



To the Mayor and Members of the City Council

August 13, 2019

Page 1 of 4

**SUBJECT: FY2019 EIGHT-MONTH REVENUE AND EXPENSE BUDGET  
FORECAST**

**V City Forecast Process**

The City conducts formal forecasts of revenues and expenditures after month 5 (M5) and month 8 (M8) of each fiscal year. The forecasts are intended to assist in developing the next year's budget and identifying any issues that need to be addressed during the current fiscal year. Outside of the formal forecast process, departments monitor their budget performance regularly to ensure they stay within the adopted budget.

**General Fund FY2019 M8 Forecast**

The General Fund M8 Forecast shows a potential surplus of \$5M. Revenues are projected to be approximately \$4.5M higher, primarily attributed to higher electricity franchise fees and sales tax revenue. Expenditures are projected to be under budget by \$500k, shown below:

<b>Department</b>	<b>Projected Savings/(Deficit)</b>
City Attorney	\$0
City Auditor	62,930
City Managers Office	0
City Secretary	0
Code Compliance	0
Communications & Public Engagement	0
Economic Development	(4,678,960)
Financial Management	0
Fire Department	(1,374,701)
Human Resources	0
IT Solutions	57,602
Library	1,397,964
Municipal Court	512,858
Neighborhood Services	(24,653)
Park and Recreation	0
Performance and Budget	22,975
Planning & Development	391,571
Police Department	0
Property Management	0
Transportation & Public Works	0
Non-Departmental	4,201,137
<b>Total</b>	<b>\$568,723</b>



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Page 2 of 4

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Below are explanations on any significant variances between forecast and budget:

**DEFICITS**

**Economic Development** – Higher economic development incentives than anticipated due to accelerated development related to Facebook.

**Fire Department** – Fleet costs are higher than anticipated, partially attributed to the delayed implementation of a change in the City's self-insurance program.

**Neighborhood Services** – Costs associated with the privatization of the Cowboy Santa program.

**SURPLUS**

**Library** – Delayed opening of the Golden Triangle Library.

**Non-Departmental** – Less separation leave forecasted than budgeted.

**Special Revenue Funds' FY2019 M8 Forecast**

Fund	Special Revenue Funds							
	Current Budget		Month 8 Forecast		Variance to the Good/(Bad)		Change in Fund Balance	
	Revenues	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Budget	Forecast
Alliance Maintenance Facility	\$2,548,528	\$6,197,476	\$4,888,625	\$5,288,205	\$2,340,097	\$909,271	(\$3,648,948)	(\$399,580)
Botanic Garden	\$5,683,832	\$6,233,832	\$5,572,297	\$6,323,771	(\$111,535)	(\$89,939)	(\$550,000)	(\$751,474)
Culture & Tourism	\$41,722,215	\$41,722,215	\$43,839,866	\$41,345,918	\$2,117,651	\$376,297	\$0	\$2,493,948
Culture & Tourism 2% Hotel	\$6,764,802	\$7,928,328	\$6,959,933	\$7,928,328	\$195,131	\$0	(\$1,163,526)	(\$968,395)
C & T- DFW Rev Sharing	\$5,900,000	\$6,361,589	\$6,190,320	\$6,361,589	\$290,320	\$0	(\$461,589)	(\$171,269)
C & T - Project Finance Zone	\$4,971,576	\$4,571,784	\$6,769,739	\$4,571,784	\$1,798,163	\$0	\$399,792	\$2,197,955
Community Tree Planting Prog	\$400,000	\$400,000	\$837,672	\$400,000	\$437,672	\$0	\$0	\$437,672
Crime Control & Prev District	\$82,893,917	\$82,632,586	\$83,884,126	\$81,007,146	\$990,209	\$1,625,440	\$261,331	\$2,876,980
Environmental Protection	\$3,868,921	\$3,969,857	\$4,327,460	\$4,104,412	\$458,539	(\$134,555)	(\$100,936)	\$223,048
Municipal Golf	\$5,276,702	\$5,276,702	\$4,578,534	\$4,706,373	(\$698,168)	\$570,329	\$0	(\$127,839)
Red Light Enforcement Program	\$10,290,271	\$10,290,271	\$5,819,993	\$7,690,129	(\$4,470,278)	\$2,600,142	\$0	(\$1,870,136)

**Alliance Maintenance Facility** – The budget was adopted based on the prior level of revenue and agreements in place at that time. Subsequent agreements have significantly increased revenues to reduce the use of fund balance estimated at \$400k. This higher level of revenue is also anticipated in FY2020. The fund is forecasted to be in compliance with fund balance reserve requirements.

**Botanic Gardens Fund** – Anticipated to be over budget due to the additional pension contributions which were enacted in FY2019. The additional expenditures along with the lower revenues will increase the use of fund balance to an estimated \$750k. The fund is forecasted to be out of compliance with fund balance reserve requirements.

To the Mayor and Members of the City Council

August 13, 2019

Page 3 of 4



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**Culture & Tourism Funds** – Revenues in all funds have exceeded budget and result in approximately \$4.8M additional fund balance collectively than budgeted. The fund is forecasted to be in compliance with fund balance reserve requirements.

**Environmental Fund** - Over budget due to retirement and some additional environmental clean-up costs associated with City facilities. The Environmental Fund had additional revenues that will offset the aforementioned costs. The fund is forecasted to be in compliance with fund balance reserve requirements.

**Municipal Golf Fund** - Forecasted to have a net loss of \$430k, this loss will have to be covered by the General Fund if the forecast holds through the remainder of the year. The fund is forecasted to be out of compliance with fund balance reserve requirements.

**Red Light Enforcement Fund** - Will be closed in FY2019 as a result of the recent State Legislative Session and residual funds will be transferred to the General Fund to be utilized for traffic safety improvements.

**Proprietary Funds' FY2019 M8 Forecast**

Proprietary Funds									
Fund		Adjusted Budget		Month 8 Forecast		Variance to the Good/(Bad)		Change in Net Position	
		Revenues	Expenses	Revenues	Expenses	Revenues	Expenses	Budget	Forecast
Internal Service	Capital Projects Service	\$14,097,033	\$14,510,056	\$14,906,996	\$14,491,548	\$809,963	\$18,508	(\$413,023)	\$415,448
	Fleet & Equipment Serv	\$28,743,809	\$28,743,809	\$28,083,272	\$28,104,971	(\$660,537)	\$638,838	\$0	(\$21,699)
	Group Health Insurance Fund	\$84,747,939	\$84,747,939	\$77,524,933	\$68,959,582	(\$7,223,006)	\$15,788,357	\$0	\$8,565,351
	Retiree Healthcare Trust	\$35,189,052	\$32,526,049	\$32,256,448	\$28,506,764	(\$2,932,604)	\$4,019,285	\$2,663,003	\$3,749,684
	Risk Financing	\$20,316,823	\$20,483,201	\$20,723,067	\$19,025,165	\$406,244	\$1,458,036	(\$166,378)	\$1,697,902
Enterprise	Municipal Airport	\$7,149,309	\$7,149,309	\$7,686,191	\$7,032,633	\$536,882	\$116,676	\$0	\$653,558
	Municipal Parking	\$8,753,798	\$9,410,731	\$8,518,588	\$8,738,343	(\$235,210)	\$672,388	(\$656,933)	(\$219,755)
	Solid Waste	\$66,086,956	\$68,190,090	\$62,005,964	\$68,083,661	(\$4,080,992)	\$106,429	(\$2,103,134)	(\$6,077,697)
	Stormwater Utility	\$40,675,017	\$49,675,017	\$40,577,214	\$49,655,023	(\$97,803)	\$19,994	(\$9,000,000)	(\$9,077,809)
	Water & Sewer	\$459,498,200	\$459,498,200	\$454,908,035	\$450,536,118	(\$4,590,165)	\$8,962,082	\$0	\$4,371,917

No proprietary funds are anticipated to be over budget.

**Fleet Services Fund** is forecasted to be in compliance with both reserve requirements.

**Group Health & Retiree Trust Funds** - Forecasted less revenue and expenditures associated with the transition of the Local 440 Firefighters Health Plan. Furthermore, plan changes have currently reduced the claims within these funds.

**Municipal Parking Fund** is forecasted to be in compliance with all three reserve requirements.

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Page 4 of 4

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**Solid Waste Fund** - Significant revenue shortfall associated with reduced recycling revenues (~\$3.3M) along with increased recycling costs, contract collection costs and other customary cost increases over time. A consultant has been hired and is already working on evaluating contracts, contractor performance, best practices, opportunities for system adjustments, etc. A plan to correct this imbalance will be presented to the City Council in the fall of 2019. The fund is forecasted to be out of compliance with one of the three reserve requirements.

**Stormwater Fund** – The FY2019 Adopted Budget included the planned use of net position for additional pay as you go capital projects included in the 2019 – 2023 Capital Improvement Plan. The fund is forecasted to be in compliance with all three reserve requirements.

**Water & Sewer Fund** - Forecasted less revenues due to current water usage and expenses have been reduced to account for the lower revenues.

**Wind-Up M&C**

Actions needed based on the M8 forecast will be taken on August 27<sup>th</sup> in the FY2019 Wind-Up M&C. This M&C will include the budget adjustments needed to rectify the items identified above and address any other known budgetary issues.

**Future Reporting**

Moving forward, the Performance & Budget Department will provide an informal report to the City Council after the M5 and M8 forecasts. In addition, an informal report on the year-end budget performance will be provided to the City Council late November or early December each year.

If you have any questions, please call Terry Hanson, Assistant Director Performance & Budget, at 817-392-7934.

**David Cooke**  
**City Manager**