

Mayor and Council Communication

DATE: 01/27/26

M&C FILE NUMBER: M&C 26-0061

LOG NAME: 03FY2025 CLOSING

SUBJECT

(ALL) Enact Budget Adjustments to Reallocate Resources, Assign and Commit Funds to Facilitate Fiscal Year 2025 Rollover into Fiscal Year 2026, Amend Fiscal Year 2025 and 2026 Operating Budget and Fiscal Years 2026-2030 Capital Improvement Program, and Adopt Appropriation Ordinances

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance reallocating \$4,746,982.00 in appropriations in the General Fund in Fiscal Year 2025 to bring receipts and expenditures into balance in order to finalize and facilitate year-end closure and audit following Mayor and Council Communication 25-0660 by
 - (i) increasing General Fund budgets for the following departments:
 - a. Increase in the City Auditor department by \$4,310.00;
 - b. Increase in the Code Compliance department by \$714,483.00;
 - c. Increase in the Police department by \$2,276,145.00;
 - d. Increase in the Fire department by \$1,622,251.00;
 - e. Increase in the Municipal Courts department by \$18,308.00;
 - f. Increase in the Park department by \$111,485.00; and
 - (ii) decreasing the Non-Departmental department in the General Fund by the same cumulative amount
2. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Group Health Insurance Fund in Fiscal Year 2025 in the amount of \$2,164,855.00, from available net position, in order to comply with fiscal policy;
3. Adopt the attached appropriation ordinance decreasing appropriations in the Culture and Tourism Fund in Fiscal Year 2025 in the amount of \$4,785,650.66 and reducing use of Fund Balance for the purpose of balancing the fund;
4. Adopt the attached appropriation ordinance decreasing appropriations in the Municipal Parking Fund in Fiscal Year 2025 in the amount of \$18,628.00 and reducing use of Net Position for the purpose of balancing the fund;
5. Adopt the attached appropriation ordinance decreasing appropriations in the Municipal Airport Fund in Fiscal Year 2025 in the amount of \$1,310,360.00 and reducing use of Net Position for the purpose of balancing the fund;
6. Designate \$524,555.00 as committed Fiscal Year 2025 fund balance from Fiscal Year 2025 savings in the General Fund for rollover into Fiscal Year 2026 as follows:
 - a. \$5,000.00 City Auditor; and
 - b. \$519,555.00 Property Management;
7. Release previous commitments in the amount of \$10,032,192.00, in the General Fund for sales tax repayment to the State of Texas and designate \$2,999,916.00 as committed for the same purpose;
8. Designate \$15,000,000.00 as committed in the General Fund for the Juneteenth museum;
9. Authorize the assignment in Fiscal Year 2025 of \$32,251,553.00 in fund balance, comprised of \$23,151,553.00 in remaining previously assigned FY24 fund balance for capital shortfalls (M&C 25-0003) and FY 2025 savings in the amount of \$9,100,000.00, consisting of (i) \$2,000,000.00 for 18th floor city hall renovations, (ii) \$3,100,000.00 to shore up the Group Health Insurance Fund, (iii) \$3,000,000.00 for NET Force/FIFA/Hazel Harvey Peace, and (iv) \$1,000,000.00 for library/community art;
10. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in Fiscal Year 2026 in the General Fund in the amount of \$9,624,550.00, from committed and assigned fund balance for:
 - a. funding identified rollovers from FY25 totaling \$524,555.00;
 - b. transfer of \$2,000,000.00 to the General Capital Projects Fund for the renovations of floor 18 of city hall;
 - c. transfer of \$3,100,000.00 to the Group Health Insurance Fund to reduce the current deficit;
 - d. \$3,000,000.00 for NET Force/ FIFA/ Hazel Harvey Peace initiatives; and
 - e. \$1,000,000.00 for the library/community art initiative;
11. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the General Capital Projects Fund in Fiscal Year 2026 in the amount of \$2,000,000.00, transferred from the General Fund, for the purpose of funding the City Hall Maintenance programmable project (City Project No. P00155);
12. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in identified funds in Fiscal Year 2026 by a total combined amount of \$3,561,848.00 for transfer to the Group Health Insurance Fund, for each contributing fund's proportionate share of the current deficit in the Group Health Insurance Fund, with the appropriation from the Crime Control and Prevention District Fund subject to approval of the related budget amendment by the District Board and City Council:
 - 20101 - Culture & Tourism - \$172,032.00
 - 20102 - Municipal Golf - \$53,760.00

- 25001 - Special Revenue MC - \$978.00
- 25005 - Environmental Protection - \$113,385.00
- 25006 - Community Tree Planting Program - \$4,888.00
- 26001 - Crime Control & Prevention District - \$829,860.00
- 52001 - Stormwater Utility - \$168,122.00
- 54001 - Solid Waste - \$94,814.00
- 54501 - Municipal Parking - \$24,436.00
- 55001 - Municipal Airport - \$41,053.00
- 56001 - Water & Sewer - \$1,418,288.00
- 60101 - Fleet & Equipment Services - \$146,618.00
- 60102 - Capital Projects Service - \$197,446.00
- 60105 - Info Technology Systems - \$266,845.00
- 60111 - Risk Financing - \$24,436.00
- 71050 - Retiree Healthcare Trust - \$4,887.00

13. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Group Health Fund in Fiscal Year 2026 by a total of \$6,661,848.00, transferred from various funds to reduce the current deficit in the Group Health Insurance Fund, with \$829,860.00 of this amount subject to approval by the CCPD Board and City Council of an amendment to Crime Control and Prevention District's budget;

14. Authorize transfer of \$289,449.87 in available net position from the Solid Waste Fund to the unspecified Revenue Natural Gas project (UNSRNG) of the Solid Waste Capital Projects Fund; and

15. Amend the Fiscal Year 2025 and Fiscal Year 2026 Operating Budgets and the Fiscal Years 2026-2031 Capital Improvement Program.

DISCUSSION:

The City of Fort Worth's annual Operating Budget is formally enacted into law by City Council action adopting an appropriation ordinance that establishes spending limits for each department's operation.

The purpose of this Mayor and Council Communication (M&C) is to adjust the final budget and authorize transactions to reflect actual performance for the Fiscal Year ending September 30, 2025. Any amounts over budget must be appropriated by action of the City Council, in accordance with the City Charter (Chapter X, Section 5, Expenditures Only Pursuant to Appropriations). This action represents the final step before the external audit can be completed and the Annual Comprehensive Financial Report published after the wind-up M&C (25-0660) approved by City Council on August 12, 2025.

Department Additional Appropriations

Approval of this M&C will amend the Fiscal Year (FY) 2025 Adopted Budget, as approved with Ordinance 27107-09-2024.

Net Position/Fund Balance Adjustments

For multiple funds, the year began with a budgeted contribution to fund balance/net position. But as the fiscal year progressed, additional needs arose, and existing fund balance or net position was appropriated to cover those needs or it was determined a contribution to fund balance/net position was required. Those changes resulted in some funds showing both a contribution to and use of fund balance in the same year, which is not considered best practice and results in the budget being overstated.

Approval of recommendations 2 through 5 and adoption of the associated ordinances corrects this issue by increasing (+) or decreasing (-) the appropriated use of fund balance/net position as follows:

- Group Health Insurance Fund: +\$2,164,855.00
- Culture and Tourism Fund: -\$4,785,650.66
- Municipal Parking Fund: -\$18,628.00
- Municipal Airport Fund: -\$1,310,360.00

Assignments of Fund Balance

General Fund: \$32,776,108.00

Reason: Assigning fund balance is a regular practice as part of the year end close process. Each year, unassigned fund balance is measured against the policy minimum balance. To the extent unassigned fund balance in excess of policy requirements is identified, such amount is compared to known financial needs that fell outside the current operating budget. The following requirements have been identified as prudent uses of the available FY 2025 year-end fund balance:

Description	Amount
Balance of Previously Assigned Fund Balance for Capital Shortfalls (M&C 25-0003)	\$23,151,553.00
Assignment - 18th Floor Renovation	\$2,000,000.00

Department Rollovers	\$524,555.00
Other Assignment: Group Health Fund	\$3,100,000.00
Other Assignment: NET Force/FIFA/Hazel Harvey Peace	\$3,000,000.00
Other Assignment: Library/Community Art	\$1,000,000.00
TOTAL ASSIGNED FUND BALANCE	\$32,776,108.00

Group Health Insurance Fund Deficit

The Group Health Insurance Fund is currently in a deficit due to increased usage based on employee health plans and medical/prescription drug usage. To minimize the deficit, funds that have personnel that contribute to the Group Health Insurance Fund will utilize its reserve balance to shore up the negative balance in the Group Health Insurance Fund. The contribution from each fund was based on the percentage each fund contributes to the Group Health Insurance Fund, which was applied to the total deficit. The total amount transferred from various funds is \$3,561,848.00. An additional \$3,100,000.00 is being transferred from the General Fund for the same purpose.

Funds contributing to the deficit are as follows:

- 10100 - General Fund - \$3,100,000.00
- 20101 - Culture & Tourism - \$172,032.00
- 20102 - Municipal Golf - \$53,760.00
- 25001 - Special Revenue MC - \$978.00
- 25005 - Environmental Protection - \$113,385.00
- 25006 - Community Tree Planting Program - \$4,888.00
- 26001 - Crime Control & Prevention District - \$829,860.00*
- 52001 - Stormwater Utility - \$168,122.00
- 54001 - Solid Waste - \$94,814.00
- 54501 - Municipal Parking - \$24,436.00
- 55001 - Municipal Airport - \$41,053.00
- 56001 - Water & Sewer - \$1,418,288.00
- 60101 - Fleet & Equipment Services - \$146,618.00
- 60102 - Capital Projects Service - \$197,446.00
- 60105 - Info Technology Systems - \$266,845.00
- 60111 - Risk Financing - \$24,436.00
- 71050 - Retiree Healthcare Trust - \$4,887.00

*Appropriation of money from the CCPD Fund is conditional and will only take effect if the CCPD Board and City Council approve the budget amendment.

Commitment of Funds and Rollover

Revision of Committed Fund Balance for Sales Tax Repayment Agreement

General Fund: \$2,999,616.00

Reason: This funding was committed in the Fiscal Year 2024 closing (M&C 25-0003). In 2011 and again in 2021, it was determined that the City of Fort Worth had been paid sales and use taxes for equipment that was later found to be tax-exempt. Agreements were entered into with the State for a multi-year repayment plan. As of the beginning of FY26, the entire outstanding amount (\$11,532,000.00) was committed, and the Comptroller reimbursed itself in the amount of \$1,499,808.00 during the year. Because the City and Comptroller have been successfully operating under multi-year repayment plans for well over a decade and it is highly unlikely the City will be called upon to pay the entire remaining balance all at once, it's been determined that there is no need to continue committing the entire outstanding balance (\$10,032,192.00). Therefore, that previously committed amount is being uncommitted, and only two years' worth of repayment (\$2,999,616.00) will be committed instead (Recommendation 7). The estimated payoff date is the end of 2032.

Previously Committed Fund Balance for Juneteenth Museum Project

Capital Projects: \$15,000,000.00

Reason: This funding was committed in the FY 2024 year-end closing (M&C 25-000). The City of Fort Worth has a standing agreement to fund part of a Juneteenth Museum. The organizers have not yet reached their funding requirements; therefore, the City is retaining the funding as committed fund balance until the additional funding requirements are met.

Committed Fund Balance for Contractual Obligations Rolled Over from Fiscal Year 2025

City Auditor: \$5,000.00

Property Management: \$519,555.00

Current Fiscal Year Appropriation Adjustments

General Fund

General Fund Department	FY2026 Adopted Budget	Prior M&C	Budget Increase	FY2026 Revised Budget
Revenue				
Use of Fund Balance	\$0.00		\$0.00	\$0.00
Expenditures				
City Auditor	\$2,379,913.00		\$5,000.00	\$2,384,913.00
Property Management	\$35,727,695.00	\$22,664.00 Org Changes \$25,000.00 Org changes	\$519,555.00	\$36,294,914.00
Non-Departmental	\$42,168,939.00		\$9,100,000.00	\$51,268,939.00

Group Health Insurance Fund

Group Health Insurance Fund	FY2026 Adopted Budget	Prior M&C	Budget Increase	FY2026 Revised Budget
Revenue				
Use of Fund Balance	\$0.00		\$0.00	\$0.00
Expenditures				
Human Resources	\$106,288,546.00		\$6,661,848.00	\$112,950,394.00

General Capital Projects Fund

General Capital Projects Fund	FY2026 Adopted Budget	Prior M&C	Budget Increase	FY2026 Revised Budget
Revenue				
Use of Fund Balance	\$0.00		\$0.00	\$0.00

Expenditures				
	\$86,851,397.00	M&C -\$3,465,903.64	\$2,000,000.00	\$85,385,493.36

Transfer to Solid Waste

The Solid Waste operating fund ends year 2025 with some additional available net position. Approval of recommendation 14 shifts this amount to the unspecified project in the Solid Waste capital fund for use toward future landfill costs.

Amending Budgets and CIP

In addition to amending the FY25 budgeted as detailed above, approval of this M&C will also amend the Fiscal Year 2026 Adopted Budget, as approved with Ordinance 27979-09-2025, and the Fiscal Years 2026-2031 Capital Improvement Program to fromal include the Floor 18 renovation funds.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations and the adoption of the attached appropriation ordinances, funds will be available in the Fiscal Year 2025 and Fiscal Year 2026 operating and capital budgets as appropriated. Prior to any expenditure being incurred, the participating departments have the responsibility to validate the availability of funds in FY2026.

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Additional Information Contact:

Expedited