

Memo

To: Mayor and Council members
Cc: Daniel Valenzuela, Michael Dane, Rick Weise, Tina Dierschke, Ryan Gaddy
From: Kimberly Holle, Budget Coordinator
Date: August 14, 2018
Re: Fiscal Year 2018-19 Budget Preparation

Through the council communications via Friday packet memos, staff has reported on progress towards preparing the 2018-19 budget. We are now moving forward with public meetings and discussions of the budget.

1. Major funds' revenue and expenditure, and
2. Other items needing Council direction

The attached memo includes operating funds in excess of \$1 million in expense. Both revenue and expense are reported by type. They include Water Fund, Wastewater Fund, Solid Waste Fund, Stormwater Fund, Airport Fund, Civic Events Fund, Fort Concho Fund, State Office Building Fund, and Development Corporation Funds. General Fund will be discussed in more detail at the August 28th budget workshop.

In the attached charts, each of the fund's 2018-19 proposed budgets are compared side-by-side with the fiscal year 2016-17 actual receipts, and the 2017-18 original budget for reference. The primary revenue sources and expenditure categories are summarized for each fund. Any major changes or issues are also identified.

Water Fund

The primary revenue source for the Water Fund is water sales which are proposed at \$26 million. This budget is proposed in accordance with the rate study projections for both revenue and expense. A proposed \$2,182,972 is budgeted revenue over expenditure for a planned contribution to the fund balance in order to rebuild appropriate reserves as we recover financially from the recent drought. Expenses increased largely due to additional debt service for the Ford Ranch project.

	2016-17 Actuals	2017-18 Budget	2018-19 Budget	Inc / (Dec)
Revenue				
Sales	21,982,760	23,708,262	26,060,566	2,352,304
Other	3,767,222	3,896,164	4,360,480	414,316
Total	25,749,982	27,604,426	30,421,046	2,766,620
Expenditure				
Personnel	6,330,358	6,224,876	6,305,261	80,385
O & M	11,955,236	17,678,687	18,263,001	584,314
Capital	476,714	2,839,682	3,669,812	830,130
Total	18,762,308	26,743,245	28,238,074	1,494,829
Revenue Over/(Under) Expenditure	6,987,674	861,181	2,182,972	1,271,791

Wastewater Fund

The primary revenue source for the Wastewater Fund is user fees proposed at \$13.7 million. This budget is proposed in accordance with the rate study projections for both revenue and expense. A planned \$482,766 in revenue over expenditure is proposed to contribute to the fund balance in anticipation of future capital needs.

	2016-17 Actuals	2017-18 Budget	2018-19 Budget	Inc / (Dec)
Revenue				
Charges	11,784,278	13,013,231	13,767,649	754,418
Other	419,147	379,202	528,285	149,083
Total	12,203,425	13,392,433	14,295,934	903,501
Expenditure				
Personnel	2,126,264	2,186,331	2,186,189	(142)
O & M	6,076,910	7,873,481	8,287,085	413,604
Capital	498,989	1,579,036	3,339,894	1,760,858
Total	8,702,163	11,638,848	13,813,168	2,174,320
Revenue Over/(Under) Expenditure	3,501,262	1,753,585	482,766	(1,270,819)

Solid Waste Fund

The primary revenue source for the Solid Waste Fund is user fees which were structured to fund the eventual permitting of a new landfill site on the 320 acres already owned and dedicated for this purpose. These costs are expected to be approximately \$5.5 million.

	2016-17 Actuals	2017-18 Budget	2018-19 Budget	Inc / (Dec)
Revenue				
User fees	1,265,933	968,106	1,002,920	34,814
Other	835,751	642,708	957,505	314,797
Total	2,101,684	1,610,814	1,960,425	349,611
Expenditure				
Personnel	267,998	261,999	216,339	(45,660)
O & M	473,832	590,346	1,534,620	944,274
Capital	115,306	458,469	209,466	(249,003)
Total	857,136	1,310,814	1,960,425	649,611
Revenue Over/(Under) Expenditure	1,244,548	300,000	-	(300,000)

Stormwater Fund

The primary revenue source for the Stormwater Fund is user fees. This year there is also expected revenue of \$30,000 from auction proceeds. There is a planned use of fund balance of \$336,991 for capital purchases, such as replacing antiquated equipment and technology.

	2016-17 Actuals	2017-18 Budget	2018-19 Budget	Inc / (Dec)
Revenue				
Fees	2,556,864	2,786,000	2,786,000	-
Other	130,654	237,154	267,399	30,245
Total	2,687,518	3,023,154	3,053,399	30,245
Expenditure				
Personnel	1,290,844	1,313,538	1,282,852	(30,686)
O & M	383,572	1,015,714	1,029,848	14,134
Capital	64,725	693,902	1,077,690	383,788
Total	1,739,141	3,023,154	3,390,390	367,236
Revenue Over/(Under) Expenditure	948,377	-	(336,991)	(336,991)

Airport Fund

The primary revenue source for the Airport Fund continues to be lease income followed closely behind by concessions. There is an increase in landing fees and charters. The changes in expense budget are mostly attributed to changes in property casualty insurance.

	2016-17 Actuals	2017-18 Budget	2018-19 Budget	Inc / (Dec)
Revenue				
Leases,				
Concessions	1,367,071	1,368,858	1,396,127	27,269
Other	189,549	105,234	158,177	52,943
Total	1,565,620	1,474,092	1,554,304	80,212
Expenditure				
Personnel	740,498	784,271	803,379	19,108
O & M	856,889	689,821	750,925	61,104
Capital	-	-	-	-
Total	1,597,387	1,474,092	1,554,304	80,212
Revenue Over/(Under) Expenditure	(40,767)	-	-	-

Civic Events Fund

The Civic Events Fund revenue is comprised of their 48% allocation of hotel occupancy tax as well as the division's venue income. Due to recent positive trends in hotel occupancy tax, the Civic events fund was able to fund a contingencies account for capital improvements.

	2016-17 Actuals	2017-18 Budget	2018-19 Budget	Inc / (Dec)
Revenue				
Hotel Occupancy				
Tax (HOT)	948,707	891,600	1,076,476	184,876
Other	698,806	579,178	549,885	(29,293)
Total	1,647,513	1,470,778	1,626,361	155,583
Expenditure				
Personnel	720,283	772,267	767,103	(5,164)
O & M	612,825	690,178	699,753	9,575
Capital	421,857	8,333	159,505	151,172
Total	1,754,965	1,470,778	1,626,361	155,583
Revenue Over/(Under) Expenditure	(107,452)	-	-	-

Fort Concho Fund

Fort Concho operations are funded through tax dollars, state office building support and program income. The Fort Concho Fund is working on implementing a capital plan for facility improvements as well as making the fund more self-sufficient and less dependent on tax dollars over the next 10 years.

	2016-17 Actuals	2017-18 Budget	2018-19 Budget	Inc / (Dec)
Revenue				
Rent & Donations	601,149	623,250	644,750	21,500
Other	435,204	434,405	500,363	65,958
Total	1,036,353	1,057,655	1,145,113	87,458
Expenditure				
Personnel	734,858	733,073	726,238	(6,835)
O & M	282,824	321,582	415,875	94,293
Capital	10,761	3,000	3,000	-
Total	1,028,443	1,057,655	1,145,113	87,458
Revenue Over/(Under) Expenditure	7,910	-	-	-

State Office Building Fund

The primary revenue source for the State Office Building Fund continues to be rent income. Debt service expense continues to decrease as we approach final payments on the bonds issued to build the facilities. As resources are freed up from servicing debt, we continue to address the major capital needs at both buildings.

	2016-17 Actuals	2017-18 Budget	2018-19 Budget	Inc / (Dec)
Revenue				
Rent	1,232,054	1,240,000	1,250,300	10,300
Other	499	53,998	54,501	503
Total	1,232,553	1,293,998	1,304,801	10,803
Expenditure				
Personnel	134,969	122,952	122,923	(29)
O & M	655,385	1,121,046	1,131,790	10,744
Capital	5,924	50,000	50,088	88
Total	796,278	1,293,998	1,304,801	10,803
Revenue Over/(Under) Expenditure	436,275	-	-	-

Development Corporation Funds

The Development Corporation is primarily funded through the type B sales tax, 72% of which is earmarked for ballot projects and 28% of which is allocated for economic development initiatives. Staff proposed sales tax at an increase based on trends and consistence with the General Fund's conservative projections.

	2016-17 Actuals	2017-18 Budget	2018-19 Budget	Inc / (Dec)
Revenue				
Type B Sales Tax	8,143,647	7,850,000	8,925,000	1,075,000
Other	2,993,170	362,250	185,894	(176,356)
Total	11,136,817	8,212,250	9,110,894	898,644
Expenditure				
Ballot	7,868,410	5,656,000	6,456,000	800,000
Economic Development	1,795,047	2,556,250	2,654,894	98,644
Total	9,663,457	8,212,250	9,110,894	898,644
Revenue Over/(Under) Expenditure	1,473,360	-	-	-