



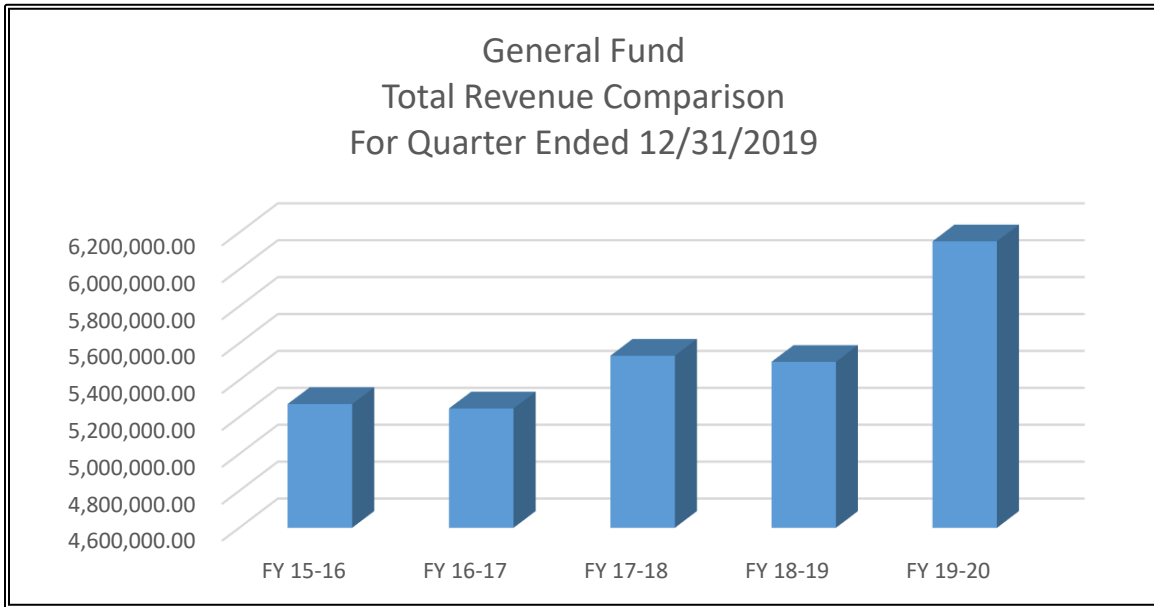
**FY 2019-2020**  
**QUARTERLY BUDGET**  
**REPORT**

**FOR QUARTER ENDED**  
**DECEMBER 31, 2019**

**1ST QUARTER FY 2020 BUDGET REPORT**

At the end of the first quarter of the fiscal year, there were six (6) payroll periods out of twenty-six (26), which indicates that total expenditures for salaries and benefits should be at twenty-three percent (23%). Being three months into the fiscal year, revenue and other expenditure items should be at approximately twenty-five percent (25%) of the FY 19-20 budget. Sales tax is presented based on when funds are received and is adjusted to a modified accrual basis during year end.

The audit is not completed and all beginning balances and prior year numbers have not been audited and are subject to change.



	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Adjusted Annual Budget	18,882,127.00	\$18,440,450.00	\$19,957,621.00	\$19,237,311.00	19,666,509.90
Actuals	5,270,758.86	\$5,246,681.19	\$5,532,551.94	\$5,499,252.71	6,152,528.28
Actuals vs Budget	27.91%	28.45%	27.72%	28.59%	31.28%

Overall first quarter General Fund revenues are trending higher than expected at 31.28%.

**Prior FY 18-19 Year End**

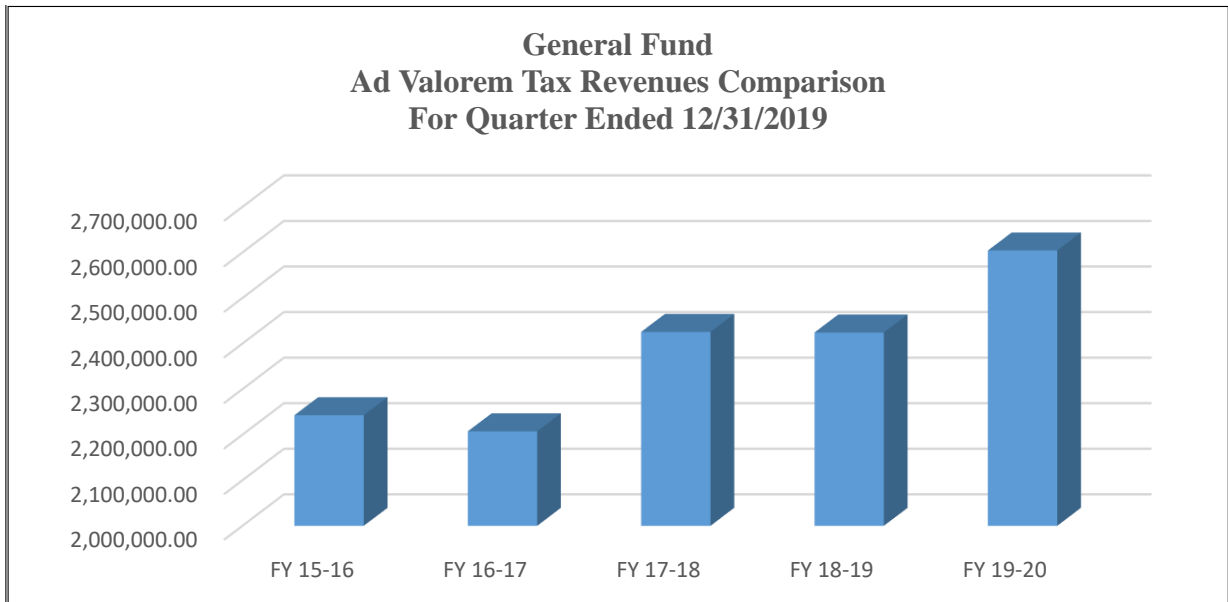
Original Budget	19,219,911.00
Adjusted Budget	19,237,311.00
Actuals	19,560,308.10
Additional Revenues	322,997.10
Percentage of Budget	101.68%

**I. General Fund Revenues**

**A. Ad Valorem Taxes**

The majority of Ad Valorem Taxes are collected in the early part of each fiscal year as penalties and interest are assessed on homeowners who do not make payment by January 31<sup>st</sup>.

First quarter revenues are higher than prior years by \$179,971 at 44.10%.



	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Adjusted Annual Budget	\$5,187,728.00	\$5,338,940.00	\$5,761,672.00	\$5,747,927.00	\$5,904,696.00
Actuals	\$2,242,714.95	\$2,207,317.86	\$2,425,505.66	\$2,424,273.83	\$2,604,245.16
Actuals vs Budget	43.23%	41.34%	42.10%	42.18%	44.10%

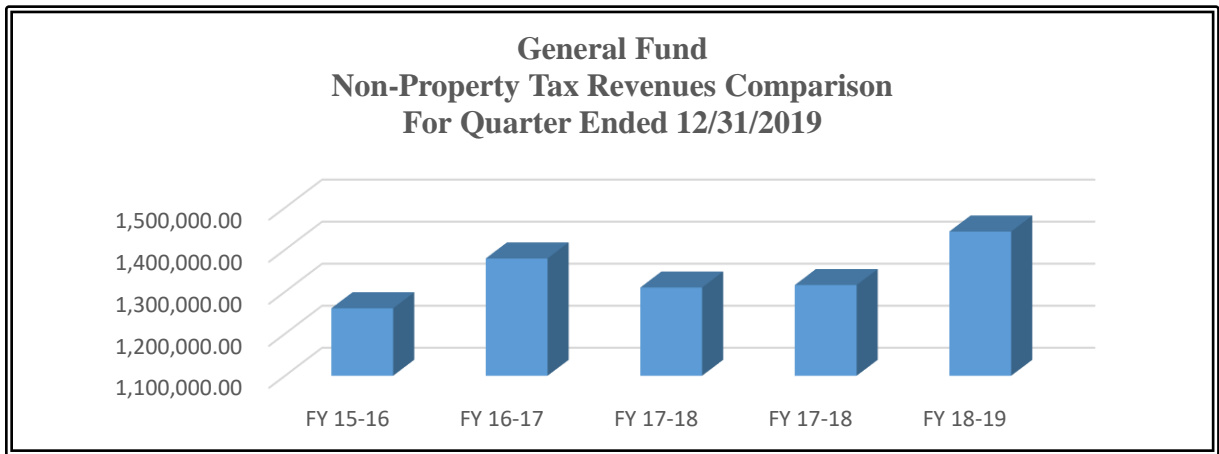
<b>Prior FY 18-19 Year End</b>	
Original Budget	5,747,927.00
Actuals	5,702,982.00
Revenus Shortage	(44,945.00)
Percentage of Budget	99.22%

**B. Non-Property Taxes**

This category contains sales tax, mixed drink and franchise taxes. Only City sales taxes are received on a monthly basis while all other taxes are received on a quarterly or semi-annual basis. Sales tax revenues are presented based on when revenues are received and adjusted to the modified accrual basis at year end.

Revenues in this category are trending slightly higher than expected at 31.28% due to the reasons stated above. As we do not receive all franchise fees on a quarterly basis and we are still trending at 25.18%, this indicates that sales taxes are higher than anticipated. This may be attributed to the 380 agreements for Neessen Polaris and Marshalls which have both opened and generating sales taxes. We have not received any validation reports to know how much to transfer for payments according to the agreements.

The incentive agreement for Neessen Polaris offers payments to be equal to the amount no greater than half of the city sales tax generated by taxable sales for the new commercial development known as Neessen Polaris of Kingsville. Sales Tax combined with Ad Valorem tax incentives cannot exceed \$200,000. The incentive agreement for Marshalls offers payments to be equal to the amount of 50% of the city sales tax generated during the preceding calendar year by taxable sales from the new commercial development known as Marshalls collected in calendar years 2020, 2021 and 2022. This agreement also includes ad valorem tax incentives for calendar years 2020 through 2024.



	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 18-19
Adjusted Annual Budget	\$5,615,500.00	\$5,577,000.00	\$5,702,000.00	\$5,930,000.00	\$5,731,800.00
Actuals	\$1,260,580.99	\$1,379,236.42	\$1,309,884.05	\$1,315,915.41	\$1,443,138.51
Actuals vs Budget	22.45%	24.73%	22.97%	22.19%	25.18%

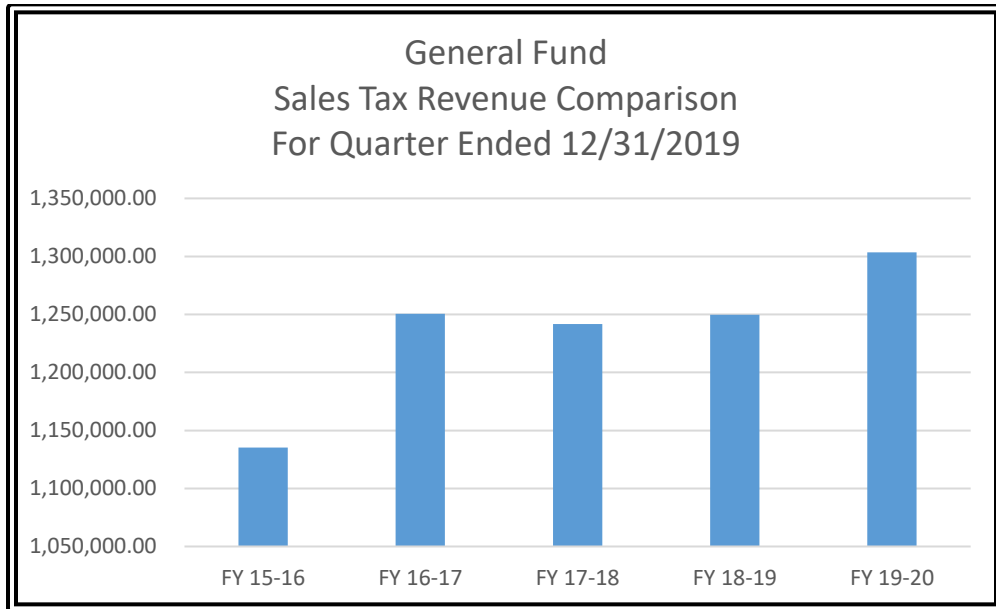
Prior FY 18-19 Year End	
Original Budget	5,930,000.00
Actuals	6,089,019.00
Additional Revenues	159,019.00
Percentage of Budget	102.68%

**C. Sales Tax**

City sales tax revenue is trending as expected at 26.20% and better than last FY at this time, total revenues wise.

Revenues reflected are based on when received. During the last quarter of the fiscal year, sales taxes are adjusted to reflect when revenues are earned rather than when received for audit purposes.

Increased revenues are partly due to Neessen Polaris and Marshalls that opened and are generating sales tax revenues. Once validation reports are received, the City has incentive agreement obligations as stated on the prior page. It is currently unknown to what extent revenues will be impacted for these agreements for this quarter.



	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Adjusted Annual Budget	\$4,550,000.00	\$4,575,000.00	\$4,700,000.00	\$4,975,000.00	\$4,975,000.00
Actuals	\$1,135,356.98	\$1,250,446.39	\$1,241,661.12	\$1,249,823.47	\$1,303,463.00
Actuals vs Budget	24.95%	27.33%	26.42%	25.12%	26.20%

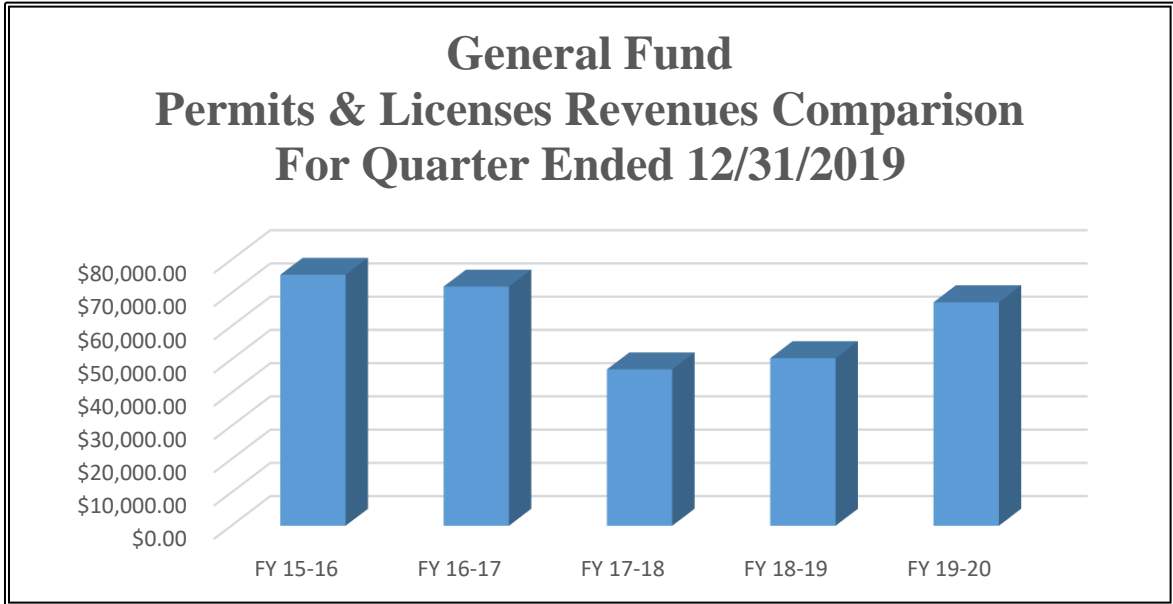
**Prior FY 18-19 Year End**

Original Budget	4,975,000.00
Actuals	5,080,332.00
Additional Revenues	105,332.00
Percentage of Budget	102.12%

**D. Permits & Licenses**

This revenue category consists of all permits and licensing revenue generated by the Planning Department. Revenues in this category are significantly higher than the prior year, and higher than what was projected at 30.86%.

We were able to slightly increase the budget for FY 19-20 due to several new business developments.



	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Adjusted Annual Budget	\$277,975.00	\$275,225.00	\$256,625.00	\$213,000.00	\$217,845.00
Actuals	\$75,499.93	\$71,946.52	\$47,035.77	\$50,411.63	\$67,232.37
Actuals vs Budget	27.16%	26.14%	18.33%	23.67%	30.86%

Prior FY 18-19 Year End	
Original Budget	213,000.00
Actuals	239,639.00
Additional Revenues	26,639.00
Percentage of Budget	112.51%

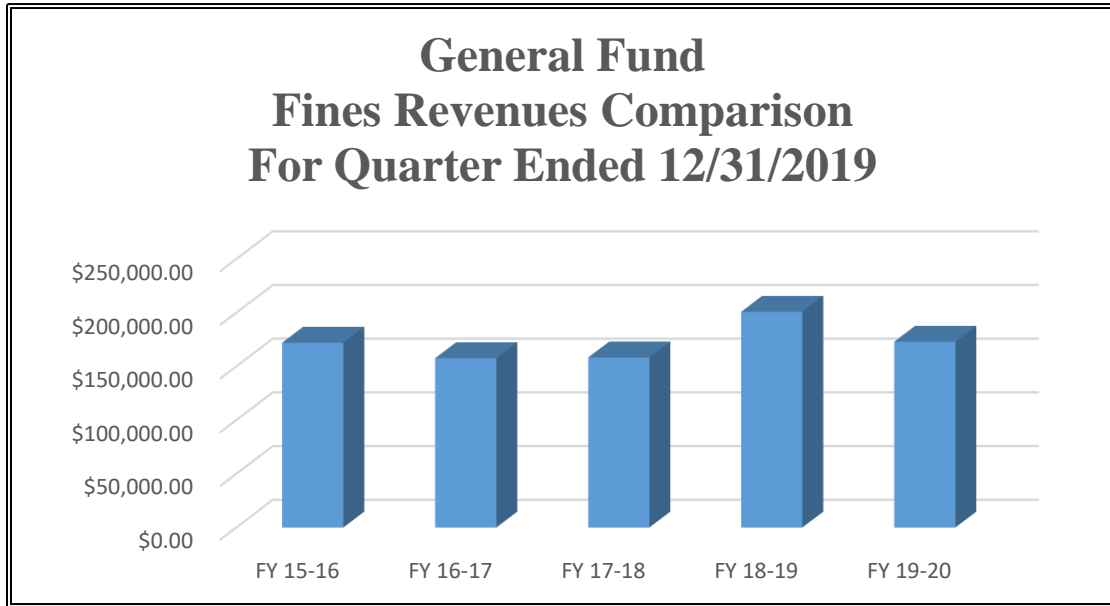
FY 19-20 notable permits issued:

- Starbucks finish in/out \$936
- Dollar General \$2,187
- St Gertrude Church \$3,817
- HEB Parking Lot \$596

**Fines**

Municipal Court revenues are trending slightly lower than expected at 21.22% and lower than this time last FY.

Revenues should improve in the 2<sup>nd</sup> quarter due to the annual warrant roundup scheduled during that time.



	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Adjusted Annual Budget	\$960,200.00	\$835,000.00	\$760,500.00	\$741,100.00	\$815,100.00
Actuals	\$172,081.42	\$157,668.31	\$158,266.75	\$200,850.72	\$172,952.26
Actuals vs Budget	17.92%	18.88%	20.81%	27.10%	21.22%

**Prior FY 18-19 Year End**

Original Budget	741,100.00
Actuals	861,816.00
Additional Revenues	120,716.00
Percentage of Budget	116.29%

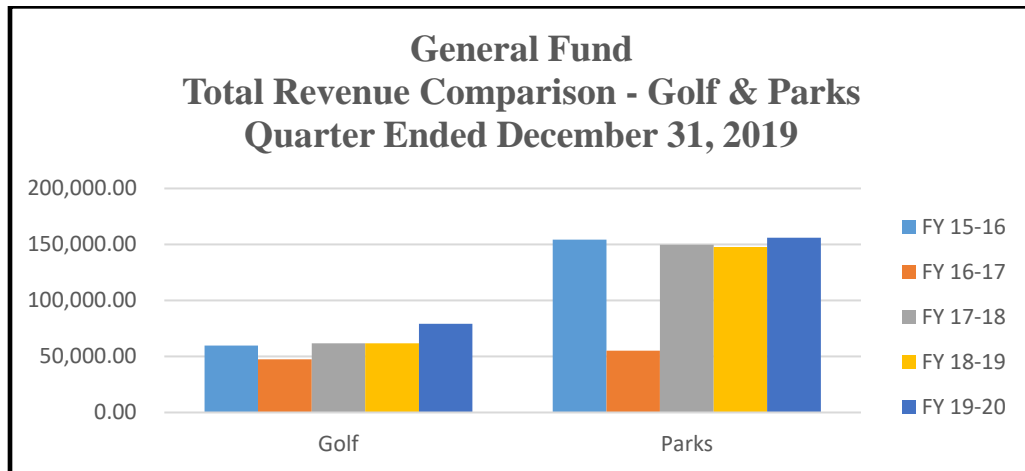
**E. General Service Fees**

This category contains the revenues for two divisions that were assumed by the City from the County in FY 14-15. The County contributes \$35,000 annually for the L.E. Ramey Golf Course. Golf Course budgeted revenues represents 23.88% of the FY 19-20 budget versus 18.71% last year. Actual revenues increased \$17,461 over the same period last fiscal year.

Parks and Recreation revenues are slightly lower than expected at 24.09%, but slightly higher than the same period last fiscal year. Park revenues are seasonal and are expected to catch up once the summer months occur. The County contributes \$550,000 annually of which the City is transferring \$25,000 to the Tourism fund to help fund the JK Northway at the request of the County. The full amount of the County contribution is reflected in the revenues as the contribution is handled as an expenditure transfer.

The City and County will be working on updating the interlocal agreements covering the Parks and Golf Course along with other interlocal agreements for Library and Health.

Contributions from the County are up-to-date.



**Golf**

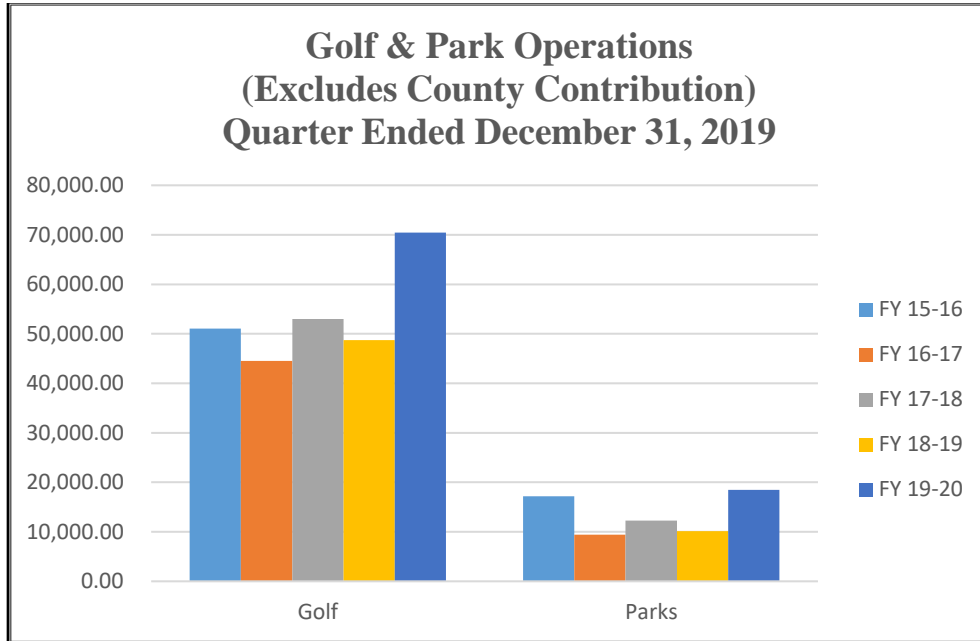
	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Adjusted Annual Budget	\$278,025.00	\$247,200.00	\$277,500.00	\$330,000.00	\$331,729.00
Actuals	\$59,989.88	\$59,821.46	\$47,459.13	\$61,744.60	\$79,205.15
Actuals vs Budget	21.58%	24.20%	17.10%	18.71%	23.88%

**Parks & Recreation**

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Adjusted Annual Budget	\$650,680.00	\$610,890.00	\$646,150.00	\$631,050.00	\$647,550.00
Actuals	\$154,360.86	\$55,284.83	\$149,779.14	\$147,619.54	\$155,996.74
Actuals vs Budget	23.72%	9.05%	23.18%	23.39%	24.09%



Operating budgeted revenues for FY19-20 for the Golf and Parks are \$70,455.14 and \$18,496.75 respectively. Operating revenues for Golf are trending lower than anticipated at 23.74% and Parks revenues are trending lower than anticipated at 18.96%.



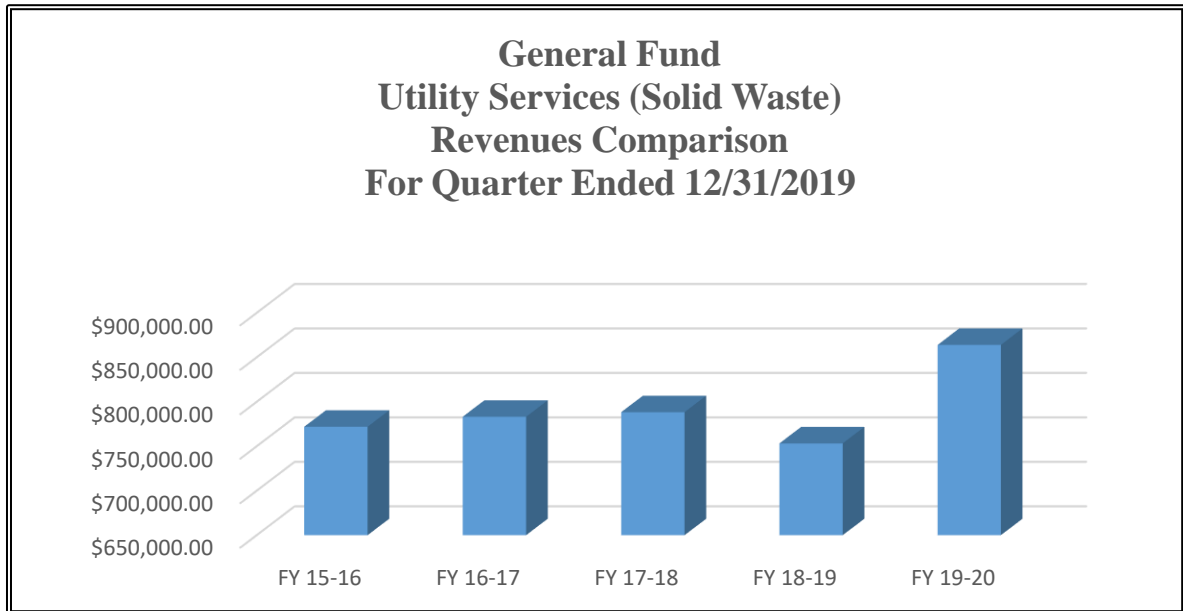
The table below represents operating revenues by excluding the County’s contribution of \$8,750.01 for the golf course and \$137,499.99 for the parks which represents the contribution amount for the first three months of this fiscal year.

Division	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	
Golf	51,071.45	44,542.46	52,994.60	48,752.91	70,455.14	(\$79,205.15-\$8,750.01)
Parks	17,160.87	9,451.50	12,279.15	10,119.51	18,496.75	(\$155,996.74-\$137,499.99)

	Operating Budget	Operating Revenues	% Received
Golf	296,729.00	70,455.14	23.74%
Parks	97,550.00	18,496.75	18.96%

**F. Solid Waste**

In General Fund, this revenue category includes landfill and garbage fees. Revenues for this fiscal year have increased from last fiscal by \$110,715 and is running higher than expected at 27.03%.



	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Adjusted Annual Budget	\$3,284,900.00	\$3,284,700.00	\$3,205,500.00	\$3,206,500.00	\$3,196,500.00
Actuals	\$771,923.25	\$783,164.50	\$788,319.24	\$753,206.18	\$863,921.21
Actuals vs Budget	23.50%	23.84%	24.59%	23.49%	27.03%

Landfill includes revenues that are billed to commercial accounts and revenues from residential customers. Below is a comparison of those revenues:

Landfill	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Landfill-Commercial	\$62,397.18	\$80,073.69	\$101,485.01	\$63,443.85	\$122,540.92
Landfill-Scale House	\$9,807.80	\$4,476.40	\$3,659.00	\$10,213.35	\$7,872.00

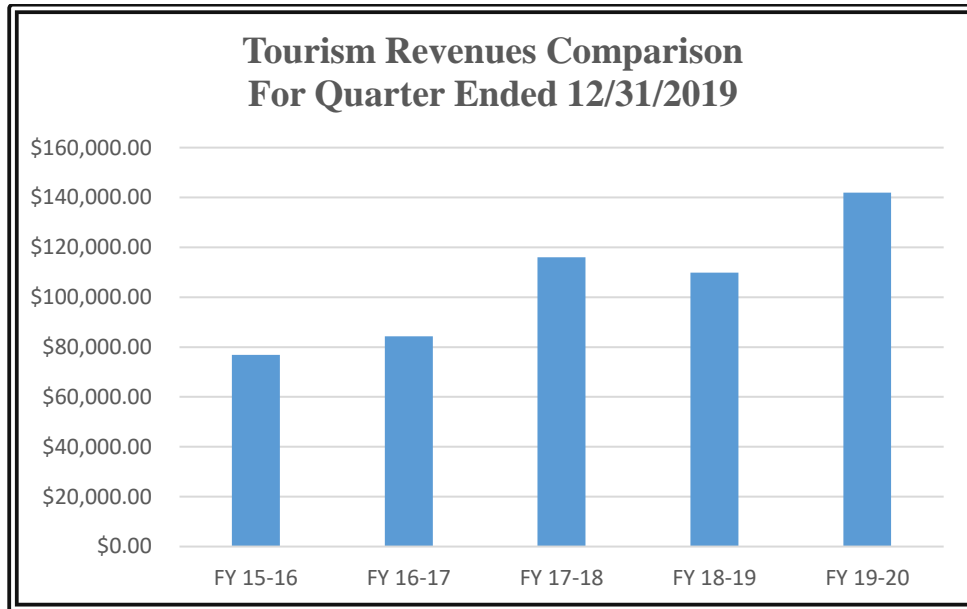
**Prior FY 18-19 Year End**

Original Budget	3,206,500.00
Actuals	3,048,009.00
Revenue Shortage	(158,491.00)
Percentage of Budget	95.06%

**Tourism Fund Revenues**

The main revenue for Tourism Fund are Hotel Occupancy Taxes collected by the hotels from overnight hotel guests. Revenues received for FY 19-20 are greater than what was received for last year but trending lower than expected at 20.34%. Historically, annual revenues are made up in the 4<sup>th</sup> quarter and if that continues, we should end the year with greater revenues than expected.

The table below includes the \$25,000 transfer from General Fund for the JK Northway.



**Tourism**

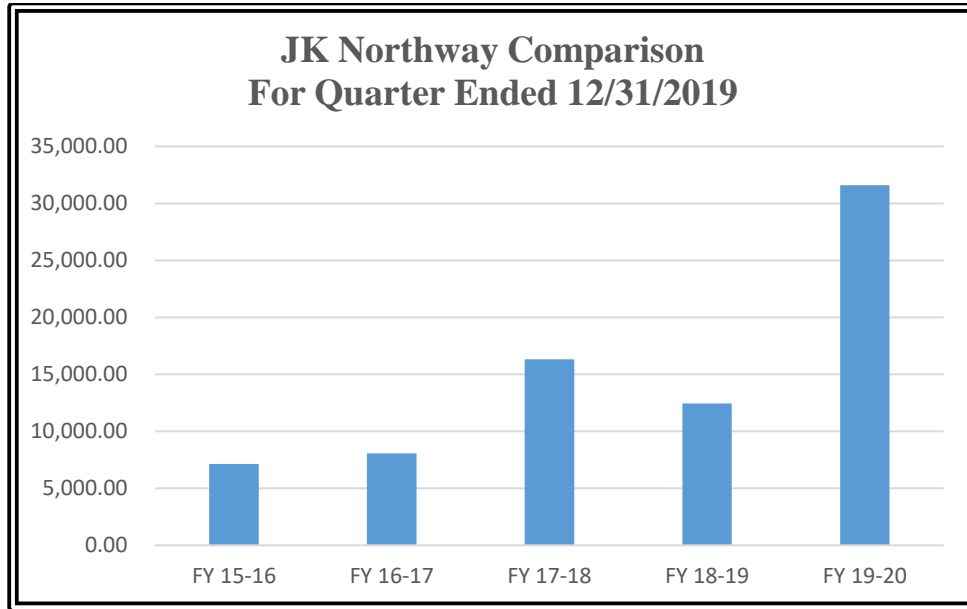
	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Adjusted Annual Budget	\$502,300.00	\$490,700.00	\$554,780.00	\$624,221.00	\$698,011.00
Actuals	\$76,938.83	\$84,309.09	\$116,062.88	\$109,897.42	\$141,988.33
Actuals vs Budget	15.32%	17.18%	20.92%	17.61%	20.34%

**Prior FY 18-19 Year End**

Original Budget	604,221.00
Adjusted Budget	624,221.00
Actuals	738,005.00
Additional Revenues	113,784.00
Percentage of Budget	118.23%

The JK Northway was moved from the Parks Division to the Tourism Department in FY 16-17. In FY 17-18, the City began transferring \$25,000 from the County’s Park contribution to offset expenditures for the JK Northway. Revenues are trending higher than last FY at this time and higher than expected at 44.79%. Ranch Hand weekend held in November was highly successful this fiscal year.

The table below includes the \$25,000 transfer from the General Fund. Budget for FY 15-16 and 16-17 are quite a bit lower due to the transfer not starting till FY 17-18.



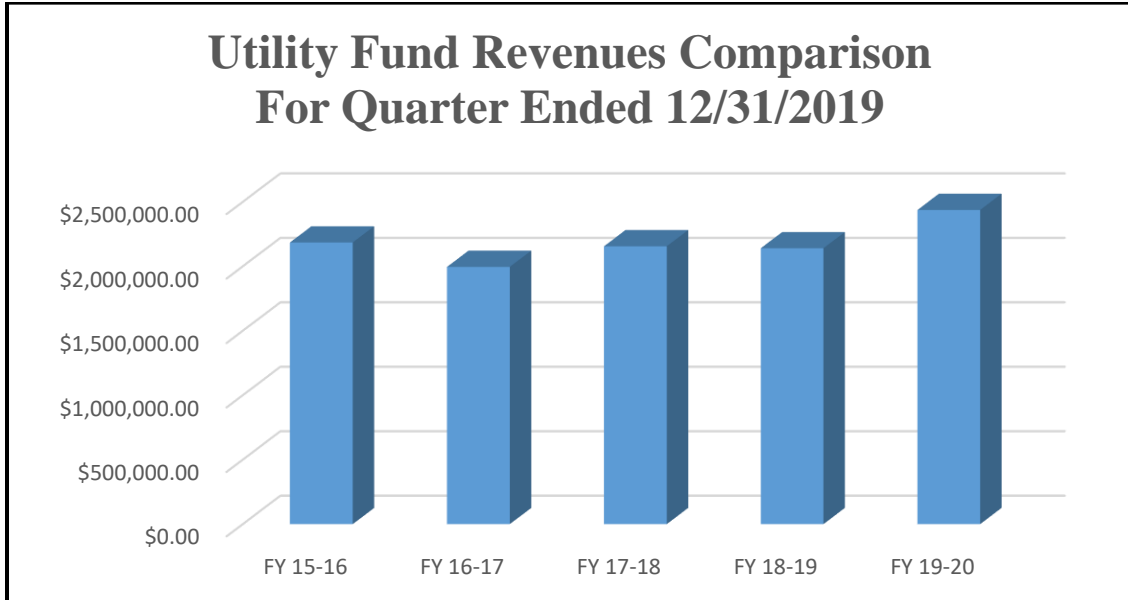
**JK Northway**

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Adjusted Annual Budget	\$38,475.00	\$36,375.00	\$61,375.00	\$74,500.00	\$70,500.00
Actuals	\$7,125.00	\$8,050.00	\$16,330.00	\$12,450.00	\$31,577.50
Actuals vs Budget	0.00%	22.13%	26.61%	16.71%	44.79%

### Utility Fund Revenues

Revenues from this fund come mainly from water and sewer sales for both residential and commercial customers. Revenues are higher than last FY at this time and trending higher than expected at 26.64%.

In looking at the utility rate study done in FY 17-18, the City Commission approved a 1% increase in water and 8% increase in sewer rates for FY 19-20. Last fiscal year ended with a shortage in revenues due to lower consumption.



	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Adjusted Annual Budget	\$8,570,884.00	\$7,953,785.00	\$7,988,321.00	\$9,117,606.00	\$9,146,452.00
Actuals	\$2,184,607.67	\$1,995,157.44	\$2,155,343.07	\$2,139,863.68	\$2,436,898.16
Actuals vs Budget	25.49%	25.08%	26.98%	23.47%	26.64%

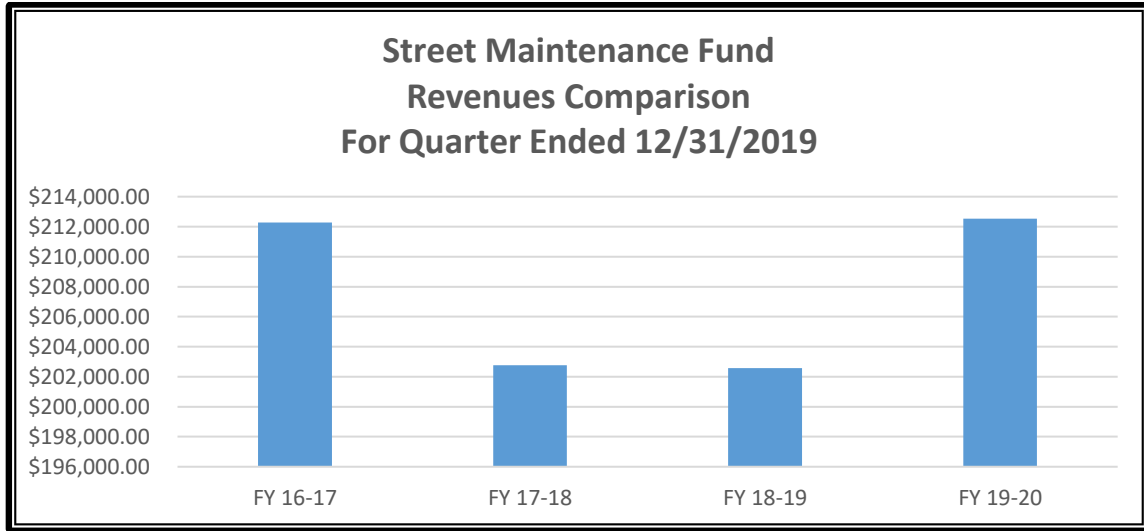
There still continues to be issues with failing endpoints on the water meters. Conversations will need to occur to discuss how to best deal with the replacement costs of equipment and added personnel costs to install the replacement end points. At the end of this quarter, there were 492 end points that are needed to be replaced. An outside firm, DIA Utilities has been hired to assist in replacing the failed end points.

Prior FY 18-19 Year End	
Original Budget	9,117,606.00
Actuals	8,639,415.92
Revenues Shortage	(478,190.08)
Percentage of Budget	94.76%

**Street Maintenance Fund**

Revenues for this new fund are generated by the street maintenance fee that began January 2016, with the first billings sent out in February. Residents are assessed \$5.00 per month and Non-Residential customers are assessed a fee based on square foot of their space x a discounted trip generator x \$5.00 a month. Once the calculation is done, there are several different tiers with a \$150.00 per month cap.

Revenues are trending higher than last fiscal year and higher than expected at 26.17%.



	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Adjusted Annual Budget	\$937,229.38	\$812,000.00	\$812,000.00	\$812,000.00
Actuals	\$212,272.70	\$202,770.82	\$202,569.88	\$212,524.66
Actuals vs Budget	22.65%	24.97%	24.95%	26.17%

**FY 19-20**

**Total Amount Budgeted For Street Maintenance**

Fund 001-General Fund-52100	Regular Budget	\$50,000.00
Fund 033-CO Series 2016	Street Projects & Equip	\$0.00
Fund 087-SW Capital Projects-52105	Alley Maintenance	\$50,000.00
Fund 092-Street Maintenance	Street Projects & Equip	\$841,471.00
	<b>Total</b>	<b>\$941,471.00</b>

**Prior FY 18-19 Year End**

Original Budget	812,000.00
Actuals	795,783.00
Revenues Shortage	(16,217.00)
Percentage of Budget	98.00%

**Last Six Years**  
**Total Amount Expended For Street Maintenance**  
**FY 19-20 Is Based On Budget**

Fund	Actuals FY 14-15	Actuals FY 15-16	Actuals FY 16-17	Actuals FY 17-18	Actuals FY 18-19	Budgeted FY 19-20
Fund 001-General Fund	\$22,440.82	\$88,122.02	\$13,048.65	\$64,151.92	\$52,213.25	\$50,000.00
Fund 033-CO Series 2016	0.00	0.00	85,026.25	506,408.00	0.00	0.00
Fund 065-CO Series 2011	205,228.00	92,459.35	0.00	0.00	0.00	0.00
Fund 067-CO Series 2013	611,935.11	295,532.45	0.00	0.00	0.00	0.00
Fund 068-CO Series 2013	0.00	0.00	0.00	0.00	0.00	0.00
Fund 071-FEMA Assistance	0.00	19,850.69	0.00	0.00	0.00	0.00
Fund 087-SW Capital Projects	0.00	0.00	26,539.08	11,531.41	3,815.00	50,000.00
Fund 091-GF Capital Projects	0.00	0.00	0.00	0.00	0.00	0.00
Fund 092-Street Maintenance	0.00	301,435.59	449,584.18	503,085.13	1,006,313.14	1,262,021.00
<b>Total Street Expenditures</b>	<b>\$839,603.93</b>	<b>\$797,400.10</b>	<b>\$574,198.16</b>	<b>\$1,085,176.46</b>	<b>\$1,062,341.39</b>	<b>\$1,362,021.00</b>

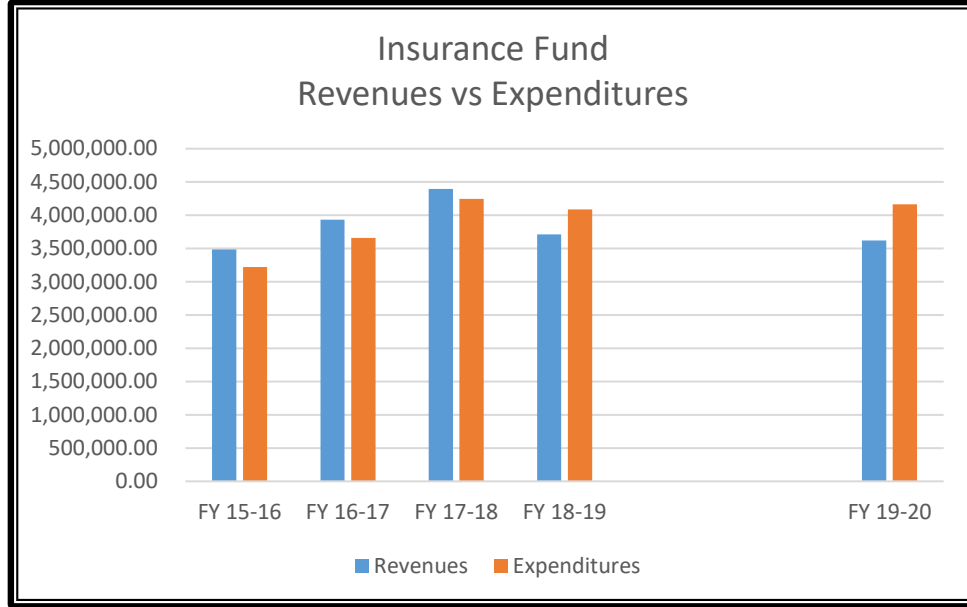
## II. Insurance Fund

The City is self-insured for health care and revenues for this fund come from employer and employee contributions through payroll deductions and individual payments from retirees and those on COBRA. During the budget process, determinations are made to decide if the City needs to make additional contributions based on fund balance projections. In FY 19-20, the City chose to increase health care premiums for employees by 15% and made plan changes which resulted changes to the network and an increase in the monthly deductible. Due to anticipated reductions to the fund balance, City Commission approved additional transfers of \$145,372 from General Fund, \$1,125 from Tourism Fund, \$33,922 from Utility Fund and \$980 from Economic Development Fund for a total of \$181,399.

Revenues are set by the City through employer and employee contributions, so the health of the fund depends on keeping claims at levels which can be supported by current contributions. For FY 19-20, expenditures were estimated and budgeted at \$4,163,008. Expenditures currently is \$856,785. These expenditures equate to 20.58% trending lower than expected. Revenues are estimated to come in at \$865,700 or 23.92% of budget.

The chart below compares the actual revenues to the expenditures with the exception of FY 19-20 which compares the budgeted revenues to the budgeted expenditures.

Note: This fund has not been reconciled for FY 18-19 as of the release of this report.

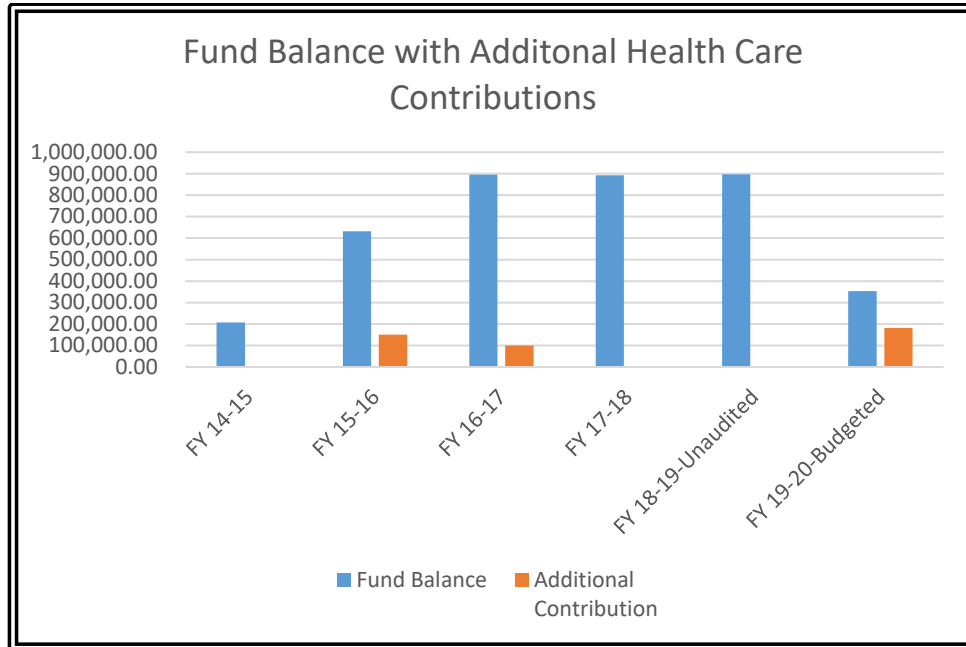


Insurance Fund

Fiscal Year	Actuals	
	Revenues	Expenditures
FY 15-16	3,485,717.45	3,222,108.82
FY 16-17	3,930,837.68	3,657,936.14
FY 17-18	4,392,469.48	4,243,947.73
FY 18-19	3,710,255.27	4,088,195.68
FY 19-20	3,618,707.00	4,163,008.00



The following chart depicts the estimated fund balance FY 18-19 and shows the budgeted fund balance for FY 19-20. The chart also shows the fiscal year where the City made additional contributions to the health insurance fund.



Fund Balance with Additional Contributions

Fiscal Year	Fund Balance	Additional Contribution
FY 14-15	207,187.00	0.00
FY 15-16	632,000.00	150,000.00
FY 16-17	895,609.00	100,000.00
FY 17-18	892,777.67	0.00
FY 18-19-Unaudited	896,910.10	0.00
FY 19-20-Budgeted	352,609.10	181,399.00

III. Overall Revenues

Overall, revenues for FY 19-20 from all sources are trending less than expected at 26.93%.

**Overall Revenues - All Sources  
Quarter Ended December 31, 2019**

<b>Fund</b>	<b>Fund Name</b>	<b>Budget</b>	<b>Revenues</b>	<b>Percentage</b>
001	General Fund	19,666,509.90	6,152,528.28	31.28%
002	Tourism Fund	698,011.00	141,988.33	20.34%
005	PD State Seizure Fund	26,000.00	5,168.83	19.88%
011	GO Debt Service	1,572,490.00	669,945.67	42.60%
012	UF Debt Service	1,701,647.00	424,167.14	24.93%
016	PD Stonegarden Grant	255,000.00	15,205.30	5.96%
017	PD Borderstar Grant	78,000.00	9,574.61	12.28%
025	Building Security Fund	10,000.00	2,246.66	22.47%
026	Golf Course Capital Maint	50,441.00	4,110.25	8.15%
028	PD Federal Seizure Fund	100.00	24.42	24.42%
031	Muni Court Technology Fur	13,000.00	3,024.75	23.27%
033	CO Series 2016-GF	20,000.00	2,776.48	13.88%
039	CO Series 2002-GF	0.00	25.84	0.00%
051	Utility Fund	9,146,452.00	2,436,898.16	26.64%
054	UF Capital Projects	698,430.00	24,469.71	3.50%
055	Stormwater Drainage	405,000.00	104,642.07	25.84%
062	CO Series 2005-UF	1,000.00	253.71	25.37%
066	CO Series 2011-UF	5,000.00	490.73	9.81%
067	CO Series 2013-GF Streets	2,200.00	42.45	1.93%
068	CO Series 2013-Drainage	2,400.00	(666.17)	0.00%
069	TX CDBG Main Street	300,000.00	12,500.00	4.17%
071	FEMA Assistance	0.00	160,625.45	0.00%
079	TX Capital Fund Grant	687.50	0.00	0.00%
086	TX CDBG Grant 7218269	301,000.00	0.00	0.00%
087	Solid Waste Capital Project	879,044.00	154,428.84	17.57%
090	Landfill Closure	368,227.00	96,572.47	26.23%
091	GF Capital Projects	0.00	3.34	0.00%
092	Street Fund	812,000.00	212,524.66	26.17%
093	Park Maintenance	25,000.00	6,250.00	25.00%
094	Texas Parks & Wildlife	421,000.00	0.00	0.00%
095	National Trust for Hist Pres	0.00	1,250.00	0.00%
096	Insurance Claim Recovery	0.00	0.00	0.00%
097	Vehicle Replacement	250,000.00	68,413.47	27.37%
098	Economic Development	152,800.00	11,700.00	7.66%
100	Transportation Set Aside	850,170.00	19,400.00	2.28%
120	Property Tax Reserve	197,842.00	70,252.16	35.51%
138	Self Insurance	3,618,707.00	643,890.17	17.79%
202	Tourism - Façade Grant	50,000.00	12,500.00	25.00%
	<b>Revenue Fund Totals</b>	<b>42,578,158.40</b>	<b>11,467,227.78</b>	<b>26.93%</b>

Overall Expenditures

Overall expenditures are trending better than expected at 17.85%.

**Overall Expenditures - All Sources  
Quarter Ended December 31, 2019**

<b>Fund</b>	<b>Fund Name</b>	<b>Budget</b>	<b>Expenditures</b>	<b>Percentage</b>
001	General Fund	20,949,463.06	4,605,571.58	21.98%
002	Tourism Fund	714,353.65	170,824.80	23.91%
005	PD State Seizure Fund	265,322.00	68,295.09	25.74%
011	GO Debt Service	1,534,256.00	0.00	0.00%
012	UF Debt Service	1,501,647.00	0.00	0.00%
016	Stonegarden	255,000.00	20,560.42	8.06%
017	Borderstar Grant	78,000.00	18,319.51	23.49%
025	Building Security Fund	10,000.00	4,140.87	41.41%
026	Golf Course Capital Maint	64,324.00	27,392.42	42.59%
028	PD Federal Seizure Fund	30,000.00	0.00	0.00%
031	Muni Court Technology Fund	17,000.00	960.39	5.65%
033	CO Series 2016-GF	614,747.00	0.00	0.00%
051	Utility Fund	8,789,119.41	1,945,636.50	22.14%
054	UF Capital Projects	1,854,476.00	0.00	0.00%
055	Stormwater Drainage	292,900.00	72,950.00	24.91%
059	Homeland Security Grant	0.00	54,995.00	0.00%
060	Computer Lease Purchase	47.76	47.76	100.00%
062	CO Series 2005	50,500.00	0.00	0.00%
065	CO Series 2011-GF	2,288.28	2,288.28	100.00%
067	CO Series 2013-GF Street	30,000.00	0.00	0.00%
068	CO Series 2013-Drainage	809,200.00	0.00	0.00%
069	TX CDBG Main Street	300,000.00	175.00	0.06%
071	FEMA Assistance	0.00	160,625.45	0.00%
078	TX Parks & Wildlife	3,598.89	3,598.89	100.00%
079	TX Capital Fund Grant	3,744.01	3,744.01	100.00%
082	TX CDBG Grant	13,500.00	13,500.00	100.00%
086	TX CDBG Grant 7218269	301,000.00	51,430.60	17.09%
087	Solid Waste Capital Projects	874,374.00	90,693.21	10.37%
090	Landfill Closure	252,000.00	0.00	0.00%
092	Street Fund	841,471.00	57,110.02	6.79%
093	Park Maintenance Fund	27,539.00	0.00	0.00%
094	Texas Parks & Wildlife	421,000.00	0.00	0.00%
096	Insurance Claim Recovery	245,135.00	0.00	0.00%
097	Vehicle Replacement	256,105.00	0.00	0.00%
098	Economic Development	157,780.00	46,578.43	29.52%
100	Transportation Set Aside	850,170.00	0.00	0.00%
138	Self Insurance	4,163,008.00	856,785.16	20.58%
202	Tourism - Façade Grant	50,000.00	2,669.45	5.34%
203	JK Northway EDA Grant	0.00	43,000.00	0.00%
	<b>Expenditure Fund Totals</b>	<b>46,623,069.06</b>	<b>8,321,892.84</b>	<b>17.85%</b>

**IV. Revenue Budget Amendments**

<b>REVENUE BUDGET AMENDMENTS</b>
----------------------------------

Revenues:	
Original Budget	42,558,442.40
Current Budget	42,578,158.40
Budget Amendment	19,716.00

Ord. No.	Amendment Description	Amount
<b>General Fund - 001</b>		
2019-56	Park Donations-Healthy Family	\$ 10,000.00
2019-57	Park Donations-Downtown Holiday Decorations	\$ 3,716.00
2019-59	Park Donations-Healthy Family	\$ 6,000.00
	Total General Fund 001	\$ 19,716.00

V. Expenditure Budget Amendments

<b>EXPENDITURES BUDGET AMENDMENTS</b>
---------------------------------------

Expenditures:	
Original Budget	46,533,961.00
Current Budget	46,623,069.06
Budget Amendment	89,108.06

Ord. No.	Amendment Description	Amount
<b>General Fund - 001</b>		
2019-56	Park Donations-Healthy Fam Rec Prog 4513-31441	\$ 7,500.00
2019-56	Park Donations-Healthy Fam Rec Prog 4513-31499	\$ 2,500.00
2019-57	Donations-Downtown Hol Decorations 1604-31400	\$ 3,716.00
2019-58	Rollover Projects 4503-21700	\$ 2,063.99
2019-58	Rollover Projects 4503-21700	\$ 1,557.00
2019-58	Rollover Projects 4501-21700	\$ 1,625.00
2019-58	Rollover Projects 4513-21700	\$ 4,845.00
2019-58	Rollover Projects 4503-21700	\$ 1,000.00
2019-58	Rollover Projects 2200-21200	\$ 756.00
2019-58	Rollover Projects 1601-31400	\$ 1,760.88
2019-58	Rollover Projects 4502-71200	\$ 9,150.00
2019-58	Rollover Projects 3050-31400	\$ 2,500.00
2019-58	Rollover Projects 2200-21200	\$ 368.05
2019-58	Rollover Projects 2200-21200	\$ 10,616.00
2019-58	Rollover Projects 2200-22400	\$ 69.36
2019-58	Rollover Projects 2200-41100	\$ 830.78
2019-58	Rollover Projects 4503-71309	\$ 23,250.00
2019-58	Rollover Projects 6900-80095	\$ 5,000.00
2019-58	Rollover Projects 1601-31400	\$ 4,000.00
2019-59	Donations-Healthy Family Rec Prog 4513-31441	\$ 3,500.00
2019-59	Donations-Healthy Family Rec Prog 4513-31499	\$ 2,500.00
Total General Fund 001		\$ 89,108.06

## Accounts Receivable

There are several categories of accounts receivable to notate and include the following:

- Property Taxes – the County Tax Assessor collects property taxes and submits payments to the City. As of the end of the first quarter, December 31, 2019, delinquent property taxes were \$423,563.69. There is a corresponding allowance for uncollectible accounts in the amount of \$175,128.72 leaving an anticipated collection of \$248,434.97. Linebarger is the collection agency that collects on this receivable.
- Ambulance Services – billings sent out go directly to this receivable, while collections are booked to revenue. There are large adjustments to this receivable throughout the year due to medical provider discounts. As of December 31, 2019, the receivable was \$5,056,119.44. There is a corresponding \$5,108,775.92 allowance for uncollectible accounts leaving an anticipated collection amount of less than \$52,656.48. This indicates that we have collected more than what we anticipated collecting. Allowance accounts are always adjusted during the year end process, so we will take a look at how the allowance account is calculated to lower the percentage the allocation account calculates out. We have contracted with a company to provide collection services.
- Sanitation Service – this is for garbage sales for both residential and commercial accounts. As of December 31, 2019, this receivable was \$457,479.12. There is a corresponding allowance for uncollectible accounts in the amount of \$373,360.15 leaving an anticipated collection amount of \$84,118.97. These accounts have been sent to the collection services company.
- Liens – these receivables come about when the City has to perform work for code enforcement violations. When the homeowner does not pay their bill, the only means to collect this obligation is to file a lien against the property. It usually stays unpaid until the property is sold and it becomes part of the property settlement. Linebarger is used for collection services. As of December 31, 2019, the following balances existed:
 

○ Demolition Liens	\$163,765.83
○ Paving Liens	\$1,317.80
○ Abatement of Noxious Matter	\$126,067.99
○ Weed Liens	\$428,313.29
- Water Accounts – this is for water service for both residential and commercial customers. As of December 31, 2019, this receivable was \$713,664.35.
- Sewer Accounts – this is for sewer service for both residential and commercial customers. As of December 31, 2019, this receivable was \$426,708.34. There is a corresponding allowance for uncollectible accounts of \$653,938.96 for both water and sewer accounts receivable leaving an anticipated collection of \$486,433.73.

The new collection services company will be used for these receivables.

VI. Budgeted Capital Outlay Status

Department	Description	Approved Budget	Actual Costs	Status
<b>General Fund 001</b>				
Downtown	AEP Light Pole Pigtails 001-5-1604-59100	\$8,000	\$7,872	Completed
Sanitation	Move Recycling to Public Works 001-5-1702-71300	\$60,000	\$54,841	In Process – Electrical left
Facilities	(4) Portacool Fans for Garage 001-5-1805-51100	\$5,196	\$3,945	Completed 1/23 Only had enough for (3)
Police	(5) Police Vehicles – Lease 001-5-2102-64200	\$70,655		Issued PO Capital Lease 1 <sup>st</sup> pymt begins next FY
Engineering	New Truck – Split with UF 001-5-3000-71100	\$17,500		Issued PO
Garage	Post Lift 001-5-3030-71200	\$8,899	\$8,899	Completed
Garage	Robinair Recovery System 001-5-3030-71200	\$5,528	\$5,528	Completed
Health	(2) Stainless Stacked Cages 001-5-4400-71200	\$5,413		
Parks	(10) SS Wall Mount Toilets 001-5-4503-59100	\$8,700		
Parks	Dump Trailer 001-5-4503-71200	\$7,500	\$7,425	Completed
<b>Tourism Fund 002</b>				
JK Northway	Livestock Pens 002-5-1076-59100	\$15,000		In Process Invoices have not been received
<b>PD Seizure Fund 005</b>				
Admin	Steel Building (Using money for building remodel) 005-5-2100-71300	\$120,000	\$50,706	In Process
<b>Golf Course Maintenance Fund 026</b>				
Golf	John Deere Trak Mower 026-5-4502-59100	\$8,925	\$8,926	Completed

Department	Description	Approved Budget	Actual Costs	Status
Golf	TURFCO Top Dresser 026-5-4502-59100	\$17,399	\$18,467	Completed
<b>Utility Fund 051</b>				
Wastewater	Trailer Mounted Sewer Cleaner 051-5-7003-71200	\$62,385	\$62,385	Completed
Engineering	New Truck – Split with GF 001-5-3000-71100	\$17,500		Issued PO
<b>CO Series 2005 Fund 062</b>				
Wastewater	Sewer Line Repair 14 <sup>th</sup> & King 062-5-7003-55104	\$37,040		
<b>Solid Waste Capital Projects Fund 087</b>				
Landfill	Articulated Dump Truck 087-5-1702-64200	\$40,504		
<b>Vehicle Replacement Fund 097</b>				
Fire	Command Vehicle 097-5-2200-71100	\$82,000		Program revenues will be greatly reduced. Will affect purchase.
Fire	Skeet Brush Truck 097-5-2200-71100	\$174,105		Program revenues will be greatly reduced. Will affect purchase.

**VII. Interdepartmental Transfers**

Resolution 2016-62 allows transfers between departments in the same fund without Commission approval as long as those transfers do not increase a department’s appropriation by more than 10%. Interdepartmental transfers above 10% must be documented and provided to Commissioners on a quarterly basis through the Quarterly Budget Report. There are currently no transfers that meet this requirement.

**VIII. Intradepartmental Transfers**

Resolution 2016-62 allows intradepartmental transfers between account codes within a department but requires transfers greater than \$5,000 to be documented and provided to Commissions on a quarterly basis through the Quarterly Budget Report. There are currently no transfers that meet this requirement.



## Estimated Fund Balances

The schedule below represents the estimated Fund Balance for each fund. The Beginning Fund Balance has not been audited and are subject to change. Current year fund balance is based on the beginning fund balance plus budgeted revenues, transfers in and revenue budget amendments, less budgeted expenditures, transfers out and expenditures budget amendments. If actual revenues and expenditures differ from what was budgeted, there would be either a positive or negative change to the estimated ending fund balance.

For General Fund and Utility Fund, the City established a Fund Balance Policy in 2008 and amended it by Resolution 2011-54 on September 26, 2011. It dictates that the City will maintain a minimum unassigned fund balance in its General Fund-001 and Utility Fund-051 of 25% of the subsequent year's budgeted expenditures and outgoing transfers. On September 25, 2017, the Commission amended the policy by Resolution 2017-67 that would allow both the General Fund and Utility Fund to be dropped to 20% for a special capital project or capital purchase. If either fund balance would drop to the 20% level, there would be a five-year period to bring the fund balance back up to the 25% level.

**Governmental Funds**

Fund	FY 18-19 Estimated Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 19-20 Estimated Ending Fund Balance
<b>001</b>	<b>7,230,159.34</b>	<b>18,120,064.96</b>	<b>1,546,444.94</b>	<b>20,568,350.06</b>	<b>381,113.00</b>	<b>5,947,206.18</b>
025	5,552.23	10,000.00	0.00	10,000.00	0.00	5,552.23
026	20,059.05	34,000.00	16,441.00	64,324.00	0.00	6,176.05
087	422,889.46	879,044.00	0.00	659,473.00	214,901.00	427,559.46
090	1,489,472.36	271,400.00	96,827.00	252,000.00	0.00	1,605,699.36
091	61.06	0.00	0.00	0.00	0.00	61.06
092	705,709.10	812,000.00	0.00	791,471.00	50,000.00	676,238.10
093	41,322.66	0.00	25,000.00	27,539.00	0.00	38,783.66
096	0.00	0.00	0.00	245,135.00	0.00	(245,135.00)
097	12,638.65	250,000.00	0.00	256,105.00	0.00	6,533.65
098	0.00	106,000.00	46,800.00	156,800.00	980.00	(4,980.00)
120	0.00	197,842.00	0.00	0.00	0.00	197,842.00
<b>Totals</b>	<b>9,927,863.91</b>	<b>20,680,350.96</b>	<b>1,731,512.94</b>	<b>23,031,197.06</b>	<b>646,994.00</b>	<b>8,661,536.75</b>

To verify the ending fund balance for General Fund 001, budgeted expenditures, and budgeted transfers out for FY 19-20 are used:

- Budgeted Expenditures and Transfers Out for FY 19-20 are \$20,949,463 less the capital lease recordation of \$320,000 (Police Vehicles Capital Lease) = \$20,629,463
- Minimum required fund balance = actual total expenditures of \$20,629,463 x 25% = \$5,157,366
- The estimated ending fund balance of \$5,947,206 for FY 19-20 has a surplus reserve of \$789,840
- Estimated Ending Fund Balance for FY 19-20 is 28.82% (Est ending fund balance \$5,947,206 divided by total expenditures less capital lease recordation \$20,629,463)

Fund 096 budget will be moved to the YE reduction line item so this fund will not be overspent. We anticipated receiving insurance proceeds and have since learned that the claim was denied. Fund 098 needs to book a receivable for the Housing Authority payment that was not received in FY 18-19. Once we have confirmation of the amount from this entity, we will record it and the estimated ending fund balance will no longer be negative. In FY 17-18, the amount received was \$13,000.

Fund 001 – General Fund  
 Fund 026 – Golf Course Capital Maint  
 Fund 090 – Landfill Closure Fund  
 Fund 092 – Street Fund  
 Fund 096 – Insurance Claim Recovery  
 Fund 098 – Economic Development  
 Fund 120 – Property Tax Reserve

Fund 025 – Building Security Fund  
 Fund 087 – Solid Waste Capital Projects  
 Fund 091 – General Fund Capital Projects  
 Fund 093 – Park Maintenance Fund  
 Fund 097 – Vehicle Replacement  
 Fund 099 – Disaster Response Recovery

**Capital Improvement Funds – General Fund**

Fund	FY 18-19 Estimated Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 19-20 Estimated Ending Fund Balance
033	332,793.99	20,000.00	0.00	417,747.00	197,000.00	(261,953.01)
039	5,198.37	0.00	0.00	0.00	0.00	5,198.37
065	2,288.28	0.00	0.00	0.00	2,288.28	0.00
067	28,927.11	2,200.00	0.00	30,000.00	0.00	1,127.11
<b>Totals</b>	<b>369,207.75</b>	<b>22,200.00</b>	<b>0.00</b>	<b>447,747.00</b>	<b>199,288.28</b>	<b>(255,627.53)</b>

Fund 033 – CO Series 2016  
Fund 065 – CO Series 2011

Fund 039 – CO Series 2002-2002A  
Fund 067 – CO Series 2013

Note: Fund 033 expenditures budget is currently \$614,747 due to how the estimated projects were anticipated to finish up for FY 18-19. A budget transfer of \$314,500 into the reduction line item has been made so that this fund is not overspent, and all project balances have been updated.

**Police Forfeiture Funds**

Fund	FY 18-19 Estimated Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 19-20 Estimated Ending Fund Balance
005	1,125,870.56	26,000.00	0.00	265,322.00	0.00	886,548.56
028	146,103.51	100.00	0.00	30,000.00	0.00	116,203.51
031	31,474.10	13,000.00	0.00	17,000.00	0.00	27,474.10
<b>Totals</b>	<b>1,303,448.17</b>	<b>39,100.00</b>	<b>0.00</b>	<b>312,322.00</b>	<b>0.00</b>	<b>1,030,226.17</b>

Fund 005 – State Forfeiture  
Fund 031 – Municipal Court Technology

Fund 028 – Federal Forfeiture

**Debt Service – General Fund**

Fund	FY 18-19 Estimated Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 19-20 Estimated Ending Fund Balance
011	612,097.90	1,522,725.00	49,765.00	1,534,256.00	0.00	650,331.90
<b>Totals</b>	<b>612,097.90</b>	<b>1,522,725.00</b>	<b>49,765.00</b>	<b>1,534,256.00</b>	<b>0.00</b>	<b>650,331.90</b>

**Tourism Fund**

Fund	FY 18-19 Estimated Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 19-20 Estimated Ending Fund Balance
002	334,708.97	673,011.00	25,000.00	594,771.65	119,582.00	318,366.32
202	25,380.00	0.00	50,000.00	50,000.00	0.00	25,380.00
203	600,000.00	0.00	0.00	0.00	0.00	600,000.00
204	0.00	0.00	0.00	0.00	0.00	0.00
<b>Totals</b>	<b>960,088.97</b>	<b>673,011.00</b>	<b>75,000.00</b>	<b>644,771.65</b>	<b>119,582.00</b>	<b>943,746.32</b>

- 002 – Tourism Fund
- 202 – Facade Grant Fund
- 203 – JK Northway EDA Grant Fund
- 204 – Venue Tax Fund

At the time the budget was created, we did not budget any expenditures for Fund 203 as we did not know what our obligations would be for disbursement to the County. As we make expenditures, we will have to present budget amendments.

Even though Fund 002 is not required to keep a specific minimum fund balance, there have been discussions to require some level of minimum fund balance. Currently, estimated ending fund balance is at 44.57% (Estimated Fund Balance \$318,366 divided total Expenditures and Transfers Out \$714,354). To keep the same 25%, the required fund balance would need to be \$178,588 based on budgeted expenditures and transfers out. In FY 18-19, a new Fund 202 Facade Grants was created to manage the facade grant allocation from the Tourism Fund. By creating this fund, unused allocations can be rolled forward. Discussions have been had on whether to continue facade grants from the Tourism Fund.

**Enterprise – Utility Funds**

Fund	FY 18-19 Estimated Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 19-20 Estimated Ending Fund Balance
012	516,088.72	8,000.00	1,693,647.00	1,501,647.00	0.00	716,088.72
<b>051</b>	<b>2,862,151.26</b>	<b>9,109,600.00</b>	<b>36,852.00</b>	<b>5,879,466.41</b>	<b>2,909,653.00</b>	<b>3,219,483.85</b>
054	2,383,712.70	603,000.00	95,430.00	1,854,476.00	0.00	1,227,666.70
055	138,160.56	405,000.00	0.00	1,100.00	291,800.00	250,260.56
062	50,987.58	1,000.00	0.00	50,500.00	0.00	1,487.58
066	67,399.99	5,000.00	0.00	0.00	0.00	72,399.99
068	2,060,304.39	2,400.00	0.00	809,200.00	0.00	1,253,504.39
<b>Totals</b>	<b>8,078,805.20</b>	<b>10,134,000.00</b>	<b>1,825,929.00</b>	<b>10,096,389.41</b>	<b>3,201,453.00</b>	<b>6,740,891.79</b>

To verify the ending fund balance for Utility Fund 051, budgeted expenditures, and budgeted transfers out for FY 19-20 are used:

- Budgeted Expenditures and Transfers Out for FY 18-19 are \$8,789,119

- Minimum required fund balance = actual total expenditures of \$8,789,119 x 25% = \$2,197,280.
- The estimated ending fund balance of \$3,219,484 for FY 19-20 has a surplus reserve of \$1,022,204 (estimated ending fund balance \$3,219,484 less minimum required \$2,197,280)
- Estimated Ending Fund Balance for FY 19-20 is 36.63% (estimated ending fund balance \$3,219,484 divided total expenditures \$8,789,119)

Fund 012 – Debt Service  
 Fund 054 – Capital Projects  
 Fund 062 – CO Series 2005  
 Fund 068 – CO Series 2013

Fund 051 – Utility Fund  
 Fund 055 – Storm Water Drainage  
 Fund 066 – CO Series 2011

**Internal Service Fund – Insurance**

The City is self-funded for employee’s health insurance. The insurance fund receives all insurance contributions from the City, current employees and retirees and then pays claims and administrative costs of the health plan from the contributions. The City provides post-retirement medical insurance benefits on behalf of its eligible retirees. Once an employee retires, it pays 50% of their medical premiums until they reach age 65. In years past, the City was contributing additional reserves to shore up the fund balance.

In FY 14-15, the City decided to start charging employees a small portion of the cost of health insurance. In FY 19-20, the City made plan changes and changes to employee premiums. The main reason why the beginning balance is high in comparison to the estimated ending fund balance is due to stop loss reimbursements that are not budgeted due to the uncertainty of this revenue. Stop Loss reimbursements for FY 19-20 are \$51,442. This fund has not been reconciled as of this report.

Fund	FY 18-19 Estimated Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 19-20 Estimated Ending Fund Balance
138	896,910.10	3,437,308.00	181,399.00	4,163,008.00	0.00	352,609.10
<b>Totals</b>	<b>896,910.10</b>	<b>3,437,308.00</b>	<b>181,399.00</b>	<b>4,163,008.00</b>	<b>0.00</b>	<b>352,609.10</b>

**Grant Funds**

Fund	FY 18-19 Estimated Beginning Fund Balance	Budgeted Revenues	Budgeted Transfers In	Budgeted Expenditures	Budgeted Transfers Out	FY 19-20 Estimated Ending Fund Balance
009	0.00	0.00	0.00	0.00	0.00	0.00
010	0.00	0.00	0.00	0.00	0.00	0.00
013	56.76	0.00	0.00	0.00	0.00	56.76
016	0.00	255,000.00	0.00	255,000.00	0.00	0.00
017	0.00	78,000.00	0.00	78,000.00	0.00	0.00
023	0.00	0.00	0.00	0.00	0.00	0.00
027	0.00	0.00	0.00	0.00	0.00	0.00
029	0.00	0.00	0.00	0.00	0.00	0.00
030	0.00	0.00	0.00	0.00	0.00	0.00
060	47.76	0.00	0.00	0.00	47.76	0.00
069	0.00	250,000.00	50,000.00	300,000.00	0.00	0.00
078	3,598.89	0.00	0.00		3,598.89	0.00
079	3,056.51	687.50	0.00	0.00	3,744.01	0.00
080	0.00	0.00	0.00	0.00	0.00	0.00
082	13,500.00	0.00	0.00	0.00	13,500.00	0.00
083	0.00	0.00	0.00	0.00	0.00	0.00
084	0.00	0.00	0.00	0.00	0.00	0.00
085	0.00	0.00	0.00	0.00	0.00	0.00
086	0.00	301,000.00	0.00	301,000.00	0.00	0.00
094	197,000.00	224,000.00	197,000.00	421,000.00	0.00	197,000.00
095	0.00	0.00	0.00	0.00	0.00	0.00
100	0.00	772,568.00	77,602.00	850,170.00	0.00	0.00
601	0.00	0.00	0.00	0.00	0.00	0.00
<b>Totals</b>	<b>217,259.92</b>	<b>1,881,255.50</b>	<b>324,602.00</b>	<b>2,205,170.00</b>	<b>20,890.66</b>	<b>197,056.76</b>

Fund 009 – Law Enf Off Stand-PD

Fund 013 - Texas Historical

Fund 017 – PD Borderstar

Fund 027 – EMS Fund

Fund 030 – Red Ribbon Awareness

Fund 069 – TX CDBG Main St Grant

Fund 079 – TX Capital Main Street

Fund 082 – Texas CDBG Grant

Fund 084 – DEAG Grant

Fund 086 – TX CDBG Grant

Fund 095 – National Trust For Hist Preservation

Fund 601 – FEMA Harvey Grant

Fund 010 – Law Enf Off Stand-Fire

Fund 016 – PD Stonegarden

Fund 023 – PD Step Grant

Fund 029 – JAG Grant

Fund 060 – Computer Lease Purchase

Fund 078 – Texas Parks & Wildlife

Fund 080 – Homeland Security Grant

Fund 083 – Criminal Justice Grant

Fund 085 – Certified Local Govt

Fund 094 – Texas Parks & Wildlife

Fund 100-Fed Trans Alt Set Aside