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## MEMORANDUM

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**TO:** Honorable Mayor and City Council

**FROM:** Cindy Smith, Director of Finance

**DATE:** July 6, 2021

**SUBJECT:** Fiscal Year 2020-21 Amended Budget Summary of Changes

The fiscal year 2020-21 budget was adopted on September 21, 2020 for the financial plan of operations beginning October 1, 2020 to September 30, 2021. The budget was amended March 15, 2021 to add budget for open purchase orders and contracts that rolled from fiscal year 2019-20 to 2020-21, along with other departmental changes that occurred after the adoption of the fiscal year 2020-21 budget. Highlighted below is a summary of the major changes that occurred after the adoption of the amended budget on March 15, 2021:

General Fund:

Revenues

- General property tax increase for tax supplementals that have been received after the certified roll in August 2020 and collection of delinquent taxes, interest, and penalties.
- City sales tax increase due to recovery from the pandemic.
- Licenses and permits decrease from telecommunication right-of-way fees, plan review fees, and other permits.
- Interest income decrease due to pandemic.
- Contributions and donations decrease due to reduced special events from pandemic restrictions.
- Transfers In increase from Capital Projects Reserve Fund for TIRZ Administration offset by reduced transfer in from 911 Service Fee Fund.

Expenditures

- Overall changes to General Fund across all departments.
  - Salary savings due to vacant positions.
  - Separation Pay due to resignations and retirements.
- Fire Services increase is from additional overtime needs related to pandemic and injury leave.
- Other expenditures include a one-time payment to Texas Municipal Retirement System to improve the unfunded liability.

#### Water/Sewer Fund:

##### Revenues

- Increase in sale of bulk water from new development.
- Decrease in sewer service charges because of reduced distribution.
- Decrease in interest income from pandemic.

##### Expenditures

- Overall salary savings and increase in separation pay due to resignations and retirements.
- Decrease in estimated cost of wastewater treatment for the fiscal year.

#### DUD Operating Fund:

##### Revenues

- Decrease in interest income from pandemic.

##### Expenditures

- Overall salary savings due to resignations.

#### Airport Operating Fund:

##### Revenues

- Increase in other revenues for Coronavirus Response and Relief Supplemental Appropriations (CRRSA) grant of \$57,162 to offset expenses.

##### Expenditures

- Decrease in contractual services due to travel and training and electricity savings.
- Increase in capital to purchase aircraft lifting bags.

#### Golf Course Operating Fund:

##### Revenues

- Adjustments related to recovery from pandemic.

##### Expenditures

- Decrease in contractual services due to equipment service savings.

#### General Obligation Bond Debt Service Fund:

##### Revenue

- Decrease in interest income from pandemic.
- Increase of \$771,930 from Roadway Impact Fee Fund due to impact fees from development activity trending more than projected.

#### Water and Sewer Revenue Bond Debt Service Fund:

##### Revenue

- Increase of \$150,000 from Water and Sewer Impact Fee Fund due to impact fees from development activity trending more than projected.

#### Group Medical Insurance Fund:

##### Expenditures

- Increase in health claims costs based on current year claims experience.

#### General Liability Fund:

##### Revenue

- Decrease in interest income from pandemic.

##### Expenditures

- Increase in separation pay due to retirement.

#### Hotel Occupancy Tax Fund:

##### Revenues

- Decrease in interest income from pandemic.
- Increase in Hotel Occupancy Tax revenue estimated to receive for the fiscal year based on current year trends.

##### Expenditures

- Allocation of additional revenue to all programs and entities that receive Hotel Occupancy Tax funds.
- Increase of \$212,190 transfer out to Capital Projects Reserve Fund for Heritage Plaza Building Renovation project.

#### Confiscated Seizure Fund:

##### Revenues

- Decrease in interest income from pandemic.
- Increase in court awarded proceeds.

##### Expenditures

- Increase of \$200,000 for seizure amendment #2 approved by City Council on March 1, 2021.

#### 911 Service Fee Fund:

##### Revenues

- 911 Phone Charges are trending (\$25,000) less than budgeted due to decreased landlines.

##### Expenditures

- Contractual Services are trending (\$20,000) less for the fiscal year.
- Transfer out to General Fund is reduced by \$20,000 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, Housing Rehabilitation, Orphan Sidewalks, Sharing Life Outreach Programs, Summer Youth Internship Program and Down Payment Assistance.

#### Housing Choice Voucher Program Fund:

##### Revenues

- Decrease in interest income from pandemic.
- Increase for federal grant revenue received for the Section 8 Housing Voucher Program due to additional funding received for new participants.

#### Expenditures

- Increase for Housing Assistance payments of the Section 8 Housing Voucher Program for new participants.
- Increase for prior year's Housing CARES Act award that will be used to upgrade computers and software used in the administration of the Housing Voucher Program.

#### Public, Educational and Government Access Fund:

##### Revenues

- Decrease in interest income from pandemic.
- Cable TV PEG Fees are trending (\$20,000) less than budgeted due to decreased subscribers.

##### Expenditures

- Increase of \$33,000 for audio/video production equipment at the City of Mesquite.

#### Mesquite Quality of Life Corporation Fund:

The 4B Board approved the below changes on April 18, 2021 for fiscal year 2020-21.

##### Revenues

- Decrease in interest income from pandemic.
- Increase contributions and reimbursements from Veteran's Memorial contributions.
- Increase other grants for prior year receivables for Military Parkway and Gus Thomasson Sustainability projects.
- Increase other revenue for reimbursements from Mesquite Independent School District (MISD) for Dunford Recreation Center Gym updates and Military Parkway Trail.

##### Expenditures

- Increase Public Safety Improvements for Opticom Traffic Pre-emption Sensor Software.
- Increase Parks and Recreation Improvements for Dunford Recreation Center Improvements, Copeland Expansion Land Acquisition, Veteran's Memorial Project, and Girls' Softball Complex Batting Cages.

#### Municipal Court Technology Fund:

##### Revenues

- Decrease in interest income from pandemic.
- Decrease in Court Technology Fee of (\$10,000) due to pandemic.

##### Expenditures

- Minor decreases in supplies and travel and training.

#### Capital Projects Reserve Fund:

##### Revenues

- Increase Transfer In from Tax Increment Reinvestment Zone (TIRZ) funds for City Administration of the TIRZ funds.

- Increase Transfer In from Hotel Occupancy Tax fund in the amount of \$212,190 for Heritage Plaza Building Renovation.
- Increase in other revenue for Winter Storm Emergency reimbursement.
- Decrease in interest income from pandemic.

#### Expenditures

- Increase Heritage Plaza Building Renovation by \$357,600.
- Increase for Enhanced Police Recruitment Marketing, Winter Storm Emergency, Fire Department Infrastructure Protection and Berry Road Land Acquisition projects.
- Increase of \$109,000 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.

#### Rodeo City Tax Increment Reinvestment Zone Fund:

##### Revenues

- Decrease City of Mesquite's tax portion by (\$7,631) due to less value increase in the zone than originally projected.

#### Town Centre Tax Increment Reinvestment Zone Fund:

##### Revenues

- Decrease City of Mesquite's tax portion by (\$24,840) due to less value increase in the zone than originally projected.

##### Expenditures

- Decrease funding for 117 West Main Street Building Renovations by (\$40,000).

#### Gus Thomasson Tax Increment Reinvestment Zone Fund:

##### Revenues

- Decrease City of Mesquite's tax portion by (\$22,408) due to less value increase in the zone than originally projected.

#### Town East / Skyline Tax Increment Reinvestment Zone Fund:

##### Revenues

- Decrease City of Mesquite's tax portion by (\$67,531) due to less value increase in the zone than originally projected.

#### Polo Ridge Tax Increment Reinvestment Zone Fund:

##### Revenues

- Decrease City of Mesquite's tax portion by (\$121,349) due to less value increase in the zone than originally projected.

##### Expenditures

- Increase of \$590 for City administration of TIRZ fund.

Heartland Town Center Tax Increment Reinvestment Zone Fund:

Revenues

- Increase City of Mesquite's tax portion by \$108 due to additional value increase in the zone than originally projected.

IH-20 Business Park Tax Increment Investment Zone Fund

The IH-20 Business Park Tax Increment Reinvestment Zone Fund and finance plan was last approved on July 2, 2018 with an updated budget estimate in fiscal year 2020-21.

Spradley Farms Tax Increment Investment Zone Fund

Spradley Farms Tax Increment Reinvestment Zone Fund and finance plan was last approved on July 6, 2020 with an updated budget estimate in fiscal year 2020-21.

Roadway Impact Fee Fund:

Revenues

- Increase of \$832,930 in Roadway Impact Fees due to increased development activity.

Expenses

- Increase transfer out to GO Debt Service Fund by \$771,930.

Water and Sewer Impact Fee Fund:

Revenues

- Water Impact Fees are trending \$100,000 more than projected for the fiscal year.
- Sewer Impact Fees are trending \$50,000 more than projected for the fiscal year.
- Decrease in interest income from pandemic.

Expenses

- Increase transfer out to WS Debt Service Fund by \$150,000

Conference Center Capital Replacement Reserve Fund:

Revenues

- Decrease in interest income from pandemic.

  
Cindy L. Smith  
Director of Finance