

Fiscal Forecast

City Council Planning Session

May 5, 2022

General Fund Assumptions and Outcomes

Revenue	Expenditures	Policy Outcomes
<ul style="list-style-type: none">• Property tax revenue:• Same overall tax rate (\$0.4473)• M&O tax rate (\$0.2995)• M&O rate up by 1.2% due to corresponding decrease in debt rate• Taxable value: \$5.1 billion; 3.5% annual increase in subsequent years• 98% collection rate• Sales tax revenues 1% increase FY 2024 – FY 2027• Residential permits 5% increase FY 2024 – FY 2027• All other revenues 0-2% increase FY 2024 – FY 2027	<ul style="list-style-type: none">• Total salary & benefits increases by 5% annually• \$150,000 annual vacancy savings• All other expenditures – 3% increase FY 2024 – FY 2027• Transfer out \$4.7 million ARPA funds in FY 2023 (to CIP)• VERF & CIP transfers in FY 2024 – FY 2026 per prior year CIP• VERF & CIP transfers in FY 2027 equal to FY 2026 (will be updated based on new CIP)	<ul style="list-style-type: none">• Structurally balanced budget all years (FY 2023 – FY 2027)• Meets 60-day reserve for all years• Funds 1.5% COLA, 3.5% STEP, and 10% health insurance increase in all years

General Fund Fiscal Forecast

Forecast Category (figures shown in millions, except tax rate)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Fund Balance	\$6.05	\$11.64	\$8.30	\$8.60	\$8.68	\$9.00
Recurring Revenue	\$23.14	\$23.73	\$24.63	\$25.55	\$26.52	\$27.89
Recurring Expenditures	\$21.59	\$22.38	\$23.37	\$24.41	\$25.50	\$26.65
Structural Balance Factor	93.29%	94.31%	94.88%	95.55%	96.16%	95.55%
Non-recurring Revenues	\$4.82	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
Non-recurring Expenditures and Transfers	\$0.79	\$4.70	\$0.98	\$1.06	\$0.72	\$0.72
Ending Fund Balance	\$11.64	\$8.30	\$8.60	\$8.68	\$9.00	\$9.53
60-day Fund Balance Requirement	\$3.60	\$3.73	\$3.90	\$4.07	\$4.25	\$4.44
Over/(Under) 60-day Fund Balance Requirement	\$8.04	\$4.57	\$4.70	\$4.61	\$4.75	\$5.09
M&O Tax Rate (per \$100 assessed)	\$0.2959	\$0.2995	\$0.3045	\$0.3089	\$0.3136	\$0.3243

Enterprise Fund Assumptions and Outcomes

Revenue	Expenditures	Policy Outcomes
<ul style="list-style-type: none">• Water: 5% increase annually• Wastewater: 5% increase annually• Solid Waste: 5% increase annually	<ul style="list-style-type: none">• Total salary & benefits increases by 5% annually• \$50,000 annual vacancy savings• Surface water from Houston – 4% annual increases• All other expenditures – 0.5% increase annually• \$1,073,000 annual transfer to General Fund• VERF & CIP transfers in FY 2024 – FY 2026 per prior year CIP• VERF & CIP transfers in FY 2027 equal to FY 2026 (will be updated based on new CIP)	<ul style="list-style-type: none">• Structurally balanced budget all years (FY 2023 – FY 2027)• Meets 60-day reserve for all years• Funds 1.5% COLA, 3.5% STEP, and 10% health insurance increase in all years

Enterprise Fund Fiscal Forecast

Forecast Category (figures shown in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Working Capital Balance	\$1.78	\$1.69	\$1.51	\$1.66	\$1.68	\$1.80
Recurring Revenue	\$10.42	\$10.92	\$11.46	\$12.01	\$12.60	\$13.22
Recurring Expense	\$8.13	\$8.32	\$8.54	\$8.77	\$9.01	\$9.26
Structural Balance Factor	78.08%	76.19%	74.56%	73.00%	71.49%	70.04%
Transfer to Debt Service	\$2.13	\$2.12	\$2.11	\$2.11	\$2.11	\$2.01
Transfer to Vehicle and Equipment Replacement Fund	\$0.05	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36
Transfer to Capital Improvement Fund	\$0.20	\$0.30	\$0.30	\$0.75	\$1.00	\$1.00
Ending Working Capital Balance	\$1.69	\$1.51	\$1.66	\$1.68	\$1.80	\$2.40
60-Day Reserve Requirement	\$1.36	\$1.39	\$1.42	\$1.46	\$1.50	\$1.54
Over/(Under) 60-Day Reserve	\$0.33	\$0.13	\$0.23	\$0.22	\$0.30	\$0.85
Rate Increase (water/sewer/solid waste)		5.00%	5.00%	5.00%	5.00%	5.00%

Debt Service Fund Assumptions and Outcomes

Revenue	Expenditures	Policy Outcomes
<ul style="list-style-type: none">• Property tax revenue:<ul style="list-style-type: none">• Same overall tax rate (\$0.4473)• Debt tax rate (\$0.1478)• Debt rate down by 2.4% with corresponding increase in M&O rate• Taxable value: \$5.1 billion• 98% collection rate• Transfer in from the Enterprise Fund is based on its share of the debt service according to the underlying projects	<ul style="list-style-type: none">• Assumes no new debt issuances – new issuances would increase the overall tax rate• Assumes no future refunding activity – refundings could reduce future debt payments• Annual expenditures of approximately \$9.6 million until FY 2027 which reduces to \$9.3 million	<ul style="list-style-type: none">• Minimal change in fund balance• Enterprise Fund pays its portion of bond payments• Provides funding for all bond payments

Debt Service Fund Fiscal Forecast

Forecast Category (Figures shown in millions, except tax rate)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Fund Balance	\$0.66	\$0.68	\$0.68	\$0.68	\$0.68	\$0.68
Recurring Revenue	\$9.62	\$9.60	\$9.59	\$9.62	\$9.61	\$9.26
Recurring Expense	\$9.61	\$9.60	\$9.59	\$9.62	\$9.61	\$9.26
Net Refunding Activity	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ending Fund Balance	\$0.68	\$0.68	\$0.68	\$0.68	\$0.68	\$0.68
Debt Tax Rate (per \$100 assessed)	\$0.1514	\$0.1478	\$0.1428	\$0.1384	\$0.1337	\$0.1230
Increase/(Decrease) in Debt Tax Rate	(\$0.0044)	(\$0.0036)	(\$0.0050)	(\$0.0044)	(\$0.0047)	(\$0.0107)
Debt Outstanding	\$104.95	\$98.70	\$92.21	\$85.44	\$78.38	\$71.40