



General Fund

Fiscal Year 2022 – 2026 Multi-Year Budget and Financial Forecast Key Finding and Assumptions

General Assumptions

- Legislation could negatively or positively impact the City's financial forecasts.
- New programs representing recurring operating impacts should only be added after careful prioritization.
- The FY2021 Estimate is reflective of any Budget Amendment that has adopted by council during this Fiscal Year.

Sources of Funds

- The FY 2021 recurring sources of funds have been re-estimated and are projected to decrease by \$638,400 compared to the original budget. The City continues to see the effects of the Coronavirus on regular operations which is reflected in this reduction.
 - In Fiscal Year 2023, \$2.3m in tax rebates are due to expire and have been transferred to the General Fund in this outlook.
- Ad Valorem taxes are projected to increase by 1.8% in FY 2022, 3.5% FY 2023 and 2.0% in FY2024. In FY 2025 and 2026 they are expected to increase by 3.5%.
- Projected revenues for franchise fees were projected to decrease significantly in FY 2021 due to the change in Texas law. Additionally, franchise Fees are expected to change as follows:
 - Telecommunications – 1% annual decrease
 - Natural Gas – 1% annual increase
 - Electricity and Solid Waste – no change
 - Cable – 1% annual decrease
- Sales taxes are administered per the policy adopted during the 2018 budget process. General Fund portion of Sales Tax is projected to grow approximately 1.96% due to the distribution of the Coronavirus vaccine and businesses beginning to open back up.
 - Sales tax rule changes effective in October 2021 are expected to be clarified during the legislative session. Staff continues to monitor this potential change and its affects in the outlier years.
- Fines and forfeitures are projected in FY 2021 to end the year about at \$321,547 below the original budget.
- Charges for Services related to Culture and Recreation activities are expected end the year \$1,352,362 below the original budget. City facilitates continue to operate in the capacity approve by state mandates and the effects of the closures are reflected in this decrease. FY2022 Budgets are projected to return close to normal as the vaccines are administered more wide-spread operations return to normal.

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- Investment income is projected to be 30% below budget in the 2021 fiscal year (41% below 2020 actual). It is projected to remain flat for the 2022 fiscal year then grow 1% per year after that.
- The Utility Fund Payment in Lieu of Taxes (PILOT) made to the General Fund is expected to increase 1% annually.
- All other revenue types are estimated to have no growth.
- We expect to receive a one-time funding from the Utility Fund repayment of the loan to the General Fund.

Uses of Funds

- Compensation increase pool has been projected at 2% in FY's 2022 to 2026.
- Health Insurance rates are projected to remain flat for FY2022, then increase at a rate of 5% beginning in 2023 and annually, thereafter. This will be monitored closely.
- The baseline for Supplies and Contractual Services for FY's 2022 and 2023 are estimated based on forecasts prepared as part of the FY 2021 budget. FY's 2024 to 2026 are projected to have 2% growth annually.
- General changes in Utilities are as follows:
 - Changes in City Water and Sewer expenses are estimated to increase by 2.82% for FY2022, 4.98% in FY2023, 0.40% in FY2024, 1.42% in FY2025 and 0.92% in FY2026.
 - Natural Gas expenditures are projected to increase 2% annually.
 - Solid Waste expenditures are expected to increase by 3% annually.
 - Electric rates are projected to increase 2% annually.
- Fleet Replacement allocations for FYs 2022 and 2023 are estimated based on forecasts prepared as part of the FY 2021 budget. FYs 2024 to 2026 are projected to have 2% growth annually.
- Risk Allocation Charges are not expected to increase through FY 2024, then 5% increase is programmed in FY 2025.
- Overhead Allocation Charges are projected for FY's 2020 and 2021 based on forecasts prepared as part of the FY 2021 budget and to have 2% growth annually thereafter.
- Other Additions:
 - Costs for dispatch services provided through the North Texas Emergency Communications Center (NTECC) are expected to increase by \$39,647 in FY 2022 and \$102,839 in FY 2023 due to the realignment of the allocation costs between the member cities. Currently, Carrollton is allocated 53.6% of NTECC's costs, but this percentage changes on an annual basis because of Carrollton's percentage of call volume changing year-to-year.
- Non-recurring "One-time" Uses of Funds - subsidies of the Hotel/Motel Tax Fund for FY 2022 and FY 2023 are estimated based on forecasts prepared as part of the FY 2021 budget.

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Utility Fund

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Sources of Funds

- Water and Sewer base revenues are anticipated to increase by 1% annually due to growth in the customer base.
- Changes in City Water and Sewer expenses are estimated to increase by 2.82% for FY2022, 4.98% in FY2023, 0.40% in FY2024, 1.42% in FY2025 and 0.92% in FY2026.
- All other Utility Fund revenues are expected to remain constant for future years.
- These projections are highly dependent of weather patterns which are difficult to predict.

Uses of Funds

- Compensation increase pool has been projected at 2% in FY's 2022 to 2026.
- Health Insurance rates are projected to remain flat for FY2022, then increase at a rate of 5% beginning in 2023 and annually, thereafter.
- Expenditures related to the contract with Dallas Water Utilities (DWU) are forecasted to grow 2% annually. The annual settlement received from DWU for the purchase of treated water from the Sabine River Authority expired in October 2020.
- The expenditures for service of the Trinity River Authority (TRA) to treat Carrollton's wastewater flows are anticipated to change based on the projected rate changes plus a factor of 1% for growth. Projected change in TRA rates in future years are 4.6% in FY 2022, 0.8% in FY 2023, 4.2% in FY 2024, 5.8% in FY 2025 and 5.2% in FY 2026.
- Fuel costs are projected to increase by 2% per year and other supplies and services are projected to increase by 1% per year.
- Fleet Replacement allocations for FYs 2022 and 2023 are estimated based on forecasts prepared as part of the FY 2021 budget. FYs 2024 to 2026 are projected to have 2% growth annually.
- Utility costs are projected as follows:
 - Electricity and Natural Gas expenditures are projected to increase 2% annually.
 - Solid Waste expenditures are expected to increase by 3% annually.
- Risk Allocation Charges are not expected to increase in FY 2022 through FY2024, then increase by 5% in FY2025.
- Overhead Allocation Charges are projected for FYs 2021 to 2022 based on forecasts prepared as part of the FY 2021 budget and to have 2% growth annually thereafter.
- Debt service transfers are based on required funding for existing debt issues.
- Non-recurring funding for water and sewer line rehabilitation is projected at \$3.1 million in FY 2022, \$3.5 million in FY 2023, then \$3.9 million annually in FYs 2024 to 2026.
- The Utility Fund Payment in Lieu of Taxes (PILOT) made to the General Fund is expected to increase 2% annually.

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Administrative Fund

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Sources of Funds

- Overhead Allocations are reflective of the recurring uses of funds for the Administrative Fund.
- Charges for Services are expected to remain constant.
- Investment income is projected to be 30% below the estimated FY2021 budget, then remain flat for FY2022, then grow by 1% each year after.
- All other revenue types are estimated to have no growth.

Uses of Funds

- Compensation increase pool has been projected at 2% in FY's 2022 to 2026.
- Health Insurance rates are projected to remain flat for FY2022, then increase at a rate of 5% beginning in 2023 and annually, thereafter.
- The baseline for supplies and Contractual Services for FY's 2022 and 2023 are estimated based on the forecasts prepared as part of the FY2021 budget. FY's 2024 to 2026 are projected to have 2% growth annually.
- Changes in City Water and Sewer expenses are estimated to increase by 2.82% for FY2022, 4.98% in FY2023, 0.40% in FY2024, 1.42% in FY2025 and 0.92% in FY2026.
- Fleet Replacement allocations for FY's 2022 and 2023 are estimated based on forecasts prepared as part of the FY2021 budget. FY's 2024 to 2026 are projected to have 2% growth annually.
- Risk allocation charges are not expected to increase through FY2024, then increase by 5% in 2025.

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