



Legislation Text

File #: ORD-3440, Version: 1

Consider adopting Ordinance No. 3440 amending the City's 2016-17 Fiscal Year Operating Budget, amending the Capital Improvements Program Budget, directing City expenditures be made in accordance with the budget as amended; and take appropriate action.

BACKGROUND:

City Administration has presented the City Council with updated operating and capital improvement program budget projections as part of the Mid-Year Budget Review earlier this afternoon. A comprehensive Financial Conditions Analysis report has also been presented. The proposed mid-year budget meets the multi-year financial objectives approved by the City Council.

Overall, General Fund expenditures were originally approved at \$55,272,300 and the proposed mid-year budget reflects a decrease of \$352,100 or total expenditures of \$54,920,200. The recommended General Fund adjustments, by category, are:

Personal Services & Benefits increased \$948,100 due primarily to the implementation of the 2015-16 compensation study and the distribution of merit/retention pay throughout departments (funding for these expenditures was held in *Non-Departmental Other Objects - Personnel Reserve*), which have been partially offset by position vacancies.

Purchased Professional & Technical Services increased \$52,100 due to an expense for contracted staffing as a result of a position vacancy (position vacancy resulted in savings within the *Personal Services & Benefits* category and is reflected in the total above).

Supplies increased \$32,700 due to unexpected hardware expenses for the North Texas Emergency Communications Center totaling \$17,100 and the reclassification of the Everbridge Emergency Notification System subscription totaling \$15,600 from a fixed asset account.

Repairs & Maintenance increased \$79,800 due to the addition of a joint Dallas County roadway project totaling \$150,000 (offset by revenue) and increased maintenance costs for the City's agenda system totaling \$3,900. The total category increase is partially offset by savings in facilities services at the Recreation Center totaling \$8,700 and the Manske Library totaling \$65,400.

Services decreased \$110,700 due primarily to removing an expense (and related revenue) for a landfill equalization fee totaling \$93,000 [this expense will be paid by Republic] and moving expenses related to Farmers Branch Creek totaling \$57,000 to the Stormwater Fund. The total category decrease is partially offset by an increase for a city-wide property survey totaling approximately \$30,000 and minor increases and decreases in departmental dues, training initiatives, and liability insurance premiums totaling \$9,300.

Other Objects decreased \$1,320,800 due primarily to the distribution of compensation study and merit/retention reserves throughout departments. The total decrease was partially offset by an increase

of a) \$20,000 to update conceptual plans for the Manske Library, b) \$28,500 in increased retiree insurance reserves, and c) \$10,000 for a Library benchmarking study.

Transfers (Non Personnel Related) decreased \$33,300 due to a fixed asset reclassification totaling \$15,600; savings in the estimated cost of a) fire ladder truck totaling \$88,000, b) training tower cap fee totaling \$9,500, c) postage machine totaling \$4,100, d) financial software totaling \$50,000; and, the addition of fixed asset purchases consisting of a) one replacement animal box totaling \$9,400, b) two traffic signal cabinets totaling \$26,000, c) one replacement police car totaled by an intoxicated driver totaling \$38,500, and d) three replacement UV panels at the pool totaling \$60,000.

Total General Fund Change (\$352,100)

Overall, expenditures for the Enterprise Funds were originally approved at \$20,811,600 and the proposed mid-year budget reflects an increase of \$1,403,300 or total expenditures of \$22,214,900. The recommended adjustments, by category, are:

Purchased Professional & Technical Services increased \$274,200 in the Stormwater Fund due to increased legal costs related to Farmers Branch Creek.

Production & Disposal increased \$1,879,100 due to increases from the Trinity River Authority.

Transfers decreased \$750,000 due to expenditures for the Belt-Marsh Pump Station capital project totaling less than expected.

Total Enterprise Funds Change \$1,403,300

Overall, expenditures for the Internal Service Funds were originally approved at \$8,587,700 and the proposed mid-year budget reflects an increase of \$409,300 or total expenditures of \$8,997,000. The primary change in the Internal Service Funds is within the Health Claims Fund, which is estimated to increase by \$409,100 due to an increase in health claims incurred totaling \$361,100, increased administrative fees totaling \$80,000, a reduction in stop/loss premiums totaling \$28,200, and a reduction in contingencies totaling \$3,800. A minor adjustment totaling \$200 is anticipated within the Fleet & Facilities Management Fund to cover increased Medicare expenses in the Fleet Management division.

Total Internal Service Funds Change \$409,300

Overall, expenditures for the Hotel/Motel Fund were originally approved at \$3,511,000 and the proposed mid-year budget reflects an increase of \$411,900 or total expenditures of \$3,922,900. The primary change in the Hotel/Motel Fund is related to a transfer from the Convention Center to the Hotel/Motel CIP Fund in the amount of \$383,000 to support improvements at the DrPepper StarCenter. An additional \$28,900 increase is included within the Historical Preservation division for a park improvements study.

Total Hotel/Motel Fund Change \$411,900

The budget ordinance provides for the administrative approval of a transfer of unencumbered appropriations between departments to fund operations and these adjustments are reflected in the “Adjusted Budget 2016-17” column of the financial summaries. Proposed budget amendments are displayed in the “Proposed Amended

Budget 2016-17” column.

FUND BALANCE OVERVIEWS

GENERAL FUND

The 2016-17 adopted budget projected a \$195,000 use of fund balance and a most realistic projection adding \$105,000. The mid-year review projects a use of fund balance totaling \$61,300 with a most realistic projection adding \$238,700 to fund balance, which meets the City’s financial policy definition of a balanced budget.

The proposed 2016-17 mid-year budget includes revenue reductions totaling \$218,400 and expenditure reductions totaling \$352,100 and estimates a most realistic ending fund balance of \$8,495,863 (approximately 16.43% of adjusted expenditures), which is within the target fund balance range of 15-20% of actual expenditures. Details of the revenue and expenditure adjustments are included in the attached exhibit.

ENTERPRISE FUNDS

WATER & SEWER FUND

The 2016-17 adopted budget projected an addition to fund balance totaling \$1,350,600 with a most realistic projection adding \$1,450,600 to fund balance. The mid-year review projects a use of fund balance totaling \$1,171,700 with a most realistic projection using \$1,071,700 of fund balance.

The proposed 2016-17 mid-year budget includes revenue reductions totaling \$1,393,200 and expenditure increases totaling \$1,403,300 and estimates a most realistic ending fund balance of \$216,793, which is well below the target balance of \$2,000,000. This substantial decline in fund balance is due to primarily to increases passed on from the Trinity River Authority and lower than expected water consumption. If these trends continue, future water and sewer rate increases will be necessary in order to increase fund balances to targeted levels. Details of the expenditure adjustments are included in the attached exhibit.

STORMWATER FUND

The 2016-17 adopted budget projected revenues \$1,284,000 and projected expenditures \$1,024,800. The proposed mid-year budget reflects a revenue adjustment of \$15,000 and an expenditure adjustment of \$274,200. Details of the revenue and expenditure adjustment are included in the attached exhibit.

INTERNAL SERVICE FUNDS

The proposed 2016-17 mid-year budget includes revenue adjustments totaling \$139,100 and expenditure adjustments totaling \$409,300. Details of the revenue and expenditure adjustments are included in the attached exhibit and relate primarily to the Health Claims Fund.

HOTEL/MOTEL FUND

The 2016-17 adopted budget projected a use of fund balance of \$598,000 with a most realistic projection using

\$523,000 of fund balance. The mid-year review projects a use of fund balance totaling \$846,900 with a most realistic projection using \$771,900 of fund balance.

The proposed 2016-17 mid-year budget includes revenue adjustments totaling \$163,000 and expenditure adjustments totaling \$411,900 and estimates a most realistic ending fund balance of \$1,085,215, which is well above the target fund balance of \$300,000. Details of the revenue and expenditure adjustments are included in the attached exhibit.

DEBT SERVICE FUND

The Debt Service Fund has been changed to reflect actual costs and fund balances for the year ending 9/30/16 and includes a 2016-17 expenditure addition of \$600,000 for a transfer from the Stars Center Debt Service Fund to the Hotel/Motel CIP Fund to support improvements at the DrPepper StarCenter. No additional changes have been made to the fund. The Debt Service Fund is presented in entirety beginning on page 6-1 of the budget document.

ECONOMIC DEVELOPMENT FUND

The Economic Development Fund has been changed to reflect actual fund balances for the year ending 9/30/16 and includes a 2016-17 expenditure increase of \$200,000 in inventory gain/loss due to additional property sales within the fund. No additional changes have been made to the fund. The Economic Development Fund is presented in entirety on page 7-1 of the budget document.

SPECIAL REVENUE FUNDS

The Special Revenue Funds have been changed to reflect actual fund balances for the year ending 9/30/16. The proposed 2016-17 mid-year budget includes revenue reductions totaling \$100,283 and expenditure reductions totaling \$154,283. Details of the revenue and expenditure adjustments are included in the attached exhibit. The Special Revenue Funds are presented in entirety beginning on page 7-2 of the budget document.

FIXED ASSET FUND

The 2016-17 adopted budget detailed a 9/30/16 estimated fund balance of \$764,138, estimated revenues of \$3,654,478, expenditures of \$3,418,800, and an assignment for future purchases of \$45,578. The mid-year review reflects an actual 9/30/16 fund balance of \$815,098, revised revenues of \$3,651,864, revised expenditures of \$3,442,286, and an assignment for future purchases of \$19,478. Details of the revenue and expenditure adjustments are included in the attached exhibit. The Fixed Asset Fund is presented in entirety beginning on page 7-16 of the budget document.

MULTI-YEAR CIP BUDGET

The multi-year CIP budget is presented and includes adjustments to existing projects. A detailed list of changes is outlined beginning on page 8-3 of the budget document.

DISCUSSION:

Ordinance No. 3440 amends the 2016-17 fiscal year operating and CIP budget to reflect the changes presented during the Mid-Year Budget Review, including expenditure and revenue adjustments made within each operating fund. Approval of this ordinance supports the City's guiding principle of providing for efficient and

fiscally sound government through conservative budgeting spending and resource management.

A copy of the proposed amended budget is available for public review on the City's Website.

RECOMMENDATION:

City Administration recommends the adoption of Ordinance No. 3440 amending the 2016-17 fiscal year operating and capital improvements program budget.

POSSIBLE COUNCIL ACTION:

1. I move to approve adopting Ordinance No. 3440, as presented, amending the City's 2016-17 fiscal year operating budget, amending the capital improvements program budget and directing that City expenditures be made in accordance with the budget as amended.
2. I move to approve adopting Ordinance No. 3440, as presented, amending the City's 2016-17 fiscal year operating budget, amending the capital improvements program budget and directing that City expenditures be made in accordance with the budget as amended, with modifications.
3. I move to table the issue for further study or take no action.

ATTACHMENTS:

1. Exhibit I - Proposed 2016-17 Amended (Mid-Year) Budget Adjustments
2. Ordinance No. 3440
3. Exhibit A - Proposed 2016-17 Amended (Mid-Year) Budget