

FY2024 Unaudited General Fund Performance

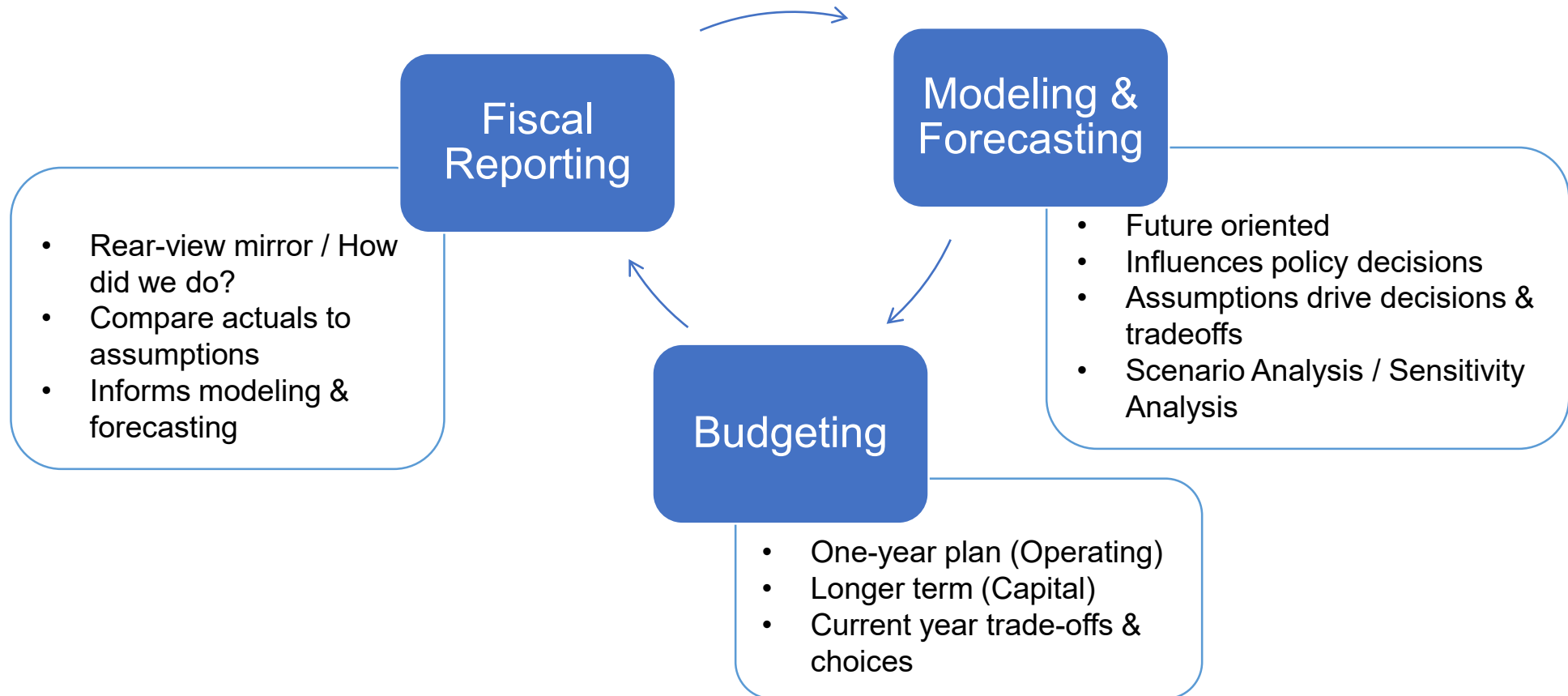
Presented by David Cooke

January 14, 2025

Purpose

- Update on Fiscal Year 2024 Financial Performance
- Discuss Increasing Unassigned Fund Balance
- Recommend Uses for Unaudited Available Fund Balance

Annual Financial Cycle



FY 2024 General Fund Financials (unaudited)

FY24 GENERAL FUND BALANCE PROJECTION	Amended Budget	Unaudited Actuals	Variance
Beginning Fund Balance	\$306,305,898	\$306,305,898	\$0
Revenue	1,020,017,940	1,008,985,719	(11,032,221)
<u>Expenditure</u>	<u>1,022,369,595</u>	<u>982,313,201</u>	<u>40,056,394</u>
<i>Contribution to (use of) Fund Balance from Operations</i>	<u>(2,351,655)</u>	<u>26,672,518</u>	<u>29,024,173</u>
<i>Plus: Surplus Government Funds' Interest Earnings</i>	0	29,717,000	29,717,000
<i>Less: Transfers to Capital Projects</i>	<u>30,240,504</u>	<u>30,240,504</u>	<u>0</u>
FY24 Ending Fund Balance - Projected	\$273,713,739	\$332,454,912	\$58,741,173

Unaudited General Fund Projection of FY 2024 Financials on a budgetary basis (estimate).
 This data does not include adjustments for GAAP.

History of General Fund Revenues and Expenses

	FY2020	FY2021	FY2022	FY2023	FY2024
Beginning Fund Balance	\$143,644,703	\$156,747,362	\$203,605,013	\$244,430,283	\$306,305,898
Revenues	756,149,032	812,939,744	886,252,256	962,232,568	1,008,985,719
Expenses	743,046,373	766,082,093	845,426,986	915,104,057	982,313,201
Contribution to Fund Balance from Operations	<u>13,102,659</u>	<u>46,857,651</u>	<u>40,825,270</u>	<u>47,128,511</u>	<u>26,672,518</u>
Surplus Governmental Interest Earnings	0	0	0	27,205,596	29,717,000
Transfers for Capital Project Shortfalls	0	0	0	(12,458,492)	(30,240,504)
Ending Fund Balance	\$156,747,362	\$203,605,013	\$244,430,283	\$306,305,898	\$332,454,912

FY 2024 Interest Income (General Government Tier 1)

	Amount
Tier 1 Funds Earned Interest Income	\$30,217,000
General Fund FY24 Budget (Debt Service Mgt.)	(500,000)
Interest Earnings (available for one-time use)	\$29,717,000

Recommended Uses	Amount
Risk Funding to offset FY24 deficit	\$5,000,000
Capital Projects Shortfalls-Interest Earnings	24,717,000
TOTAL	\$29,717,000

History of Interest Income (General Government Tier 1)

	FY2020	FY2021	FY2022	FY2023	FY2024
Interest Income	\$ 5,919,812	\$ 3,887,143	\$ 5,529,055	\$ 27,205,596	\$ 30,217,000
Average Interest Rate	1.15%	0.09%	0.78%	4.74%	5.43%

The existing practice, in compliance with the current Revenue Policy, is to allocate investment income from governmental funds, derived from resources other than bond or debt proceeds, in the City's General Debt Service Fund to needed capital projects or other one-time uses as recommended by the City Manager.

Note: While the economic outlook is uncertain, projected interest revenue is expected to decline as economists are projecting that the Federal Open Market Committee will continue to lower the federal funds interest rate over the next couple of years.

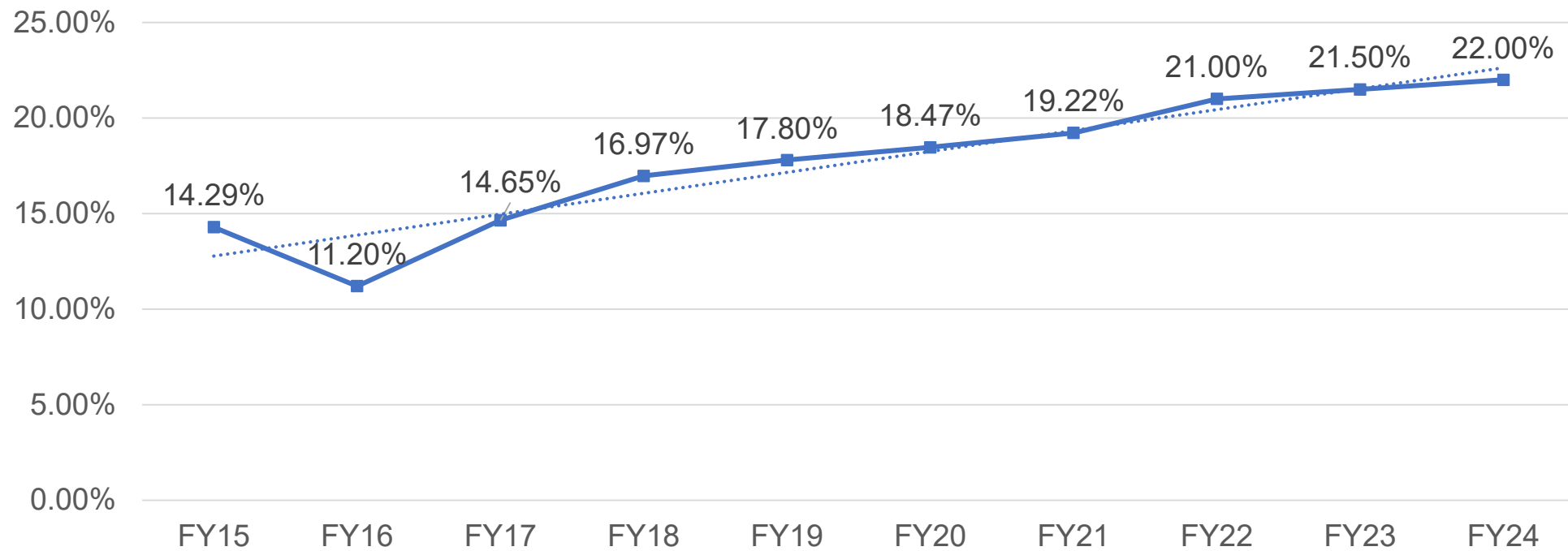
Analysis of FY24 Unassigned Fund Balance

Unassigned Fund Balance at 22.00%

\$232,578,642 an increase of \$14,608,978

- Calculated based on the FY25 Budgeted Expenditures of \$1,057,175,646
- Last year's FB Reserve was \$217,969,664 | 21.50%
- The minimum requirement is two months (16.67%) of the next fiscal year's budgeted operating expenditures with a goal of three months (25%).

General Fund Unassigned Fund Balance



Prior to FY15: the minimum reserve requirement was 10% of regular operating expenditures

FY15 - FY19: the minimum requirement was 10% with a goal of two months (16.67%) of regular ongoing operating expenditures

FY2020 and Onward: The minimum requirement is two months (16.67 %) of the next fiscal year's budgeted operating expenditures with a goal of three months (25%) of regular ongoing operating expenditures

Projected FY 2024 Fund Balance Including Assignments

Projected General Fund Balances by Category

Non-Spendable (Inventory)	\$5,344,732
Previously Committed in FY23	26,532,030
New Commitments – Dept Rollovers	3,552,571
Assignments	64,446,937
Unassigned	<u>232,578,642</u>
Total Ending Fund Balance	\$332,454,912

These are preliminary, unaudited estimates on a budgetary basis

FY 2024 Recommended Committed Fund Balance

Project	Amount
Previously Committed (Sales Tax Repayment)	\$11,532,030
Previously Committed Juneteenth Museum	15,000,000
New Committed Expenditures for Department Rollovers from FY24	3,552,571
TOTAL	\$30,084,601

FY 2024 Recommended Fund Balance Assignments

Assignments	Amount
Library Capital Projects (Remaining Net Sales Proceeds from Sale of the Central Library)	\$9,472,519
Medstar Transition Funding	2,939,440
Risk Fund to offset FY24 deficit-Interest Earnings	5,000,000
Capital Projects Shortfalls-FY23 reassignment	14,627,444
Capital Projects Shortfalls-FY24 assignment	7,690,534
Capital Projects Shortfalls-Interest Earnings	24,717,000
TOTAL	\$64,446,937

2014, 2018 and 2022 Bond Program Project Shortfalls

Capital Project Name	Type of Project	Bond Program	Council District	Gap	Procurement Method	Current Status
Bailey Boswell (Blue Mnd-Horseman)	Arterial	2022	7	2,000,000	Prequalified Supplier	Design Phase
Main Street - Downtown Signal Corridor	Intersection	2022	9	876,500	Design-Bid-Build	Final Design
Everman Pkwy	Arterial	2022	8	7,600,000	Design-Build	Design Phase
McCart Ave. & McPherson Blvd	Arterial	2014	6	10,145,000	Design-Bid-Build	ROW / Utility
Trinity Boulevard at Euless South Main Street	Intersection	2022	5	805,600	Design-Bid-Build	Final Design/ROW
Fire Station Community Center	Facility	2022	9	6,294,000	CMAR	Construction Doc 50% completed
Keller Hicks Rd - Park Vista to Lauren Way	Arterial	2022	10	3,862,750	Design-Bid-Build	ROW / Utility
Camp Bowie at Home	Intersection	2022	3	2,000,000	Design-Bid-Build	Final Design/ROW/Utility
Camp Bowie at Bryant Irvin	Intersection	2022	3	1,375,992	Design-Bid-Build	Final Design/ROW
E. Berry Street & S. Riverside Drive Intersection Imp	Intersection	2022	8	861,800	Design-Bid-Build	Final Design/TxDOT Coord.
2022 Neighborhood Street Program*	Neighborhood Streets	2022	1	20,000,000	Design-Bid-Build	Design Complete
Avondale Haslet Rd	Arterial	2022	10	14,350,875	Design-Bid-Build	ROW / Utility
Stop Six HUB	Facility	2022	5	8,612,644	CMAR	Schematic Design has begun
Stop Six HUB Pool	Facility	2022	5	4,980,026	CMAR	Schematic Design has begun
WJ Boaz Rd West Half	Arterial	2022	7	24,800,000	CMA	Design Phase
Total Remaining Project Funding Gap				\$108,565,187		

* 2022 Neighborhood Street Program: \$81.1M total bond program approved and funded
 CMA = Construction Management Agent (Proposed)

Debt Capacity

- Model is dynamic and continually updated by staff and FAs as conditions change
- Issuance plan maximizes project capacity based on estimated I&S Levy

Debt Input	Current Assumption
Net Taxable Assessed Value ⁽¹⁾	121.9 Billion
Estimated Tax Note Program	17.0MM to 25.9MM in 2025 through 2031, growing 3% thereafter
Remaining 2022 Bond Program	Remaining 2022 bond program—2025 (115MM), 2026 (100MM) and 2027 (99.21MM)

Interest Rate Assumptions

6.00% interest rate for 2025, 2026, and 2027 issuances to accommodate potential market volatility, rise in interest rates

	4% Growth of I&S Levy (April)	3% Growth of I&S Levy (August)	3% Growth of I&S Levy (December)
I&S Rate	Flat at 0.1475	Flat at 0.1475	Flat at \$0.1475
Estimated Levy for Tax Year 2024 ⁽²⁾	167,787,434	170,581,392	170,581,392
Bonding Capacity thru 2031 ⁽³⁾	1.358 Billion	1.343 Billion	1.349 Billion
2022 Bond Program	314 Million	314 Million	314 Million
Estimated Tax Note Program	124 Million	124 Million	155 Million
Reserve Capacity	120 Million	120 Million	120 Million
Available Capacity for a 2026 Bond Program⁽³⁾	800 Million	785 Million	760 Million

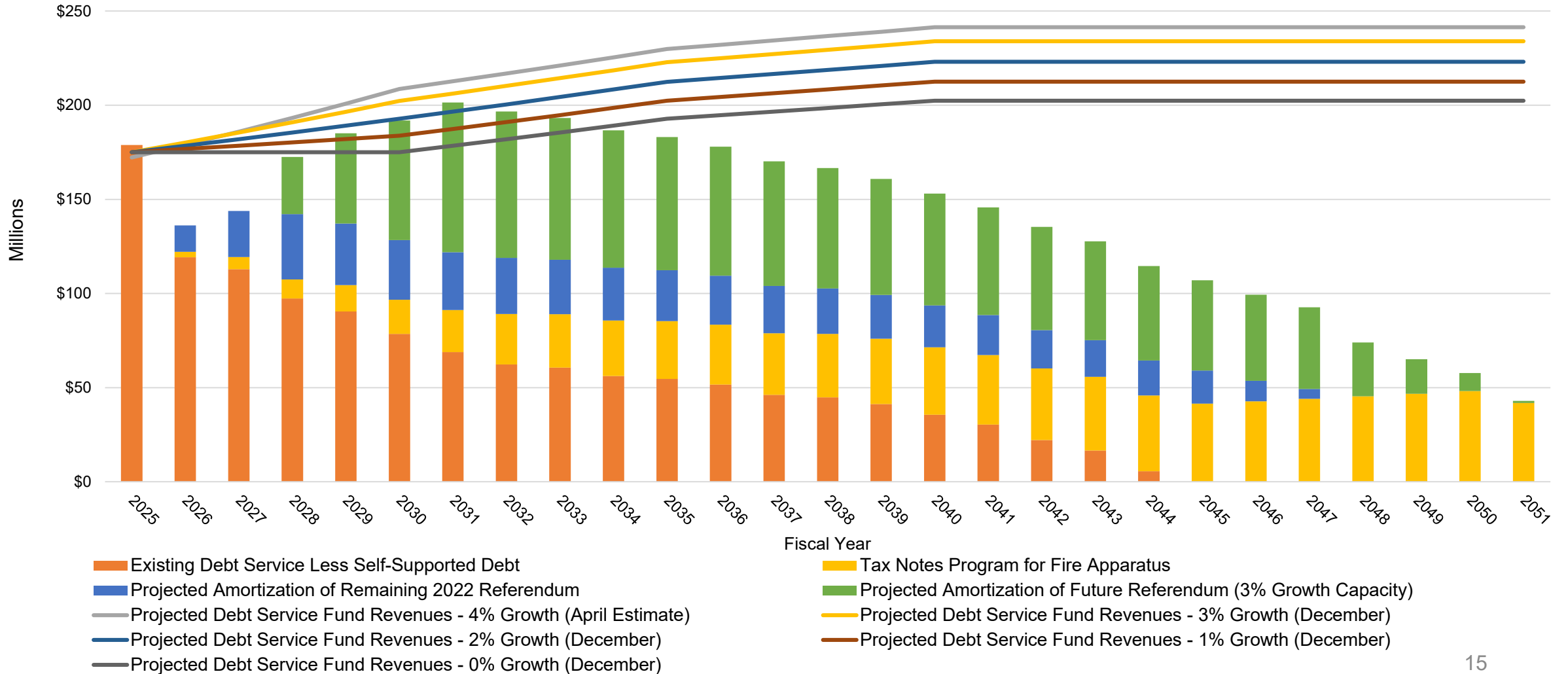
(1) Estimated property tax revenue based on preliminary data from the CAD. Estimated 2024 Tax Year Net Taxable Assessed Value (“TAV”) is sourced from FWLab. Future data is subject to change. Growth is based off Tax Year 2024 Levy and is 3% for tax years 2025 – 2029, 2% for 2030 – 2034; 1% for 2035 – 2039 and flat thereafter.

(2) Estimated 2024 Tax Year Levy is sourced from FWLab TAV using the pro forma I&S Rates.

(3) Bonding Capacity is based on estimated property tax revenues available for debt service on a 20-year level principal debt financing and municipal market interest rate. Assumptions include estimates for delinquents, penalties, and interest, and that portions of certain obligations paid from C&T revenues, Solid Waste revenues, TIRZ revenues and Car Rental taxes will continue to be funded. Bonding capacity budget includes sizing consideration of future authorizations based on available revenues.

(4) Accommodates future purchases of fire apparatus and EMS ambulances per current capital plan.

Debt Capacity



Next Steps

- M&C on January 14 to amend final budgets & assign and commit fund balance
- Annual Comprehensive Financial Report (ACFR) presentation to Audit Committee and Council Work Session on February 18, 2025
- Review & Analyze FY2024 Details to Inform the FY2026 Budget preparation

Thank you



Appendix

Comparison of FY24 Fund Balance to the Prior Year

Projected General Fund Balances by Category	FY 2023	FY 2024	Change
Non-Spendable	\$3,589,073	\$5,344,732	\$1,755,659
Committed	30,406,694	30,084,601	(322,093)
Assigned	54,340,467	64,446,937	10,106,470
Unassigned	217,969,664	232,578,642	14,608,978
Total Ending Fund Balance	\$306,305,898	\$332,454,912	\$26,149,014

FY24 Estimated Revenues (unaudited)

Revenue Source	Original Budget	Amended Budget	FM08 Forecast	Unaudited Actuals	Variance of Audited Actuals to Amended Budget	
					\$	%
Property Tax	\$579,970,842	\$579,970,842	\$576,085,164	\$573,853,857	(\$6,116,985)	-1.05%
Sales Tax	\$250,000,000	\$250,000,000	\$239,500,000	\$238,005,897	(\$11,994,103)	-4.80%
Other Tax	\$64,458,496	\$64,458,496	\$61,841,194	\$60,454,101	(\$4,004,395)	-6.21%
License & Permits	\$22,238,763	\$22,258,763	\$22,325,491	\$23,089,673	\$830,910	3.73%
Intergovernmental	\$520,641	\$520,641	\$582,098	\$581,234	\$60,593	11.64%
Charge for Service	\$34,395,212	\$34,395,212	\$33,514,107	\$34,627,185	\$231,973	0.67%
Fines & Forfeitures	\$6,327,394	\$6,327,394	\$6,410,909	\$6,262,926	(\$64,468)	-1.02%
Use of Money & Property	\$2,746,728	\$2,742,728	\$2,185,931	\$2,004,175	(\$738,553)	-26.93%
Other	\$3,741,440	\$9,466,328	\$10,481,928	\$18,348,615	\$8,882,287	93.83%
Transfer In	\$49,412,874	\$49,877,536	\$54,247,721	\$51,758,056	\$1,880,520	3.77%
Total Revenue	\$1,013,812,390	\$1,020,017,940	\$1,007,174,543	\$1,008,985,719	(\$11,032,221)	-1.08%
Use of Fund Balance	-	\$32,592,159	-	-	(32,592,159)	
Total Funding Sources	\$1,013,812,390	\$1,052,610,099	\$1,007,174,543	\$1,008,985,719	(\$43,624,380)	-4.14%

FY24 Estimated Expenditures (unaudited)

Departments	Original Budget	Amended Budget	FM08	Unaudited Actuals	Variance of Unaudited Actuals to Amended Budget	
					\$	%
City Attorney Department	9,727,436	9,827,436	9,766,596	9,419,909	407,527	95.85%
City Auditor Department	2,444,254	2,444,254	1,981,656	1,963,339	480,915	80.32%
City Managers Office Dept	11,368,002	11,650,502	10,514,034	10,570,456	1,080,046	90.73%
City Secretary Department	2,705,604	3,070,266	2,831,895	2,664,132	406,134	86.77%
Code Compliance Dept	27,074,963	27,074,963	27,002,610	26,701,480	373,483	98.62%
Communications & Public Engage	6,058,990	6,146,440	6,186,422	5,918,116	228,324	96.29%
Development Services	29,222,202	29,424,202	29,110,567	27,686,771	1,737,431	94.10%
Diversity & Inclusion Dept	2,635,238	3,700,354	3,335,922	3,449,118	251,236	93.21%
Economic Development Dept	49,547,130	56,532,858	46,489,375	53,199,418	3,333,440	94.10%
Environmental Services	4,589,348	4,589,348	4,243,046	4,236,012	353,336	92.30%
Financial Management Dept	15,051,729	15,416,433	15,203,514	14,982,839	433,594	97.19%
Fire Department	213,436,366	237,934,761	225,326,692	234,412,371	3,522,390	98.52%
FWLab	13,360,823	13,862,023	12,800,108	12,872,051	989,972	92.86%
Human Resources Department	6,933,179	7,024,068	6,987,376	6,781,244	242,824	96.54%
Library Department	27,822,947	34,720,452	28,315,600	33,468,301	1,252,151	96.39%
Municipal Court Department	15,861,428	15,861,428	15,417,013	15,139,081	722,347	95.45%
Neighborhood Services Dept	23,066,283	24,239,925	24,177,979	23,469,395	770,530	96.82%
Park and Recreation Department	70,849,484	71,500,124	72,644,020	70,443,177	1,056,947	98.52%
Police Department	321,340,689	321,485,979	318,604,298	313,849,684	7,636,295	97.62%
Property Management Dept	33,803,557	34,251,070	31,439,298	29,354,736	4,896,334	85.70%
Transportation & Public Works	97,765,644	100,936,097	100,031,791	99,158,369	1,777,728	98.24%
Non-Departmental	29,147,095	20,917,116	12,811,118	12,811,118	8,105,998	61.25%
Total Expenditures	1,013,812,391	1,052,610,099	1,005,220,930	1,012,551,116	40,058,983	96.19%
Contribution to (use of) fund balance	-	-	1,953,613	(3,565,397)	(3,565,397)	-

FY2024 Assigned Fund Balance – Capital Shortfalls

Assignments	Amount
FY 2023 Assigned Fund Balance	\$38,380,940
TXAMU Innovation HUB	(2,353,725)
Evans-Rosedale Affordable Housing	(4,245,533)
Intermodal Parkway Construction	(2,000,000)
Fire Station 16	(3,663,534)
Fire Station 26	(7,048,032)
Fire Station 37	(3,442,672)
Crowley/Cleburne Intersection Improvement	(1,000,000)
Remaining FY2023 Assigned Fund Balance	\$14,627,444

FY2024 Assigned Fund Balance-Library

Assignments	Amount
FY 2023 Assigned Fund Balance	\$15,959,527
Downtown Library	(6,487,008)
Remaining FY2023 Assigned Fund Balance	\$9,472,519