
MEMORANDUM

TO: Honorable Mayor and City Council

FROM: Debbie Mol, Director of Finance

DATE: July 1, 2019

SUBJECT: Fiscal Year 2018-19 Amended Summary of Changes

The fiscal year 2018-19 budget was adopted on September 4, 2018 for the financial plan of operations beginning October 1, 2018 to September 30, 2019. The budget was amended January 7, 2019 to add budget for open purchase orders and contracts that rolled from fiscal year 2017-18 to 2018-19, along with a few minor departmental changes that occurred after the adoption of the fiscal year 2018-19 budget. Highlighted below is a summary of the major changes that occurred after adoption of the budget on September 4, 2018:

General Fund:

The General Fund is projected to have excess expenditures over revenues of \$534,400 mainly due to additional overtime expenses of Police Services related to effective special impact operations to minimize crime. City Management requested budget reductions from all departments that have been incorporated into the amended budget. These reductions total almost \$400,000. In addition, City Management has instructed departments to minimize spending for the remainder of the fiscal year as appropriate while maintaining current operations. Below describes the major changes to Revenues and Expenditures of the General Fund for the amended budget.

Revenues

- Most revenues are trending with adopted budget; however, a few adjustments have been made to match revenue trends:
 - Increase in General Property Taxes of \$150,000.
 - Decrease in Cable TV Gross Receipts of \$335,000.
 - Increase in Commercial Sanitation Gross Receipts of \$160,800.
 - Increase in General Sales Tax of \$200,000.
 - Increase in Interest Income of \$355,000.
 - Increase of \$403,850 related to fee increases approved by Council in September.

- Increase of \$750,000 in Miscellaneous Other Revenues includes an estimated amount from the Medicare Ambulance Supplemental Payment program. This is the fifth year the City has applied for reimbursement from the federal grant program.
- Increase of \$780,000 from Capital Projects Reserve Fund with \$350,000 to be transferred to the General Liability fund. The other \$430,000 will remain in the General Fund for TIRZ administration (\$280,000) and to cover other expenditure needs (\$150,000).
- Increase of \$524,900 from the Drainage Utility District Fund for a cost allocation overhead factor.

Expenditures

- Overall changes to the General Fund across all departments.
 - Salary savings due to vacant positions throughout the year.
 - Termination Pay due to resignations and retirements.
 - Department reductions requested by City Management.
 - Total rolled purchase orders and contracts for the General Fund is \$98,393.
- City Attorney increase is from City Attorney contract and additional part-time attorney position to help through transition of a planned retirement.
- Neighborhood Services Environmental Code increase includes a Manager of Code Enforcement, upgrade of High Intensity Code Officer to Supervisor along with division reductions.
- Fire Services increase is from termination pay due to retirements.
- Police Services increase is from additional overtime expenses related to special impact operations.
- Public Works changes include:
 - Increase in Engineering for Assistant Public Works Director offset by an increase in work order credits of \$300,000 due to increase in capital projects activity.
 - Increase in Solid Waste for overtime related to storms and offsite landfill charges due to weight of trash from excess rain.
 - Increase in Compost Facility Operations for overtime related to storms and vehicle labor charges due to vehicle breakdowns.
 - Street Maintenance increase is from realignment of positions to the division from Water and Sewer Fund.
 - Increase in Equipment Services is for fuel; offset by work order charges to departments.
- Planning and Development Services
 - Increase in Building Inspection for Commercial Zoning Inspector.
 - Salary savings in in Planning & Zoning due to vacancies.
- Parks and Recreation increase is due to increased user participation in programs requiring additional staff to provide services. The budget is based

on required positions and then amended to accommodate for additional needs. Going forward, the budget will be based on anticipated needs.

- Other Expenditures increase is due to 380 Agreements payments that are tracking more than originally projected.
- Other Financing Uses increase includes:
 - Transfer out to General Liability Fund in the amount of \$350,000. It is offset by the transfer in from the Capital Project Reserve Fund.
 - Transfer out to GO Debt Service Fund in the amount of \$540,000 due impact fees from development activity not trending as projected.

Water/Sewer Fund:

Revenues

- Increase of \$1,200,000 in Sale of Bulk Water from fee changes and increased activity.
- Investment Income is trending \$400,000 more for the fiscal year.

Expenditures

- Increase of \$13,606 for rolled purchase orders and contract.
- Various decreases are from reallocation of positions within the Water and Sewer Fund along with some positions being reassigned to the General Fund.
- Increase of \$30,000 in Other Expenditures is for additional maintenance at the Chiller plant.
- Increase of \$225,000 in transfers out to Water and Sewer Cash Projects to fund engineering design of IH-20 Industrial Park Project.
- Increase in Reserves of \$418,000 is for the legal services related to the water rate case, 380 incentive payments and developer agreements.

DUD Operating Fund:

Expenditures

- Increase of \$20,240 for rolled contract.
- Increase of \$119,190 for 380 incentive payment.
- Increase of \$524,900 for transfer out to the General Fund for cost allocation overhead factor.
- Decrease of \$500,000 for transfer out to DUD Capital Projects Fund.

Airport Operating Fund:

Expenditures

- Increase of \$3,560 for rolled purchase orders.
- Decrease of \$24,990 in contractual services for electricity and equipment services charges.
- Transfer of \$10,770 between contractual services and capital outlay to purchase ground power unit.

Golf Course Operating Fund:

Expenditures

- Increase in Personal Services for Employee Group Insurance allocation.
- Reallocation of budget between Supplies and Contractual Services for chemicals.
- Increase in Capital Outlay for computer.

General Obligation Bond Debt Service Fund:

Revenue

- Decrease of \$500,000 from Roadway Impact Fee Fund due to impact fees from development activity not trending as projected.
- Increase of \$540,000 from the General Fund to offset the decrease from Roadway Impact Fee Fund.

Group Medical Insurance Fund:

Revenues

- Decrease in employee contributions of \$142,000 due to actual plan selections and staff vacancies.
- Increase in Vision Insurance premium receipts of \$90,000.
- Increase in Dental Insurance premium receipts of \$100,000.
- Decrease in Health Clinic Pharmacy Copays of \$120,000 due to less utilization.
- Decrease in Retirees Medical Insurance Contributions of \$67,680; tracking less than projected.
- Increase in Health Claims Reimbursements of \$600,000 from Stop Loss Insurance for large claim incurred last fall.

Expenditures

- Increase in Life Insurance Premiums of \$20,000; comparable to prior year.

General Liability Fund:

Revenues

- Investment Income is trending \$15,000 more for the fiscal year.
- Transfer in from the General Fund in the amount of \$350,000 in order to allow the fund to break even for the current fiscal year and not increase the fund deficit.
- Worker's Compensation Contributions are projected to be \$62,170 less for the fiscal year due to a correction allocation to IT.

Expenditures

- Decrease of \$14,440 in Personal Services is due to amended budget division reductions by Risk Management.
- Decrease in Legal Services related to General Liability claims.
- Increase of \$160,000 for Insurance Premiums; comparable to prior year.
- Increase of \$350,000 in Worker's Compensation Claims for the fiscal year.
- Increase of \$75,000 for repairs to damaged City property.

Hotel Occupancy Tax Fund:

Revenues

- Investment Income is trending \$7,000 more for the fiscal year.

Expenditures

- Increase of \$245,708 for rolled purchase orders and contracts.

Confiscated Seizure Fund:

Revenues

- Investment Income is trending \$10,000 more for the fiscal year.
- Court Awarded Proceeds are trending \$330,000 less than originally projected; but, slightly higher than the prior year.

Expenditures – total increase of \$1,014,888, as follows

- Increase of \$347,720 for seizure amendment #1 approved by City Council on November 5, 2018.
- Increase of \$15,500 for seizure amendment #2 approved by City Council on November 19, 2018.
- Increase of \$71,500 for seizure amendment #3 approved by City Council on December 3, 2018.
- Increase of \$180,000 for seizure amendment #4 approved by City Council on March 4, 2019.
- Increase of \$192,000 for seizure amendment #5 approved by City Council on May 20, 2019.
- Increase of \$208,168 for rolled purchase orders and approved purchases from FY2018.

Photo Enforcement Fund:

Revenues

- Decrease of \$50,000 due to activity coming in less than originally projected; comparable to prior year.

Expenditures

- Decrease in contractual services by \$130,000; comparable to prior year.
- Increase transfer out to General Fund by \$50,000 due to available fund balance.

Child Safety Fund:

This is a new fund that was established in 2019. Starting in January 1, 2019, motorists are charged a child safety fee in Dallas County when they register their vehicle. This fee is distributed to the cities within Dallas County on a quarterly basis. The City anticipates to receive \$120,000 from Dallas County for fiscal year 2019.

911 Service Fee Fund:

Revenues

- 911 Phone Charges are trending \$30,000 less than budgeted.
- Wireless 911 Phone Charges are trending \$20,000 less than budgeted.

Expenditures

- Contractual Services are trending \$10,000 less for the fiscal year.
- Transfer out to General Fund is reduced by \$50,000 in order maintain a positive fund balance for the fiscal year.

Community Development Block Grant Program Fund:

Increase for prior years' grant awards for Administration, Comprehensive Planning, Code Enforcement, Housing Rehabilitation, H.O.M.E., Mesquite Social Services and Down Payment Assistance Program.

Housing Choice Voucher Program Fund:

Revenues

- Investment Income is trending \$8,000 more for the fiscal year.

Expenditures

- Increase of \$5,930 for overtime related to the Housing Administration operations.

Public, Educational and Government Access Fund:

Revenues

- Investment Income is trending \$3,000 more for the fiscal year.
- Cable TV PEG Fees are trending \$25,000 less than budgeted.

Expenditures

- Increase of \$47,130 to finish Council Chambers and Training Rooms audio and visual upgrades.

Mesquite Quality of Life Corporation Fund:

Revenues

- Increase of \$6,902,371 for prior year receivables:
 - \$50,000 – Contribution and Reimbursement from MISD for Military Parkway Trail.
 - \$3,052,371 – Grant Receivables (Compass Bus Service, Military Parkway and Gus Thomasson Sustainability).
 - \$3,800,000 – Dallas County reimbursement agreement for Scyene Road project.
- Increase of \$20,000 for reimbursement from Historic Mesquite, Inc. for Florence Ranch Park Fence project.

Expenditures

- Increase Transportation Improvements
 - \$6,455,889 for prior year transportation projects that are not completed and rolled contracts.
- Increase Public Safety Improvements
 - \$6,861 for prior year public safety projects that are not completed.
- Increase Parks and Recreation Improvements

- \$2,373,037 for prior year park projects that are not completed and rolled purchase orders and contracts.
- Decrease of \$30,000 from PARD System Maintenance Project to transfer to Florence Ranch Park Fence project.
- \$50,000 for Florence Ranch Park Fence project.

Municipal Court Technology Fund:

Revenues

- Investment Income is trending \$500 more for the fiscal year.

Expenditures

- Increase of \$2,529 for rolled purchase orders.
- Increase Capital Outlay by \$82,821 for audio and visual upgrades in the courtrooms.

Capital Projects Reserve Fund:

Revenues

- Increase of \$352,400 from TIRZ Funds for City administration.
- Increase Other Revenue for prior year receivables:
 - \$182,115 for Dallas County reimbursement agreement for Major Thoroughfare Pavement Preservation project.
- Increase Other Revenue for current year projects:
 - \$20,000 reimbursement for Storm Damage.
 - \$12,450 from MISD for Safe Route to School Engineering Consultant.
 - \$960,039 from MISD for sale of land related to 925 McKenzie Land Acquisition.
- Investment Income is trending \$25,000 more for the fiscal year.

Expenditures

- Increase of \$500,000 for transfer out to General Fund.
- Increase of \$31,000 for Fire Station Placement Study.
- Increase of \$971,491 for 925 McKenzie Land Acquisition.
- Increase of \$20,000 for Storm Damage.
- Increase of \$24,900 for Safe Route to School Engineering Consultant.
- Increase of \$114,200 for administration charge related to TIRZ Funds' administration. This is a work order credit back to the General Fund for the costs of positions that provide administration of the TIRZ Funds.
- Increase \$1,219,046 for prior year projects that are not completed.

Rodeo City Tax Increment Reinvestment Zone Fund:

The Rodeo City Tax Increment Investment Zone was originally scheduled to end December 31, 2018, but was extended on December 3, 2018 to December 31, 2049 by Ordinance No. 4634. As a result, an amended budget is being proposed for Fiscal Year 2018-19. The amended budget includes a \$332,400 transfer to the Capital Projects Reserve Fund for approved project spending of the TIRZ Fund.

Town Centre Tax Increment Reinvestment Zone Fund:

Revenues

- Decrease City of Mesquite's tax portion by \$324,777 due to less value increase in the zone than originally projected.
- Decrease MISD's tax portion by \$602,139 due to less value increase in the zone than originally projected.

Expenditures

- Decrease in Economic Incentives by \$50,000.
- Increase Capital Outlay \$9,439,717 for prior year projects that are not completed and rolled contracts.

Gus Thomasson Tax Increment Reinvestment Zone Fund:

Revenues

- Decrease City of Mesquite's tax portion by \$85,262 due to less value increase in the zone than originally projected.

Expenditures

- Decrease in Economic Incentives by \$71,000 due to less revenue.
- Increase transfer out to Capital Projects Reserve Fund for City administration of TIRZ fund by \$10,000.

Town East / Skyline Tax Increment Reinvestment Zone Fund:

Revenues

- Decrease City of Mesquite's tax portion by \$166,388 due to less value increase in the zone than originally projected.

Expenditures

- Decrease of \$200,000 in Debt Service for Skyline Drive Reconstruction due to the project being postponed until more incremental tax revenue is realized in the fund.

Lucas Farms Tax Increment Reinvestment Zone Fund:

The Lucas Farms Increment Tax Reinvestment Zone Fund and finance plan was approved in Fiscal Year 2018-19; therefore, an amended budget is being proposed for Fiscal Year 2018-19. The amended budget includes an administrative fee of \$10,000 that will be transferred to the Capital Projects Reserve Fund for City administration of the TIRZ Fund.

Polo Ridge Tax Increment Reinvestment Zone Fund:

The Polo Ridge Increment Tax Reinvestment Zone Fund and finance plan was approved in Fiscal Year 2018-19; therefore, an amended budget is being proposed for Fiscal Year 2018-19 to establish the fund.

Roadway Impact Fee Fund:

Revenues:

- Decrease \$345,000 of Roadway Impact Fees due to development activity not occurring as projected.

Expenses:

- Decrease transfer out to GO Debt Service Fund by \$500,000.

Water and Sewer Impact Fee Fund:

Revenues:

- Water Impacts Fees are trending \$5,000 more than projected for the fiscal year.
- Sewer Impact Fees are trending \$25,000 more than projected for the fiscal year.
- Investment Income is trending \$900 more for the fiscal year.



Debbie Mol
Director of Finance