

# Budget Work Session

## Fiscal Year 2022-2023

June 28, 2022

# General Fund Summary

|  |                          |
|--|--------------------------|
| <b>Audited General Fund Unassigned Ending Balance 09/30/21</b> | <b>\$ 30,403,003</b>     |
| Projected '22 Revenues   | <u>49,026,908</u>        |
| Available Funds  | 79,429,911               |
| Projected '22 Expenditures                                     | <u>(57,086,890)</u>      |
| Estimated Ending Fund Balance 09/30/22                         | \$ 22,343,021            |
| <br><b>Estimated Beginning Fund Balance - 10/01/22</b>         | <br><b>\$ 22,343,021</b> |
| Proposed Revenues '23  | 51,425,695               |
| Proposed Expenditures '23                                      | (51,425,695)             |
| Use of Fund Balance - Woodbridge/Hensley Signal Light          | <u>(350,000)</u>         |
| Estimated Ending Fund Balance 09/30/23                         | \$ 21,993,021 a)         |

a) Fund balance is 42.5% of expenditures.

# Proposed Revenue Assumptions

Certified Total Estimated Value as of April 30: \$6,021,687,780

Certified Estimated Value of New Construction as of April 30: \$172,511,500 (equates to \$1,009,094 in revenue)

Assumes an ***estimated*** No New Revenue Tax Rate of .584943 (a 5.88 cent decrease from current rate)

Absorbs payment associated with 2022 debt issuance (\$358,387 loss to the GF or \$.00595 to the M&O tax rate)

Proposed Sales Tax is an 8.8% increase over the FY 2022 Projected and Projected FY 2022 is 100% of budgeted amount (6 month actuals at 52%)

# Proposed Expenditures

|   | <u>Amount</u> |
|---|---------------|
| Includes a 5% increase in health insurance  | \$159,248     |
| Includes an adjustment to the General Pay Plan (COLA effective 10-1-22)                 | \$519,744     |
| Includes a 2% average merit increase for the General Employees (effective January 2023) | \$189,000     |
| Includes annual step increase for Public Safety personnel                               | \$109,000     |

# Recurring Recommendations - General Fund

## Personnel

| Dept         | Description   | Amount            |
|--------------|---|-------------------|
| Police       | Two Sworn Officers (2)                                | \$ 232,874        |
| Police       | Officer Upgrade to Sergeant                           | \$ 25,286         |
| Police       | Mental Health Coordinator - Upgrade to Full Time      | \$ 51,046         |
| Police       | Two Crossing Guards (2)                               | \$ 10,958         |
| Police       | Crossing Guard Supervisor                             | \$ 9,294          |
| Fire         | Six Firefighters (6)                                  | \$ 656,233        |
| Fire         | Upgrade Fire Prevention Clerk to Fire Records Analyst | \$ 4,979          |
| <b>Total</b> |   | <b>\$ 990,670</b> |

## Non-Personnel

| Dept             | Description                                | Amount            |
|------------------|--|-------------------|
| Finance          | Budget and Transparency Software           | \$ 56,000         |
| Facilities       | Trane Building Management Software Upgrade | \$ 7,500          |
| Fire             | 3rd Full Time Ambulance 1/2 Year           | \$ 315,000        |
| Code Enforcement | Code Enforcement Software                  | \$ 8,293          |
| Planning         | Zoning Ordinance Hosting                   | \$ 10,000         |
| <b>Total</b>     |  | <b>\$ 396,793</b> |

**Total Recurring Recommendations** **\$ 1,387,463**

# Non-recurring Recommendations - General Fund

| Dept   | Description  | Amount       |
|--|--|--------------|
| Finance  | Budget and Transparency Software Implementation    | \$25,000     |
| Facilities                                       | Scissor Lift                                       | \$25,000     |
| IT   | Security Camera System Replacement                 | \$60,000     |
| Animal Services                                  | Keycard Access Control                             | \$58,000     |
| Streets  | Sand/Salt Spreader for Dump Truck                  | \$43,000     |
| Streets  | Mini Track Loader                                  | \$25,500     |
| Streets  | Angle Broom 84"                                    | \$9,200      |
| Streets  | Paint Striper Replacement                          | \$28,000     |
| Streets  | Woodbridge Pkwy and Hensley Ln Signal Construction | \$350,000 ** |
| Total Non Personnel                              |  | \$623,700    |
| Police   | Two New CID Vehicles (2)                           | \$92,800     |
| Police   | FY2024 Replacement Vehicles (4)                    | \$149,000    |
| Streets  | Unit #324 Replacement 1 Ton Utility Truck          | \$51,000     |
| Streets  | Traffic Signal Technician Crew Leader Vehicle      | \$51,000     |
| Total Vehicle New/Replacements                   |  | \$343,800    |
| Total Non Personnel and Vehicle New/Replacements |  | \$967,500    |

\*\* Use of Fund Balance

# American Rescue Plan Act (ARPA)

\$3,049,825 received July 2021

\$3,049,825 requested June 2022

The Final Rule offers a “standard allowance” for revenue loss of up to \$10 million. Our full award can be used for traditional government services with the following exceptions:

- no offsets of a reduction in net tax revenue
- no pension contributions
- no payments for debt service or replenishment of fund balance

Government services specifically listed as allowed:

- construction of roads and maintenance and other infrastructure
- provision of public safety
- general government administration, staff and administrative facilities
- provision of police, fire, and other public safety services (including purchases of fire trucks and police vehicles)

Possible recommendations (pending receipt of county funds):

McMillen Road unfunded amount

East FM 544 (Stone Road Phase III)

Unplanned construction cost increases

# Utility Fund Summary

|  |                          |
|--|--------------------------|
| <b>Audited General Fund Unassigned Ending Balance 09/30/21</b> | <b>\$ 20,956,639</b>     |
| Projected '22 Revenues   | <u>25,211,725</u>        |
| Available Funds  | 46,168,364               |
| Projected '22 Expenditures                                     | <u>(25,738,001)</u> a)   |
| Estimated Ending Fund Balance 09/30/22                         | \$ 20,430,363            |
| <br><b>Estimated Beginning Fund Balance - 10/01/22</b>         | <br><b>\$ 20,430,363</b> |
| Proposed Revenues '23  | 26,027,619 b)            |
| Proposed Expenditures '23                                      | (24,005,877) c)          |
| New/Replacement Fleet & Equipment & One Time Uses              | <u>(657,600)</u>         |
| Estimated Ending Fund Balance 09/30/23                         | \$ 21,794,505 d)         |

a) Includes a budget amendment for \$1.2mm for two advanced funding agreements with TxDot to move water lines.

b) Assumes 7.00% water rate increase and 2.75% sewer rate increase per the 2020 rate study.

c) Includes 5% increase in Healthcare, 2% Average Merit and Adjustments to the Pay Plan.

d) Policy requirement is 90 days of operating expenditures. This ending fund balance is 322 days.



# North Texas Municipal Water District (NTMWD)

- NTMWD will complete its Preliminary Budget and provide cost estimates for FY 2023 by July 1
- Member City water rate is expected to be \$3.39 per 1000 gallons (up from \$2.99), increasing over 13%
- Minimums will be calculated once July water consumption is calculated
- Muddy Creek Interceptor costs are estimated to decrease 12.5%
- Muddy Creek Wastewater Treatment Plant costs are estimated to increase 20%
- Wastewater Pretreatment Program costs are estimated to increase 12%

# Recommended Additions to Budget

## Utility Fund

| Dept                   | Description                                     | Amount            |
|------------------------|---|-------------------|
| Water                  | Lead and Copper Rule Revision                   | \$ 190,000        |
| Water                  | SCADA Pack/PLC and Radio Replacement            | \$ 72,000         |
| Water                  | Sample Stations Replacement                     | \$ 9,200          |
| Water                  | Backhoe Replacement with Mid Size Excavator     | \$ 133,000        |
| Water                  | Portable Parallel Analyzer Hach SL1000 (Backup) | \$ 5,400          |
| Water                  | Cold Climate Automatic Flushers/De-Chlorinators | \$ 136,000        |
| Water                  | Utility Line Locator                            | \$ 4,000          |
| Water                  | Hydraulic Chainsaw                              | \$ 8,000          |
| Engineering            | Dogwood Drive Waterline Replacement Design      | \$ 70,000         |
| Wastewater             | Wastewater Pump Replacement                     | \$ 30,000         |
| <b>Total Equipment</b> |   | <b>\$ 657,600</b> |

# 4B Sales Tax Fund Summary

|  |                         |
|--|-------------------------|
| <b>Audited 4B Sales Tax Revenue Fund Ending Balance 09/30/21</b> | <b>\$ 5,121,099</b>     |
| Projected '22 Revenues   | <u>4,589,466</u>        |
| Available Funds  | 9,710,565               |
| Projected '22 Expenditures                                       | <u>(4,571,940)</u>      |
| Estimated Ending Fund Balance 09/30/22                           | \$ 5,138,625            |
| <br><b>Estimated Beginning Fund Balance - 10/01/22</b>           | <br><b>\$ 5,138,625</b> |
| Proposed Revenues '23  | 4,941,346 a)            |
| Proposed Expenditures '23  | (4,005,210) b)          |
| Recommended Requests (One Time Uses and Equipment)               | <u>\$ (352,800)</u>     |
| Estimated Ending Fund Balance 09/30/23                           | \$ 5,721,961 c)         |

a) Total includes sales tax revenue and revenue from the Recreation Center.

b) Includes 5% increase in Healthcare, 2% Average Merit and Adjustments to the Pay Plan.

c) Policy requirement is 25% of budgeted sales tax revenue (\$4,124,146 x 25% = \$1,031,037).

# Recommended Additions to Budget

## 4B Sales Tax Fund

| Dept     | Description                                     | Amount            |
|----------|---|-------------------|
| 4B Parks | Irrigation Technician                           | \$ 65,392         |
|          | <b>Total Personnel</b>                          | <b>\$ 65,392</b>  |
| 4B Parks | Replacement of Birmingham Farms Park Playground | \$ 60,000         |
| 4B Parks | New Rear Discharge Zero Turn Mower              | \$ 15,000         |
| 4B Parks | Drainage Flume areas for Founders Park          | \$ 55,000         |
| 4B Parks | 2 Sets of Soccer Goals for Dodd Park            | \$ 8,800          |
| 4B Parks | Parks HVAC Replacement                          | \$ 30,000         |
| 4B Parks | Pour and Play Surfacing for Olde City Park      | \$ 160,000        |
| 4B Parks | Holiday Yard Decorations for Olde City Park     | \$ 24,000         |
|          | <b>Total Equipment and One Time Uses</b>        | <b>\$ 352,800</b> |
|          | <b>Total Recommendations</b>                    | <b>\$ 418,192</b> |

## 4B Fund Balance & Debt

|  |                    |
|--|--------------------|
| Estimated Ending Fund Balance 09/30/23               | \$5,721,961        |
| less Requirement (25% of budgeted sales tax revenue) | <u>\$1,031,037</u> |
| Available Fund Balance for one time expenses         | \$4,690,924        |

- Current Debt for GO Refunding Series 2013 (originally issued 2005) is \$400,000
- This debt will be paid off in FY 2025
- New 20-year tax exempt debt rates are currently at 4.50 - 4.75%
- \$5 million in proceeds would cost approximately \$450,000/year