/Benefits	287,600	299,700	290,400	(9,300)
General Fund	Police Patrol	Personnel Services/Benefits	4,761,400	4,940,900	4,712,600	(228,300)
General Fund	Police Patrol	Personnel Services/Benefits	926,200	961,900	916,000	(45,900)
General Fund	Police Patrol	Personnel Services/Benefits	73,100	76,100	61,600	(14,500)
General Fund	Fire Operations	Personnel Services/Benefits	6,422,300	6,662,300	6,601,300	(61,000)
General Fixed Assets	Accounting	Computer	168,276	305,076	288,300	(16,776)
General Fixed Assets	Innovation & Tech	Other	30,000	15,000	-	(15,000)
General Fixed Assets	Library	Building/Infrastructure	385,000	385,000	7,900	(377,100)
Hotel/Motel Fixed Assets	Historical Preservation	Computer	42,069	76,269	72,069	(4,200)
Water & Sewer Fixed Assets	Utility Operations	Computer	210,345	381,345	360,345	(21,000)
Economic Development	Economic Development	Other Objects	750,000	1,405,200	1,505,200	100,000
Economic Development	Economic Development	Other Objects	-	600,000	1,800,000	1,200,000
Hotel/Motel	Historical Preservation	Repair & Maintenance	47,500	42,400	37,500	(4,900)
Hotel/Motel	Historical Preservation	Services	20,000	20,000	15,000	(5,000)
Hotel/Motel	Historical Preservation	Special Services	111,000	111,000	63,000	(48,000)
Hotel/Motel	Historical Preservation	Other Objects	-	133,200	-	(133,200)
Hotel/Motel	Tourism	Other Objects	-	167,600	-	(167,600)
Hotel/Motel	Tourism	Transfer to General Fund	576,000	576,000	288,000	(288,000)
Special Revenue Funds	Human Resources	Donations	900	900	32,200	31,300
Special Revenue Funds	Animal Services	Donations	5,260	5,260	5,300	40
Special Revenue Funds	Historical Preservation	Donations	1,400	1,400	-	(1,400)
Special Revenue Funds	Innovation / Library	Grants	-	-	9,100	9,100
Special Revenue Funds	Police Patrol	Grants	24,750	24,750	24,800	50
Special Revenue Funds	Fire Operations	Grants	96,825	170,097	299,600	129,503
Special Revenue Funds	Fire Operations	Grants	16,950	29,619	29,700	81
Special Revenue Funds	Fire Operations	Grants	18,058	31,723	31,800	77
Special Revenue Funds	Fire Operations	Grants	1,404	2,466	2,500	34
Special Revenue Funds	Fire Operations	Grants	-	-	1,400	1,400
Special Revenue Funds	Fire Operations	Grants	-	-	44,500	44,500
Special Revenue Funds	Fire Operations	Grants	-	-	11,300	11,300
Special Revenue Funds	Municipal Court	Building Security	5,000	5,000	3,500	(1,500)
Special Revenue Funds	Municipal Court	Court Technology	11,500	11,500	7,500	(4,000)
Special Revenue Funds	Police Training	Red Light	316,312	256,312	6,400	(249,912)
Special Revenue Funds	Economic Development	TIRZ 3	80,000	80,000	84,900	4,900
Special Revenue Funds	Economic Development	TIRZ 3	8,200	8,200	8,100	(100)
Special Revenue Funds	Economic Development	Residential Revitalization	104,500	2,351,500	750,000	(1,601,500)
Debt Service	Tax Supported Debt	Agent Fees & Interest	15,000	15,000	16,000	1,000
Debt Service	Tax Supported Debt	Agent Fees & Interest	1,601,100	1,717,100	1,717,000	(100)
Debt Service	Tax Supported Debt	Agent Fees & Interest	-	-	45,200	45,200
Debt Service	Tax Supported Debt	Agent Fees & Interest	-	3,307,400	3,291,000	(16,400)
Water & Sewer	Utility Operations	Personnel Services/Benefits	1,363,200	1,356,000	1,329,100	(26,900)
Water & Sewer	Utility Operations	Production & Disposal	5,189,200	5,189,200	4,188,100	(1,001,100)
Water & Sewer	Utility Operations	Production & Disposal	5,714,200	5,714,200	5,344,100	(370,100)
Internal Services	Fleet Management	Inventory	876,400	864,000	949,600	85,600
Internal Services	Fleet Management	Inventory	365,000	365,000	493,300	128,300

PROPOSED FISCAL YEAR BUDGET 2020-21

The following staff changes and City Council recommendations have been incorporated into the Proposed Fiscal Year 2020-21 Operating and Capital Improvement Program Budget since it was submitted on July 31, 2020.

- General Fund Expenditures – Increase: \$3,247,800
 - Non-Departmental Division – Increased *Transfer to Non-Bond CIP* by \$500,000 {\$1.5 million total] for additional street maintenance funding.
 - Municipal Court Division – Increased *Supplies* by \$11,500 and *Services* by \$46,700 for costs previously absorbed in the Court Technology Special Revenue Fund. The Court Technology Fund did not receive sufficient revenues in the 2019-20 fiscal year to support proposed maintenance costs previously charged to the fund.
 - Innovation & Technology Division – Increased *Repairs & Maintenance* by \$9,000 for licensing costs related to the new transparency portal.
 - Police Patrol Division – Increased *Services* by \$80,000 for the addition of a Mental Health Unit. Increased *Supplies* by \$30,000 for the purchase of police patrol vests.
 - Police Training Division – Increased *Services* by \$3,000 for the purchase of Spanish language.
 - Parks Administration Division – Increased *Services* by \$10,000 to provide 75th Anniversary funding.
 - Parks Maintenance Division – Increased *Personnel Services/Benefits* by \$75,000 due to staff restructuring. [A position is being moved from the Historical Preservation division. Most of the increase impacting the General Fund will be absorbed by a delay in funding Recreation staff and a vacant Marketing Coordinator in the Events division.]
 - Recreation Division – Decreased *Personnel Services/Benefits* by \$51,200 to partially offset staff restructuring costs. [See Parks Maintenance Division detail.]
 - Events Division – Decreased *Personnel Services/Benefits* by \$16,200 to partially offset staff restructuring costs. [See Parks Maintenance Division detail.]
 - Library Division – Increased *Transfer to Fixed Assets* by \$2,550,000 to fund library improvements.
 - In addition to the above, some department *Service* categories have been adjusted to reflect a change in terms in the City’s electricity contract. The net impact of the change is \$0.

- Hotel/Motel Fund Expenditures – Decrease: \$75,000
 - Historical Preservation Division – Decreased *Personnel Services/Benefits* by \$75,000 due to staff restructuring. [See General Fund Parks Maintenance Division detail.]
- Debt Service – Tax Supported Debt – Revenue & Expenditure Decrease of \$314,100: Removed anticipated funding for proposed Series 2020 Certificates of Obligation designed to support renovations and improvements to the Manske Library.
- Special Revenue Funds – Revenue Decrease \$1,264,500; Expenditure Decrease \$1,049,200:
 - Grants Fund – Revenue and Expenditure Decrease \$1,264,500: CARES Act funding was moved to 2019-20 as total revenue was received in early September 2020.
 - Court Technology Fund – Expenditure Decrease \$34,700: Repairs and maintenance costs typically absorbed by this fund have been moved to the General Fund due to insufficient funds.
 - Photographic Light System Fund – Expenditure Increase of \$250,000: Added funding for the addition of two license plate reader intersection additions totaling \$250,000.
- Fixed Asset Proposed Transfers – Revenue Increase \$2,110,000: Increased by \$2,550,000 for library improvements, which is offset by a decrease of \$440,000 as a result of reclassifying the Recreation Center Renovation Project to a Capital Improvement Project.
- Fixed Asset Planned Purchases – Net Increase \$2,487,100: Increased by \$2,927,100 due to the deferral of roof replacement costs for the Manske Library totaling \$377,100 and additional funding of \$2,550,000 for library improvements. Decreased by \$440,000 due to the reclassification of the Recreation Center Renovation Project to a Capital Improvement Project.
- Non-Bond CIP Fund – Revenue Increase: \$1,499,594 [Added \$500,000 from General Fund Non-Departmental; \$559,594 from Dallas County; \$440,000 from General Fixed Asset Fund] Expenditure Increase: \$1,994,137:
 - General Fund Non-Departmental Division – Added \$500,000 for additional Street Maintenance Funding [funded by General Fund].
 - Non-Bond CIP Fund – Added \$75,000 for Streetscape Enhancements (City monument sign on Midway) and \$110,000 for Quiet Zones on Valley View [funded with fund balance].
 - Added \$209,594 for a CDBG project (replacement of sewer lines along Bee Street and Springvale Lane) and \$350,000 CDBG CARES Act project (replacement of sewer main along Dennis Lane from Cooks Creek to Fyke Road). Funding

provided by Dallas County. *[Note: The actual cost of the Bee Street and Springvale Lane project is \$227,300; however, the difference in cost is covered with remaining prior year CDBG funds.]*

- General Fund Recreation Division – Reclassified Recreation Center Renovation Project from a Fixed Asset to a Capital Improvement Project. [General Fund Recreation division funding from 2019-20 and proposed funding for fiscal year 2020-21 has been moved as well as prior year fund balance assignments totaling \$312,000. An additional prior year fund balance assignment totaling \$76,000 from General Fund – Non-Departmental division was also moved to the project]. Total project revenue and expenditure change of \$1,228,000; fiscal year 2020-21 revenue and expenditure change of \$440,000.
- General Fund Parks Maintenance Division – Reallocated a portion of Park Maintenance division project expenditures to the Recreation Center division renovation project totaling \$241,837.
- Library Renovations CIP Fund – Fund has been removed. Total FY 20-21 Project Revenue Reduction of \$10,277,000 and Total FY 20-21 Project Expenditure Reduction of \$6,496,500. Anticipated bonds will not be issued.