



FINANCE DEPARTMENT AGENDA ITEM REPORT

TO: City Council
FROM: Bettina Chandler, City Recorder
DATE: May 14, 2026
SUBJECT: Request to Amend the Operating Budget for Fiscal Year 2025-2026

Attached is Ordinance 2026-06, an ordinance amending the FY 2025-2026 budget. Below is an explanation for the amendments with larger increases.

GENERAL FUND REVENUES – Estimated Increase of \$661,820.

Property Tax Delinquent – Increase \$20,000 due to an increase in the amount of delinquent property taxes being paid.

Beer and Liquor Tax – Decrease \$80,000 due to decreased beer and liquor sales.

Business License Tax – Increase \$100,000 due a revenue threshold change by the state.

Building Permit – Decrease \$90,000 due to decrease in building permit fees.

Grants – Increase \$421,480 for the following grants received by the Fire Department, Police Department, and Parks & Recreation Department: 2025 CDGB Grant, Bulletproof Vest Grant, Opioid Grant, Outdoor Planning Grant, Project Diabetes Grant, and Police Recruitment & Retention Grant.

Police Fines – Increase \$44,500 for city court fines and costs.

Other Revenue – Increase \$162,790 for the sale of police equipment and premium on bond sale.

GENERAL FUND EXPENDITURES – Estimated increase of \$3,180,960.

City Council – Decrease of \$30,000 for 125th Anniversary Fireworks Celebration (moved to FY 2026-2027).

Fire Station 2 Project – Increase \$262,970 for Allen & Hoshall additional architectural fees and bond sale expense (offset by premium on bond sale).

Project Diabetes - Increase \$150,000 for sidewalk improvement project (offset by Project Diabetes Grant).

Police Department – Increase \$125,540 for accrued payroll, firearm supplies (offset by sale of police equipment), vehicle equipment, and radar and in-car cameras (offset by THSO Grant).

Fire Department - Increase \$2,198,720 for accrued payroll, reserve firemen, records management software, equipment repair and maintenance, recruit academy cost for new firefighters, turnout gear (offset by 2025 CDBG Grant), new fire truck, and spectrometer (offset by Opioid Grant).

Fire Station & Buildings – Increase \$11,500 for HVAC repairs.

Old A.J. Highway Paving Project – Increase \$35,000 for architectural services (CDM Smith).

Street Department – Increase \$121,210 for accrued payroll, mowing services (offset from sanitation employee), equipment repairs, new signage for HWY 11E and city wide, and road/sinkhole repairs.

Recreation Department – Increase \$65,000 for Recreation Master Plan (offset by grant), \$35,790 for Outdoor Pool for salaries and concessions (offset by concessions revenue), \$28,220 for Community Center accrued payroll, building repair and maintenance, and Glofox credit card fees.

Insurance – Increase \$18,000 for Vehicles & Equipment Insurance due to premium increases and insurance for the new fire truck.

GENERAL FUND ESTIMATED UNASSIGNED FUND BALANCE DECREASE OF \$3,027,060.

SANITATION FUND REVENUES AND EXPENDITURES – Additional Transfer from General Fund of \$80,160.

Sanitation – Garbage and Recycling Fee Collections and Expenditures will both increase due to the CPI increase and additional growth in the area. Landfill services will increase due to increase landfill fees. Salaries will decrease due to retirement of an employee (moved the money to Streets for mowing services).

SANITATION RESTRICTED FUND BALANCE INCREASE/DECREASE IS ZERO.

STATE STREET AID EXPENDITURES – Estimated Increase of \$18,000.

State Street Aid – Increase \$18,000 for street light electricity and sodium chloride (additional salt needed).

STATE STREET AID ESTIMATED FUND BALANCE DECREASE OF \$40,680.

DRUG FUND REVENUES – Estimated decrease of \$1,750

Interest and Sale of Equipment – Decrease of \$1,750.

DRUG FUND ESTIMATED RESTRICTED FUND BALANCE DECREASE OF \$42,350.

WATER AND SEWER FUND REVENUES ESTIMATED INCREASE OF \$23,520

Other Revenue – Increase \$23,520 for interest and insurance recoveries.

WATER AND SEWER FUND EXPENDITURES ESTIMATED INCREASE OF \$337,930

Water Plant – Increase \$77,140 for accrued payroll, electric and gas costs, equipment repairs, tank repairs, chemical and coagulant costs, and 60 HP VFD pump.

Water Distribution – Increase \$115,960 for accrued payroll, electricity for pump stations, industrial tank and gas line repairs, vehicle repairs, water line repairs, and water meters repairs.

Water Administration – Increase \$18,400 for accrued payroll, and IWORQS software subscription.

Sewer Collection – Increase \$24,180 for accrued payroll, and other professional services for equipment repairs.

Sewer Plant – Increase \$77,920 for accrued payroll, electric, equipment repairs, and professional services for equipment repairs.

WATER AND SEWER FUND ESTIMATED LOSS BEFORE CAPITAL CONTRIBUTIONS \$697,390

ESTIMATED CAPITAL CONTRIBUTIONS INCREASE OF \$ 2,594,160

WATER AND SEWER FUND ESTIMATED INCREASE IN NET POSITION OF \$1,896,770

WATER AND SEWER CAPITAL OUTLAY BUDGET

Water Capital Outlay Budget – Increase in revenues and expenditures for the North Hills Water Storage Tank Project, Infrastructure Planning Grant, and the Water Utility Relocate at Chucky Pike & HWY 11E. Expenditures for the Water Plant will increase \$634,340 for emergency replacement of two (2) membranes for tranes 3 and 4, turbidimeter replacement, two (2) 300 HP VFDs, and sedimentation basins; expenditures for Water Distribution will increase \$28,140 for Industrial Park gate valve replacements and repairs.

Sewer Capital Outlay Budget - Increase in revenues and expenditures for TDEC ARPA SWIG Sewer Replacement and Sewer Utility Relocate at Chucky Pike & HWY 11E.

THE OVERALL CASH FLOW FOR THE WATER AND SEWER FUND IS ESTIMATED TO DECREASE \$1,014,810.