

# General Fund Financial Forecast

FY 2005 – FY 2007

April 15, 2005

## General Fund Financial Forecast Summary

	2003	2004	2005	2006	2007
Beginning Balance	\$ 34.24	\$ 29.56	\$ 38.15	\$ 30.15	\$ 25.66
Revenues	\$ 455.86	\$ 461.11	\$ 471.38	\$ 488.45	\$ 510.66
Expenditures:					
Base Budget - Prior Fiscal Year	\$ -	\$ -	\$ 462.31	\$ 471.38	\$ 488.44
Cost Drivers	\$ -	\$ -	\$ 28.49	\$ 27.23	\$ 26.64
Total Expenditures	\$ 507.60	\$ 499.60	\$ 490.80	\$ 498.62	\$ 515.08
<i>Excess / (Deficit)</i>	\$ (51.74)	\$ (38.49)	\$ (19.42)	\$ (10.17)	\$ (4.42)
Required Cost Reductions:					
Departmental Percentage Reduction	\$ -	\$ -	5.00%	2.76%	1.23%
Reduced Expenditures	\$ 31.00	\$ 38.49	\$ 19.41	\$ 10.18	\$ 4.41
Total Revised Expenditures	\$ 476.60	\$ 461.11	\$ 471.38	\$ 488.44	\$ 510.67
<i>Revised Excess / (Deficit)</i>	\$ (20.74)	\$ -	\$ (0.00)	\$ 0.01	\$ (0.01)
Ending Balance	\$ 13.50	\$ 29.56	\$ 38.14	\$ 30.16	\$ 25.65
Critical One-Time Costs: Equipment & Repairs			\$ 7.99	\$ 4.50	\$ 5.04
Adjusted Ending Balance	\$ 13.50	\$ 29.56	\$ 30.15	\$ 25.66	\$ 20.61

## General Fund Financial Forecast Summary

UN-ADJUSTED					
	2003	2004	2005	2006	2007
Beginning Balance			\$ 38.15	\$ 18.73	\$ (10.85)
Revenues			\$ 471.38	\$ 488.45	\$ 510.66
Total Revised Expenditures			\$ 490.80	\$ 518.03	\$ 544.67
<i>Excess / (Deficit)</i>			\$ (19.42)	\$ (29.58)	\$ (34.01)
Ending Balance			\$ 18.73	\$ (10.85)	\$ (44.87)

# Revenues

# Property Tax

- 34% of total General Fund revenue

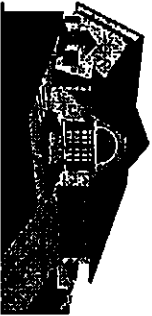
## Assumptions:

- Effective tax rate each year: (current year 49.28¢)
  - FY 2005      50.13¢
  - FY 2006      50.46¢
  - FY 2007      50.63¢

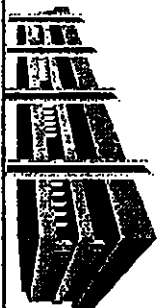
- Assessed Valuation: (current year \$ 49.2 b)

	Growth Rate	Total AV
– FY 2005	1.3%	\$ 49.8 b
– FY 2006	3.5%	\$ 51.6 b
– FY 2007	4.5%	\$ 53.9 b

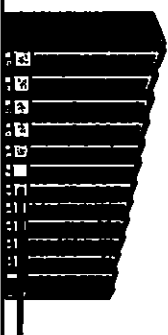
# 2004-05 CHANGES IN VALUE BY PROPERTY TYPE



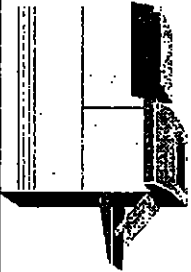
Single Family Residential  
\$1,049 M      4.5 %



Commercial  
(\$980 M)      (8.0 %)



Multi-Unit Residential  
(\$96 M)      (1.6 %)



Personal Property  
\$518 M      (8.5 %)



New Construction  
\$1,475 M      NA



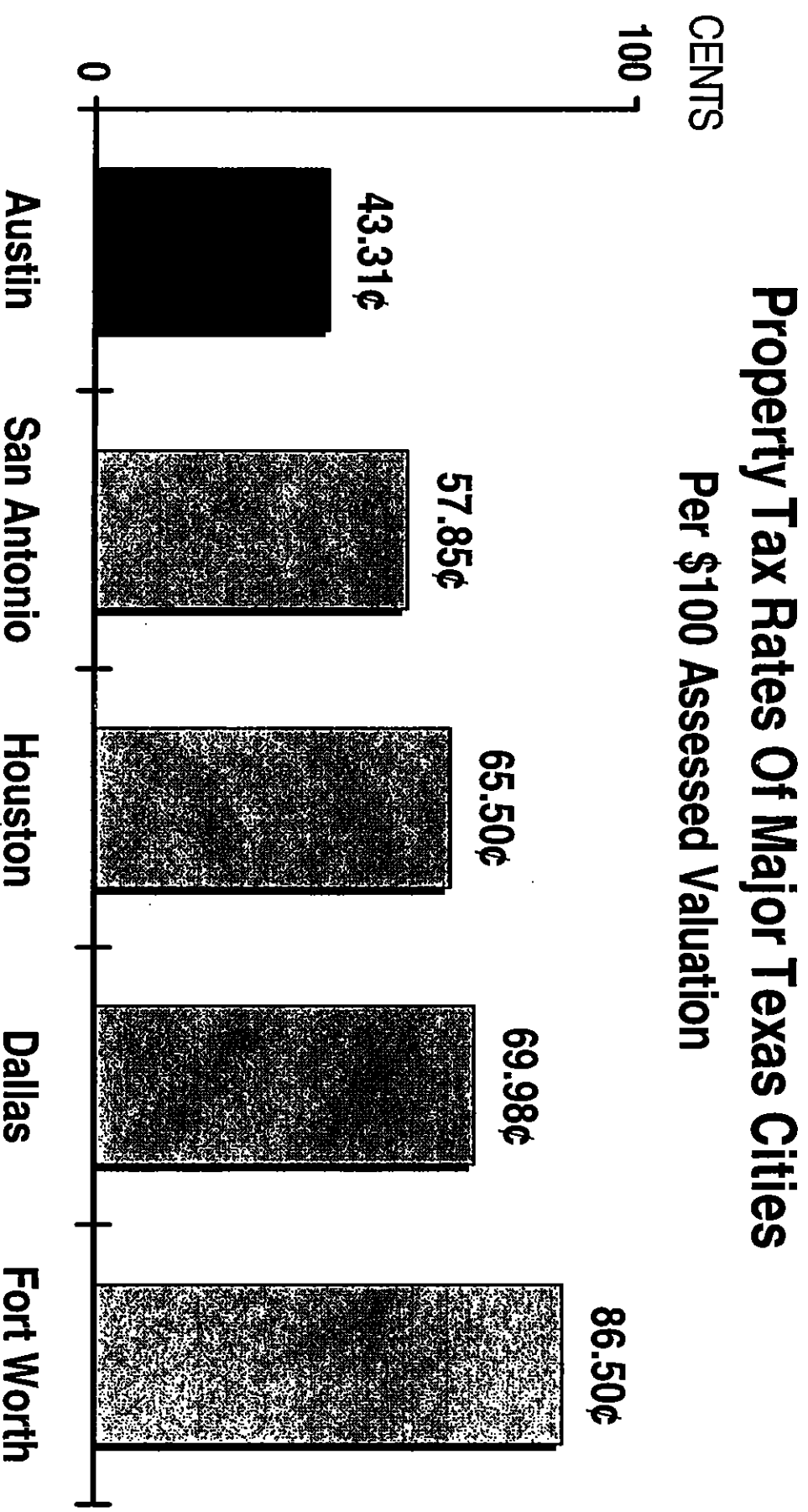
Land  
(\$149 M)      (9.8 %)

\$640 M

TOTAL

1.3 %

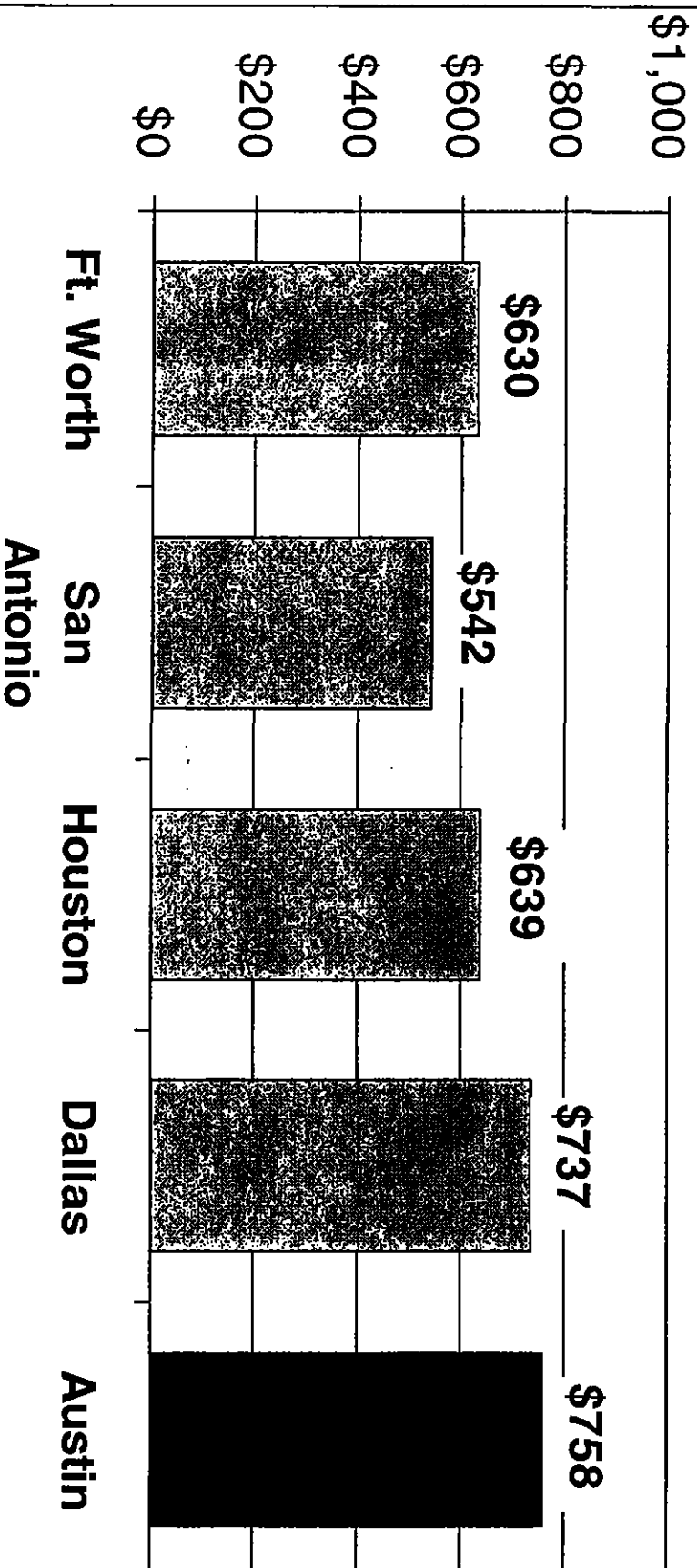
# Austin Tax Rate Adjusted for Hospital District



Source: The Finance & Administrative Services Department

# Austin Tax Bill Adjusted for Hospital District

**City Average Tax Bill 2003-04**



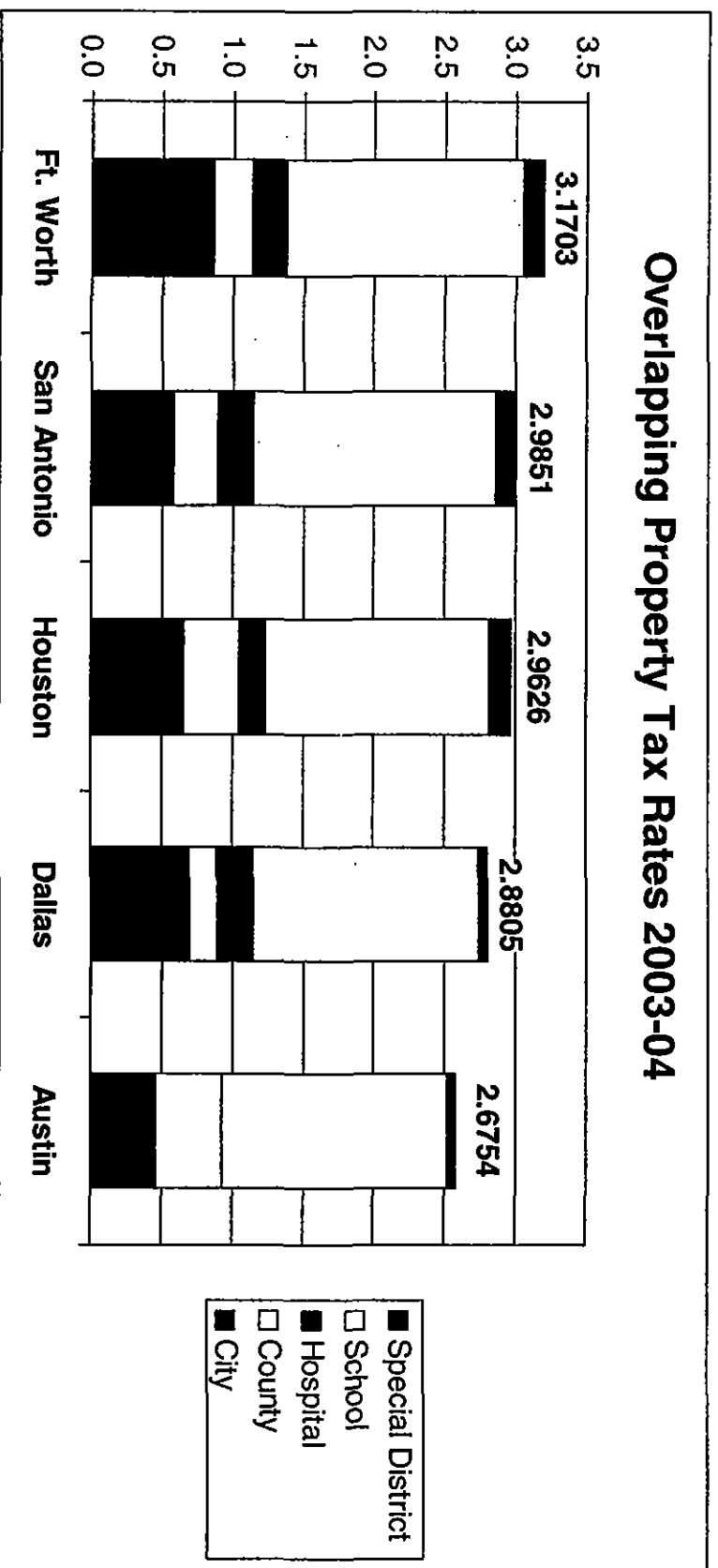


# Overlapping Property Tax Rates 2003-04

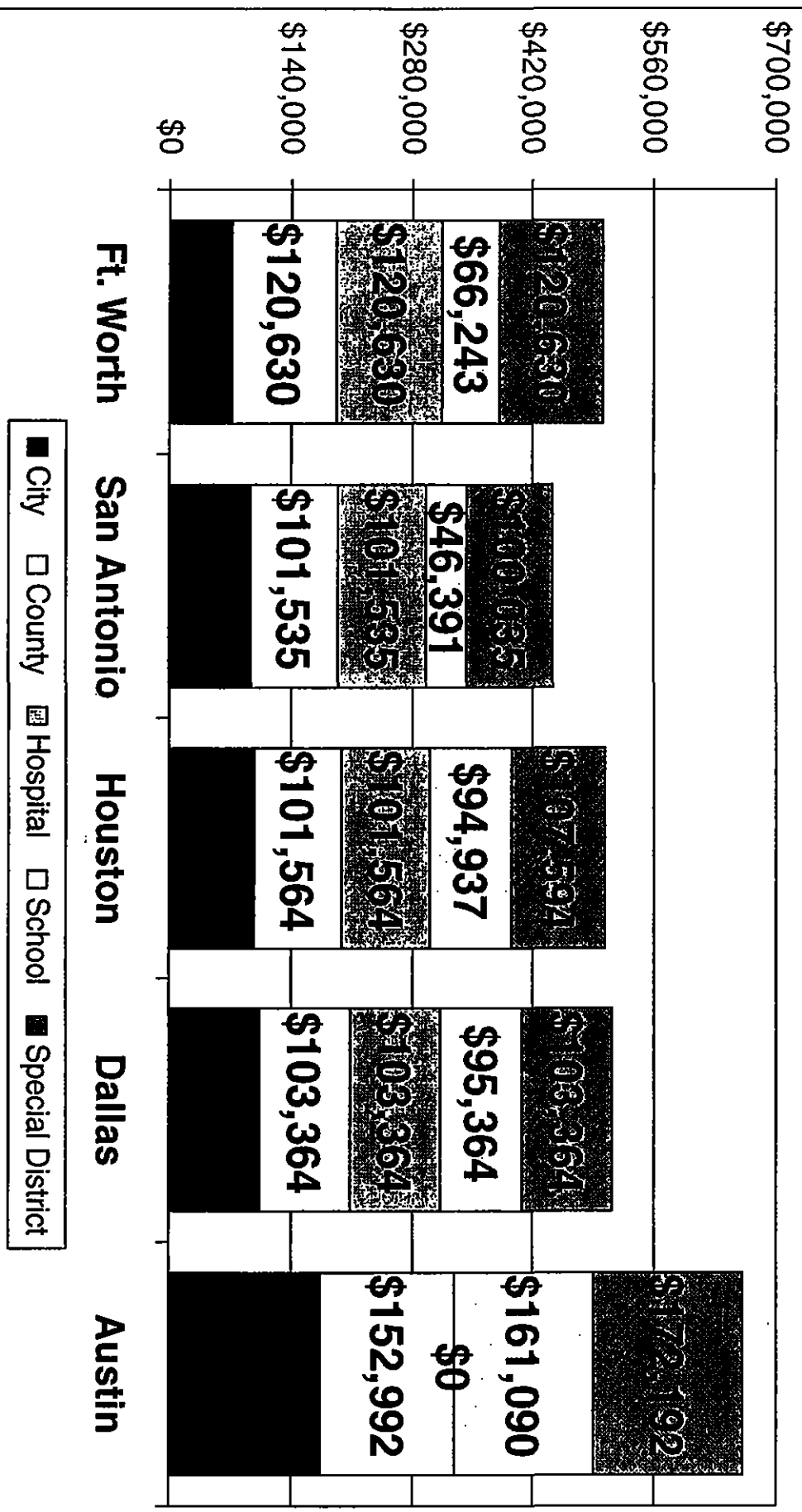
Jurisdiction	Ft. Worth	Share	San Antonio	Share	Houston	Share	Dallas	Share	Austin	Share
City	0.8650	27.3%	0.5785	19.4%	0.6550	22.1%	0.6998	24.3%	0.4331	16.2%
County	0.2725	8.6%	0.3210	10.8%	0.3880	13.1%	0.2039	7.1%	0.4789	17.9%
Hospital	0.2354	7.4%	0.2439	8.2%	0.1902	6.4%	0.2540	8.8%	0.0726	2.7%
School	1.6580	52.3%	1.7220	57.7%	1.5800	53.3%	1.6395	56.9%	1.6137	60.3%
Special District <sup>(1)</sup>	0.1394	4.4%	0.1198	4.0%	0.1494	5.0%	0.0833	2.9%	0.0771	2.9%
<b>Total Tax Rate</b>	<b>3.1703</b>		<b>2.9851</b>		<b>2.9626</b>		<b>2.8805</b>		<b>2.6754</b>	

(1) Special Districts are different for each county. They can include such special districts as a community college, flood plain, board of education, school transportation, or port authority. However, each county has different special districts.

## Overlapping Property Tax Rates 2003-04



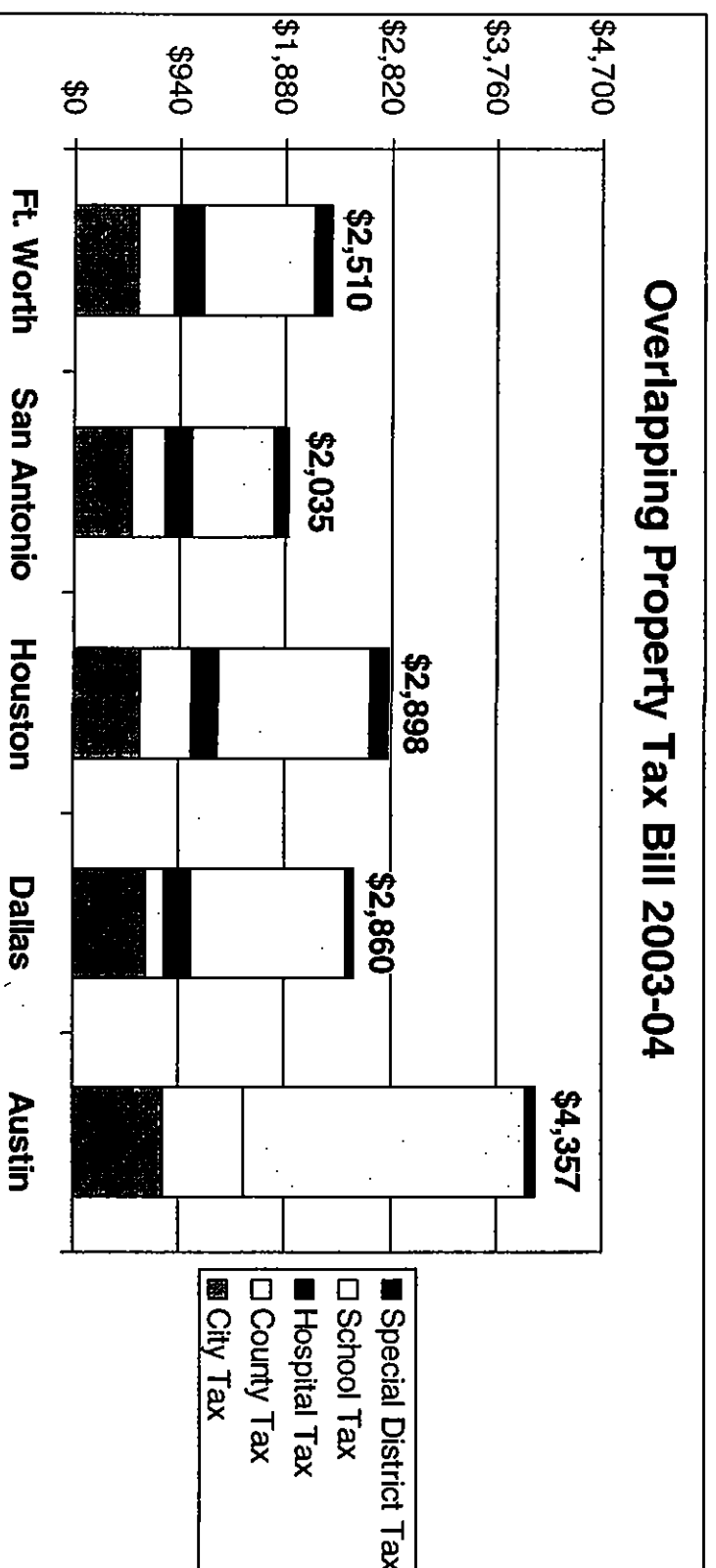
## Average Taxable Home 2003-04



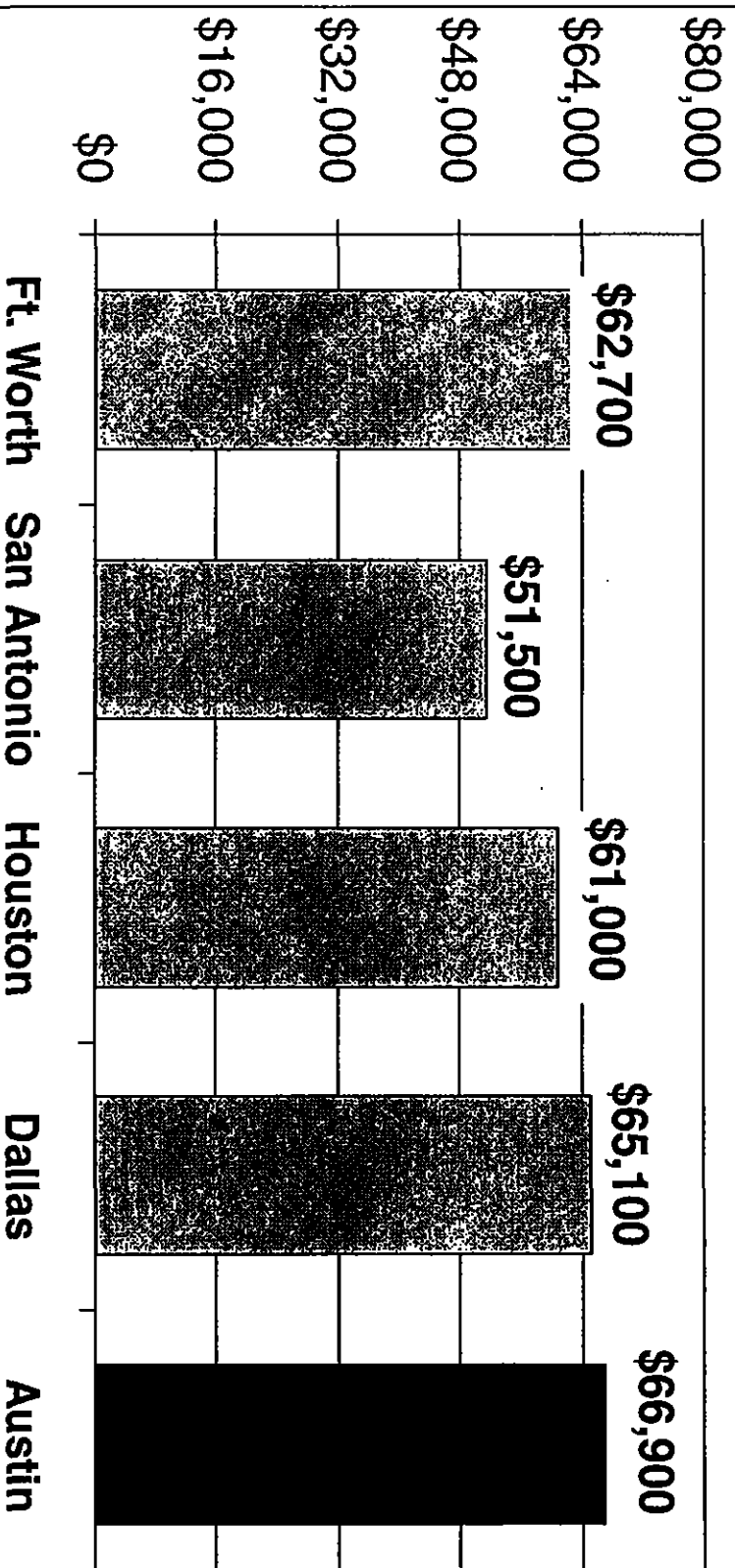
# Overlapping Property Tax Bill 2003-04

Jurisdiction	Ft. Worth	Share	San Antonio	Share	Houston	Share	Dallas	Share	Austin	Share
City	\$630	25.1%	\$542	26.6%	\$639	22.1%	\$737	25.8%	\$758	17.4%
County	\$329	13.1%	\$326	16.0%	\$394	13.6%	\$211	7.4%	\$733	16.8%
Hospital	\$284	11.3%	\$248	12.2%	\$193	6.7%	\$263	9.2%	\$133	3.1%
School	\$1,098	43.8%	\$799	39.2%	\$1,500	51.8%	\$1,563	54.7%	\$2,600	59.7%
Special District <sup>(1)</sup>	\$168	6.7%	\$121	6.0%	\$171	5.9%	\$86	3.0%	\$133	3.0%
<b>Total Tax Bill</b>	<b>\$2,510</b>		<b>\$2,035</b>		<b>\$2,898</b>		<b>\$2,860</b>		<b>\$4,357</b>	

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## Median Family Income 2003-04

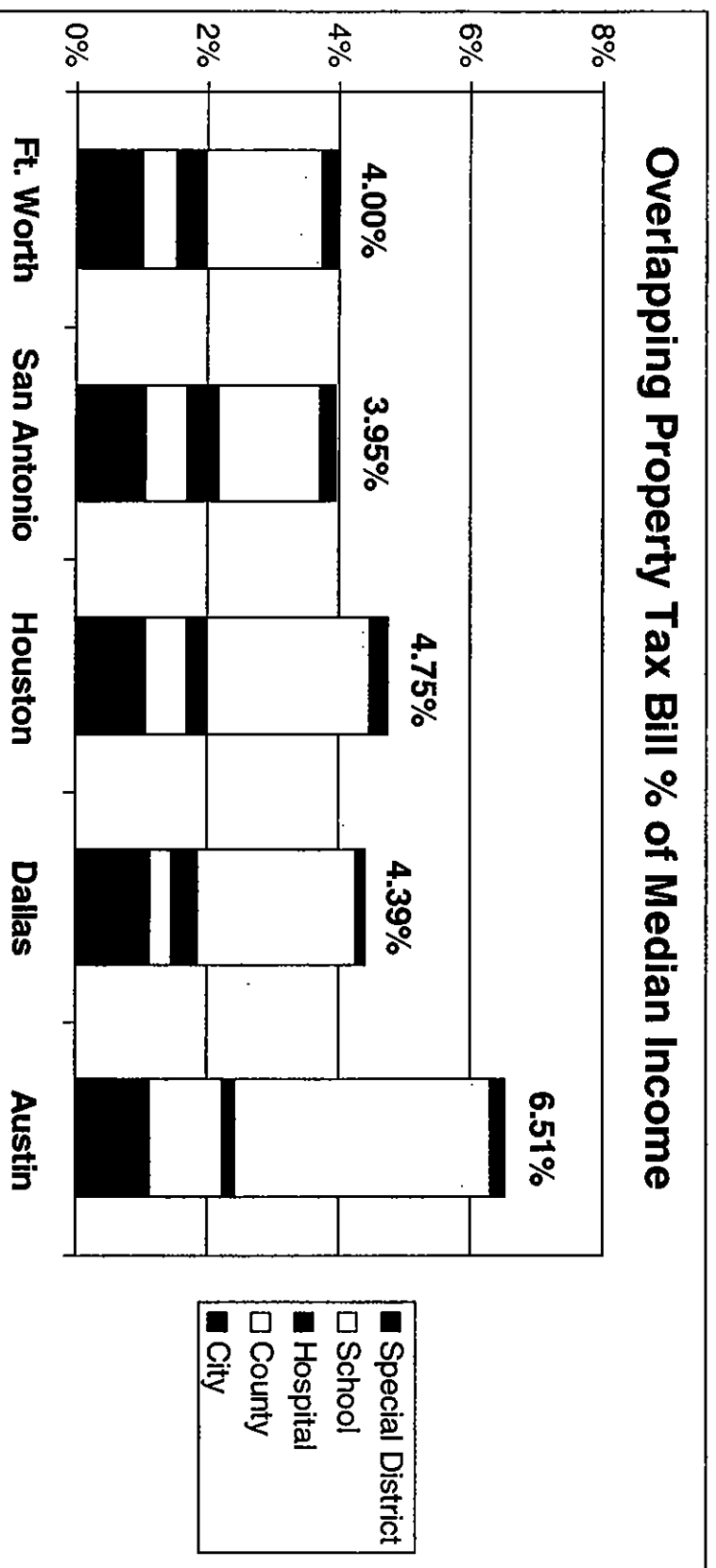


Source: U.S. Department of Housing and Urban Development, FY2004 Estimated Median Family Incomes

# 2003-04 Overlapping Property Tax Bill % of Median Income

Jurisdiction	Ft. Worth	Percent	San Antonio	Percent	Houston	Percent	Dallas	Percent	Austin	Percent
City	\$630	1.01%	\$542	1.05%	\$639	1.05%	\$737	1.13%	\$758	1.13%
County	\$329	0.52%	\$326	0.63%	\$394	0.65%	\$211	0.32%	\$733	1.10%
Hospital	\$284	0.45%	\$248	0.48%	\$193	0.32%	\$263	0.40%	\$133	0.20%
School	\$1,098	1.75%	\$799	1.55%	\$1,500	2.46%	\$1,563	2.40%	\$2,600	3.89%
Special District <sup>(1)</sup>	\$168	0.27%	\$121	0.24%	\$171	0.28%	\$86	0.13%	\$133	0.20%
<b>Total Tax Bill</b>	<b>\$2,510</b>	<b>4.00%</b>	<b>\$2,035</b>	<b>3.95%</b>	<b>\$2,898</b>	<b>4.75%</b>	<b>\$2,860</b>	<b>4.39%</b>	<b>\$4,357</b>	<b>6.51%</b>

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# Sales Tax

- 24% of total General Fund revenue

## Assumptions:

- Continuation of slight economic recovery
- Growth rates
  - FY 2005 4.0%
  - FY 2006 4.5%
  - FY 2007 5.0%

# Other Revenue

- Utility Transfers account for 21% of total General Fund revenues. Transfer rates:
  - Electric Utility 9.1%
  - Water Utility 8.2%
- Forecast revenues include the impact of comprehensive revenue initiative resulting in user fee increases as well as new fees
  - Annual fiscal impact \$ 1.1 million

# General Fund Total Forecast Revenues

	2004-05	2005-06	2006-07
Property Tax	\$ 162.40	\$ 170.61	\$ 186.16
Sales Tax	120.62	126.04	132.35
Utility Transfers	94.12	96.39	96.85
Others	94.24	95.41	95.30
Total Revenue	\$ 471.38	\$ 488.45	\$ 510.66



# Expenditures

# Basic Assumptions

- Maintain 2.0 Officers per 1,000 population
- 2% Public Safety Premium & other pay increases (i.e. step & longevity)
- Maintain Existing funding levels for public health services and social services
- Maintain existing service levels
- Operations and maintenance costs for new/expanded facilities
- Pay for Performance for all employees (uniform and non-uniform); 3.5%, 3%, 3%
- Health insurance benefit increases, 15%

# Major Cost Drivers

	2005	2006	2007
Public Safety	\$ 18.31	\$ 18.89	\$ 15.72
Health Insurance	\$ 4.13	\$ 4.81	\$ 5.53
PFP - non-uniform	\$2.22	\$2.47	\$2.54
New Facilities O&M	\$ 0.85	\$ 1.91	\$ 0.37
<i>Subtotal Major Cost Driver Increases</i>	\$ 25.52	\$ 28.08	\$ 24.16
<i>Other Estimated Cost Increases</i>	\$2.97	(\$0.84)	\$2.49
<b>Total Estimated Cost Increases</b>	<b>\$ 28.49</b>	<b>\$ 27.23</b>	<b>\$ 26.64</b>

# **‘One-Time’ Critical Costs**

millions

• Vehicle Replacements	\$ 4.86
• Technology replacement & upgrades – all departments	\$ 1.50
• EMS Safety Equipment	\$ 0.60
• Firefighter Equipment	\$ 0.30
• HHSD Facility Equipment	\$ 0.04
• Library Facility Equipment	\$ 0.20
• Parks Facility Repairs	\$ 0.50
<b>Total</b>	<b>\$ 8.00</b>

# Financial Forecast

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# Enterprise Funds

# Major Issues

- **Convention Center**
  - Bed tax accounts for 50% of revenues
  - Travel industry recovery lagging economic recovery; bed tax growth remains weak. FY 04, 5%; FY 05 – FY 07: 3% - 5%
  - Recent expansion & opening of headquarters hotel providing increased opportunities for new / larger events
- **Airport**
  - Passenger activity has remained flat since 2001 and forecast period assumes growth to remain below 3%

# Major Issues

- **Water Utility**
  - Increasing demands on system, i.e. customer base, treatment volume, service expansions
  - Aging infrastructure
  - Continued costs associated with regulatory compliance
  - Maintaining cost reduction management initiatives
  - \$ 554 million in required Capital Spending over forecast period to meet all infrastructure demands



# Water Utility Capital

- \$ 554 million over next 3 years
  - \$ 141.4 Regulatory Compliance
  - \$ 81.6 Economic Development
  - \$ 101.4 Aging infrastructure
  - \$ 224.7 System growth
- Recommended combined rate increase of 12.8% in year 1 of forecast
  - 10.5% Water
  - 15.4% Wastewater

# Major Issues

- **Community Care Department**
  - Clinic system continues operating at full capacity
  - Continued increase in demand / need for services
  - Limited resources
- **Solid Waste Services**
  - No Pay As You Throw rate increase in forecast period. FY 2005 will be the 8<sup>th</sup> consecutive year with no increase
  - Operational cost increases due to increased base customer growth and service area expansions

# Major Issues

- **Transportation Fund**
  - No rate increase to Transportation fee
  - Street inventory maintenance needs continue to increase
  - Preventative maintenance estimated at 8% of street inventory during forecast period. Goal is 10%
- **Drainage Utility**
  - Continuation of infrastructure and system improvement projects from Master Plan
  - Rate increases from final two years of the Council approved cost of service plan
    - FY 05: Residential: 6.98%; Commercial: 22.85%
    - FY 06: Residential: 6.08%; Commercial: 19.43%

# Key Dates

**May 27<sup>th</sup>**

**City Manager submits Draft  
Policy Budget**

**July 29<sup>th</sup>**

**City Manager submits Proposed  
Budget**

**August**

**Budget Presentations & Public  
Hearings**

**Sept.**

**Budget Approval Readings**