

Kristen Mueller

From: Council4
Sent: Tuesday, June 28, 2022 8:08 PM
To: Kristen Mueller
Subject: RE: CC Budget Session Information

Hi Kristin,

I know Kim is out and I don't want to bug her. I have a few questions/requests I was hoping to get prior to the workshop. I thought maybe you may be able to get some answers without having to bug her.

1. I assume there is more data to be coming and this is just a summary to start. Is that correct?
2. Can you print the adopted budget report from Incode for me? See Sinton's as an example ([City-of-Sinton-Annual-Budget-2021-2022-Fiscal-Year \(sintontexas.org\)](https://www.sintontexas.org/Annual-Budget-2021-2022-Fiscal-Year)). I don't expect you to do any data entry if it has not already been done, but it would be an easy way to get another year of data for analysis and also see YTD actuals.
3. Kim's summary mentions a step increase program. Can you tell me how that works? Is there a schedule you follow that you can share?
4. Is the step program the same as the longevity mentioned in the budget or is that separate? If it is separate, can you provide me with a description of how longevity works?
5. I do not see any of the ARPA grant budgeted (except for a \$140k transfer into the general fund). Shouldn't it be included if you want to spend it? Local government code section 102.003(b)(4) requires "all funds from all sources during the ensuing year" be included in the budget. Article VI section 6.04 of the City Charter also states "The budget shall provide a complete financial plan of all city funds and activities for the ensuing fiscal year."
6. The budget does not include the fund balances of each fund. Local government code 102.003(b)(2) requires "cash on hand to the credit of each fund" be presented in the budget.
7. On the capital improvements program budget, do you know what the "other income east aviation bond reimb" for \$2,149,158 is?
8. Stormwater has an admin transfer out of \$50,000. Where does that go? I didn't see it in the general fund or utility fund.

Few suggestions before you push this out to the masses:

1. The general fund budget shows \$10.8 million in property tax revenue which appears to be a large increase in revenue. People will lose their minds. In reality, you are not showing an increase in total property tax revenue. Instead, I would change the revenue to \$9,256,431 and get rid of the transfer out to debt service expenditure. This would allow the public to see that you are not planning to increase property taxes over the 2022 budget and gets you to the same place.
2. Similarly, the general fund shows \$3.5 million in sales tax revenue AND a transfer out to the golf course of \$657,121. Based on the 2021 calendar year, the City brought in a total of \$6 million in sales tax. \$3 million for general, \$1.5 million in venue and \$1.5 million in EDC. So, these statements should show (in my opinion) total sales tax of \$4.5 million across the general and golf course funds. Right now it shows \$3.5 million. Even if you think \$3.5 million is the right number, you should show the city 1% in general. The 0.5% venue should go somewhere else (presumably golf course). The way the budget shows right now is that the total to come in is \$3.5 million and of that \$657k is going to golf course. The math is not right on the split. Either way, I think it would be better to show only the general fund sales tax revenue in general fund (perhaps \$3 million to be conservative) and remove the transfer out to golf. Then budget the venue tax revenue elsewhere (presumably golf).

3. The general fund has a contingency expenditure of \$228 thousand. I would prefer this be taken out as I think this is what your fund balance is for. Otherwise, it is like giving the city a blank check of \$228k to buy whatever the City wants. This is probably more of a council discussion, but I wanted to throw it out there.
4. I would not recommend budgeting for depreciation on the golf course. Instead, I would budget for principal expense (lease payments and debt principal payments) as you already have. If you budget for depreciation, you are kinda double counting those expenditures (once through the principal repayment and then again through depreciation (the writing off of the asset purchase price)). If you buy equipment with cash, you would budget for those purchases (like you do all other funds for consistency).
5. I think there are also some consistency issues with the budget. The 2022 budget column does not match the 2022 budget on the website. The primary difference I see is on the golf course debt. That was budgeted in debt service in 2022 with matching venue tax sales tax. In the 2023 budget, you moved the debt service to the golf course, but did not move the related sales tax revenue. So, the golf course is showing a big loss for 2021 and 2022. Instead, I would fill in the sales tax into the 2021 and 2022 columns of the golf course revenue to show how that paid for the debt. The debt service fund is showing the flip side of this...large surpluses for 2021 and 2022 because it has the sales tax revenue without the golf course debt expenditures. Hope that makes sense.

Thanks!
Phil

From: Kristen Mueller <kmueller@uctx.gov>
Sent: Tuesday, June 28, 2022 5:31 PM
Cc: Kim Turner CtMgr <citymanager@uctx.gov>
Subject: CC Budget Session Information

Honorable Mayor and Councilmembers,

Attached is the supporting documentation for the Wednesday, July 6th Special Meeting - Budget Workshop.

Please note that the colored pages are the combined overview of the respective fund and the white pages that follows the colored pages are the details of for that respective fund.

The agenda will go out on Friday.

Respectfully,

Kristin Mueller

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