



Multi-Year Budget Planning

TWO-YEAR PRESENTATION OF GENERAL FUND OPERATING REVENUE/EXPENDITURES

In addition to the Five-Year Financial Planning Model presented annually with the budget as an estimate of future General Fund revenues and expenditures and potential budget surpluses or shortfalls, City Council's Budget Guidance Resolution for FY 2023 resolved that the operating budget "shall include estimates of all operating revenues and expenditures for the proposed FY 2023 and the subsequent Fiscal Year 2024."

On February 15, 2022, staff presented the FY 2023 proposed operating budget of \$829.9 million which included an FY 2024 projection of \$851.4 million in revenue, \$872.2 million in expenditures and a \$20.8 million budget gap. This model has been updated to include \$9.3 million of revenue enhancements and the \$9.3 million in new expenditures that were identified as part of the Add/Delete process for the City Council Approved FY 2023 Operating Budget and Approved FY 2023-2032 CIP.

Revenues	FY 2021 Actual	FY 2022 Approved	FY 2023 Approved	FY 2024 Projected
Real Estate Tax	478,601,885	483,311,548	514,554,739	529,991,381
Personal Property	53,004,776	55,139,750	66,789,750	68,487,687
Sales Tax	32,258,892	31,720,000	37,440,000	38,724,192
Utility Tax	11,534,144	11,760,000	11,760,000	11,627,112
Business License Tax	37,042,157	34,135,900	39,824,300	40,569,014
Recordation Tax	9,016,670	8,645,000	8,645,000	8,645,000
Transient Lodging	4,762,880	6,500,000	9,500,000	9,802,100
Restaurant Food	21,934,868	19,980,000	27,600,000	28,209,960
Communication Sales Tax	8,106,878	7,600,000	7,245,080	6,906,735
Other Local Taxes	6,849,627	6,676,000	6,464,000	6,464,000
Federal Revenue	10,969,663	7,932,000	7,944,000	8,261,760
State Revenue	48,583,151	48,702,531	49,505,022	50,000,072
Other Revenue	85,309,845	48,606,218	51,942,080	52,461,501
Total Revenue	807,975,434	770,708,947	839,213,971	860,150,514

Expenditures	FY 2021 Actual	FY 2022 Approved	FY 2023 Approved	FY 2024 Projected
City Personnel	222,545,585	231,405,762	256,404,067	258,538,933
City Non-Personnel	149,525,087	160,351,832	180,313,501	190,135,322
City Debt Service	85,899,572	36,851,668	41,170,131	51,019,862
Schools Debt Service	28,578,698	28,633,966	31,941,000	41,337,848
Cash Capital	38,738,144	34,424,271	36,156,190	36,346,400
Transit Services	24,974,297	39,604,152	44,491,782	45,744,518
Schools	234,037,296	239,437,296	248,737,300	257,418,232
Total Expenditures	784,298,679	770,708,948	839,213,971	880,541,115
Operating Impact from CIP	-	-	-	1,063,400
Total Expenditures	784,298,679	770,708,948	839,213,971	881,604,515

Shortfall/Surplus	\$(Millions)	FY 2021 Actual	FY 2022 Approved	FY 2023 Approved	FY 2024 Projected
Revenues		\$808.0	\$770.7	\$839.2	\$860.2
Expenditures		\$784.3	\$770.7	\$839.2	\$881.6
Annual Deficit		\$23.7	\$0.0	\$0.0	(\$21.5)



Multi-Year Budget Planning

TWO-YEAR PRESENTATION OF GENERAL FUND OPERATING REVENUE/EXPENDITURES

If revenues and expenditures grow at the rates assumed in the Five-Year Financial Planning Model and the changes outlined in the following pages are included as planned, the FY 2024 budget development process would begin with a shortfall of \$21.5 million. The largest single element of this shortfall is from projected increases in City and School debt service of \$19.2 million. The City is required by law to adopt a balanced budget each year, so any shortfall shown in future years is for illustrative purposes and would be eliminated in the budget process through revenue increases, expenditure reductions, or a combination of the two.

The FY 2024 estimate is derived from the Five Year Financial Planning Model, which includes the City-wide General Fund approved budget for FY 2023 and City-wide General Fund estimates for FY 2023 through FY 2027. The Five Year Financial Planning Model uses prior year actual trend data and assumptions about future behavior to forecast revenue and operating expenditure growth rates to establish baseline revenues and expenditure estimates for upcoming fiscal years and then adjusts them for planned multi-year budget changes such as cash capital and debt service funding for the CIP, the elimination of one-time revenues and expenditures and/or the planned multi-year phase-in or phase-out of programs and services.

In response to Council guidance for FY 2023, year two of the FY 2023-2027 Five Year Financial Planning Model, has been expanded into more detail to include General Fund personnel and non-personnel expenditure estimates for each department, on the following pages, followed by a list of adjustments made by department to the baseline growth rate. Following that section is the Five Year Financial Planning Model and an estimate of FY 2024 City-wide revenues and expenditures for all City funds.



Multi-Year Budget Planning

TWO-YEAR PRESENTATION OF GENERAL FUND OPERATING REVENUE/EXPENDITURES

The two-year presentation of operating revenue/expenditures projects anticipated future expenditures in the FY 2024 budget growing at forecasted rates. This projection outlook allows the City to plan for anticipated financial conditions in future years. It is based on the current personnel and non-personnel expenditure growth assumptions by department and includes adjustments for individual line items in FY 2024 which are outlined after the following tables.

Expenditures	FY 2022 Approved	FY 2023 Approved	FY 2024 Projected
CIRCUIT COURT JUDGES			
Personnel	\$ 1,343,278	\$ 1,448,426	\$ 1,460,486
Non-Personnel	\$ 151,663	\$ 171,650	\$ 179,988
	<u>\$ 1,494,941</u>	<u>\$ 1,620,076</u>	<u>\$ 1,640,473</u>
18TH GENERAL DISTRICT COURT			
Personnel	\$ 94,973	\$ 99,137	\$ 99,962
Non-Personnel	\$ 47,689	\$ 51,460	\$ 53,960
	<u>\$ 142,662</u>	<u>\$ 150,597</u>	<u>\$ 153,922</u>
CITY CLERK & CLERK OF COUNCIL			
Personnel	\$ 362,578	\$ 394,611	\$ 397,897
Non-Personnel	\$ 57,802	\$ 83,959	\$ 88,037
	<u>\$ 420,380</u>	<u>\$ 478,570</u>	<u>\$ 485,934</u>
CITY COUNCIL			
Personnel	\$ 585,705	\$ 683,717	\$ 689,410
Non-Personnel	\$ 89,803	\$ 100,109	\$ 104,972
	<u>\$ 675,508</u>	<u>\$ 783,826</u>	<u>\$ 794,381</u>
CLERK OF THE CIRCUIT COURT			
Personnel	\$ 1,657,848	\$ 1,729,784	\$ 1,744,186
Non-Personnel	\$ 186,962	\$ 49,804	\$ 52,223
	<u>\$ 1,844,810</u>	<u>\$ 1,779,588</u>	<u>\$ 1,796,410</u>
CITY MANAGER'S OFFICE			
Personnel	\$ 2,536,249	\$ 2,971,126	\$ 2,995,864
Non-Personnel	\$ 528,102	\$ 804,607	\$ 843,689
	<u>\$ 3,064,351</u>	<u>\$ 3,775,733</u>	<u>\$ 3,839,554</u>
CODE ADMINISTRATION			
Personnel	\$ -	\$ -	\$ -
Non-Personnel	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Multi-Year Budget Planning

TWO-YEAR PRESENTATION OF GENERAL FUND OPERATING REVENUE/EXPENDITURES

Expenditures	FY 2022 Approved	FY 2023 Approved	FY 2024 Projected
COMMONWEALTH'S ATTORNEY			
Personnel	\$ 2,796,377	\$ 3,074,785	\$ 3,100,386
Non-Personnel	\$ 99,527	\$ 602,870	\$ 632,153
	<u>\$ 2,895,904</u>	<u>\$ 3,677,655</u>	<u>\$ 3,732,540</u>
COMMUNITY POLICING REVIEW BOARD			
Personnel	\$ 200,000	\$ 207,114	\$ 208,838
Non-Personnel	\$ 88,866	\$ 300,000	\$ 314,572
	<u>\$ 288,866</u>	<u>\$ 507,114</u>	<u>\$ 523,410</u>
COMMUNICATIONS & PUBLIC INFORMATION			
Personnel	\$ 1,251,741	\$ 1,581,322	\$ 1,594,488
Non-Personnel	\$ 325,224	\$ 734,643	\$ 770,327
	<u>\$ 1,576,965</u>	<u>\$ 2,315,965</u>	<u>\$ 2,364,815</u>
COURT SERVICE UNIT			
Personnel	\$ 1,335,882	\$ 1,926,167	\$ 1,942,205
Non-Personnel	\$ 325,852	\$ 222,366	\$ 233,167
	<u>\$ 1,661,734</u>	<u>\$ 2,148,533</u>	<u>\$ 2,175,372</u>
DEPARTMENT OF COMMUNITY & HUMAN SERVICES			
Personnel	\$ 6,474,165	\$ 7,447,078	\$ 7,509,084
Non-Personnel	\$ 49,498,508	\$ 50,992,672	\$ 53,469,554
	<u>\$ 55,972,673</u>	<u>\$ 58,439,750</u>	<u>\$ 60,978,638</u>
DEPARTMENT OF EMERGENCY & CUSTOMER COMMUNICATIONS			
Personnel	\$ 6,824,649	\$ 7,449,496	\$ 7,511,522
Non-Personnel	\$ 2,259,268	\$ 2,371,475	\$ 2,486,665
	<u>\$ 9,083,917</u>	<u>\$ 9,820,971</u>	<u>\$ 9,998,187</u>
DEPARTMENT OF GENERAL SERVICES			
Personnel	\$ 5,254,314	\$ 6,249,295	\$ 6,301,328
Non-Personnel	\$ 5,416,007	\$ 7,722,124	\$ 8,097,213
	<u>\$ 10,670,321</u>	<u>\$ 13,971,419</u>	<u>\$ 14,398,541</u>
ECONOMIC DEVELOPMENT			
Personnel	-	-	-
Non-Personnel	\$ 7,011,340	\$ 7,657,894	\$ 8,029,863
	<u>\$ 7,011,340</u>	<u>\$ 7,657,894</u>	<u>\$ 8,029,863</u>



Multi-Year Budget Planning

TWO-YEAR PRESENTATION OF GENERAL FUND

OPERATING REVENUE/EXPENDITURES

Expenditures	FY 2022 Approved	FY 2023 Approved	FY 2024 Projected
FINANCE DEPARTMENT			
Personnel	\$ 9,309,048	\$ 10,501,325	\$ 10,588,761
Non-Personnel	\$ 3,336,962	\$ 3,436,319	\$ 3,603,232
	<u>\$ 12,646,010</u>	<u>\$ 13,937,644</u>	<u>\$ 14,191,993</u>
FIRE DEPARTMENT			
Personnel	\$ 47,239,616	\$ 50,091,488	\$ 50,508,559
Non-Personnel	\$ 6,054,387	\$ 7,176,119	\$ 7,524,687
	<u>\$ 53,294,003</u>	<u>\$ 57,267,607</u>	<u>\$ 58,033,245</u>
HEALTH DEPARTMENT			
Personnel	\$ 2,086,187	\$ 2,429,703	\$ 2,449,933
Non-Personnel	\$ 5,358,243	\$ 5,800,472	\$ 6,082,220
	<u>\$ 7,444,430</u>	<u>\$ 8,230,175</u>	<u>\$ 8,532,153</u>
HISTORIC ALEXANDRIA			
Personnel	\$ 2,928,714	\$ 3,398,597	\$ 3,426,894
Non-Personnel	\$ 605,283	\$ 620,260	\$ 650,388
	<u>\$ 3,533,997</u>	<u>\$ 4,018,857</u>	<u>\$ 4,077,282</u>
HOUSING			
Personnel	\$ 1,622,021	\$ 1,853,556	\$ 1,868,989
Non-Personnel	\$ 4,781,007	\$ 7,896,219	\$ 8,279,764
	<u>\$ 6,403,028</u>	<u>\$ 9,749,775</u>	<u>\$ 10,148,753</u>
HUMAN RESOURCES			
Personnel	\$ 3,418,087	\$ 3,948,676	\$ 3,981,553
Non-Personnel	\$ 1,244,313	\$ 1,407,902	\$ 1,476,288
	<u>\$ 4,662,400</u>	<u>\$ 5,356,578</u>	<u>\$ 5,457,842</u>
HUMAN RIGHTS			
Personnel	\$ 801,473	\$ 873,647	\$ 880,921
Non-Personnel	\$ 206,737	\$ 220,101	\$ 230,792
	<u>\$ 1,008,210</u>	<u>\$ 1,093,748</u>	<u>\$ 1,111,713</u>



Multi-Year Budget Planning

TWO-YEAR PRESENTATION OF GENERAL FUND

OPERATING REVENUE/EXPENDITURES

Expenditures	FY 2022 Approved	FY 2023 Approved	FY 2024 Projected
INTERNAL AUDIT			
Personnel	\$ 358,808	\$ 390,714	\$ 393,967
Non-Personnel	\$ 37,797	\$ 45,782	\$ 48,006
	<u>\$ 396,605</u>	<u>\$ 436,496</u>	<u>\$ 441,973</u>
ITS			
Personnel	\$ 8,426,101	\$ 9,313,823	\$ 9,391,372
Non-Personnel	\$ 4,917,462	\$ 5,855,079	\$ 7,266,879
	<u>\$ 13,343,563</u>	<u>\$ 15,168,902</u>	<u>\$ 16,658,251</u>
JUVENILE & DOMESTIC RELATIONS			
DISTRICT COURT			
Personnel	\$ 51,724	\$ 53,827	\$ 54,275
Non-Personnel	\$ 25,185	\$ 34,000	\$ 35,651
	<u>\$ 76,909</u>	<u>\$ 87,827</u>	<u>\$ 89,927</u>
LIBRARY			
Personnel	\$ -	\$ -	\$ -
Non-Personnel	\$ 7,556,858	\$ 8,183,465	\$ 8,580,963
	<u>\$ 7,556,858</u>	<u>\$ 8,183,465</u>	<u>\$ 8,580,963</u>
NON-DEPARTMENTAL			
Personnel	\$ 845,064	\$ 1,065,369	\$ 1,074,239
Non-Personnel	\$ 11,224,774	\$ 12,413,113	\$ 13,016,059
	<u>\$ 12,069,838</u>	<u>\$ 13,478,482</u>	<u>\$ 14,090,298</u>
OFFICE OF THE CITY ATTORNEY			
Personnel	\$ 2,708,906	\$ 3,161,583	\$ 3,187,907
Non-Personnel	\$ 873,389	\$ 991,425	\$ 1,039,582
	<u>\$ 3,582,295</u>	<u>\$ 4,153,008</u>	<u>\$ 4,227,489</u>
OFFICE OF MANAGEMENT & BUDGET			
Personnel	\$ 1,322,171	\$ 1,576,513	\$ 1,589,639
Non-Personnel	\$ 153,097	\$ 156,840	\$ 164,458
	<u>\$ 1,475,268</u>	<u>\$ 1,733,353</u>	<u>\$ 1,754,098</u>



Multi-Year Budget Planning

TWO-YEAR PRESENTATION OF GENERAL FUND

OPERATING REVENUE/EXPENDITURES

Expenditures	FY 2022 Approved	FY 2023 Approved	FY 2024 Projected
OFFICE OF ORGANIZATIONAL EXCELLENCE			
Personnel	\$ 117,932	\$ 139,774	\$ 140,938
Non-Personnel	\$ 59,516	\$ 131,725	\$ 138,123
	<u>\$ 177,448</u>	<u>\$ 271,499</u>	<u>\$ 279,061</u>
OFFICE OF PERFORMANCE ANALYTICS			
Personnel	\$ 553,000	\$ 582,266	\$ 587,114
Non-Personnel	\$ 102,709	\$ 185,961	\$ 194,994
	<u>\$ 655,709</u>	<u>\$ 768,227</u>	<u>\$ 782,108</u>
OTHER EDUCATIONAL ACTIVITIES			
Personnel	\$ -	\$ -	\$ -
Non-Personnel	\$ 15,785	\$ 15,750	\$ 16,515
	<u>\$ 15,785</u>	<u>\$ 15,750</u>	<u>\$ 16,515</u>
OTHER HEALTH SERVICES			
Personnel	-	-	-
Non-Personnel	\$ 1,257,387	\$ 1,279,936	\$ 1,342,107
	<u>\$ 1,257,387</u>	<u>\$ 1,279,936</u>	<u>\$ 1,342,107</u>
OTHER PUBLIC SAFETY & JUSTICE SERVICES			
Personnel	\$ 743,050	\$ 1,084,841	\$ 1,093,874
Non-Personnel	\$ 3,652,740	\$ 3,286,925	\$ 3,446,582
	<u>\$ 4,395,790</u>	<u>\$ 4,371,766</u>	<u>\$ 4,540,455</u>
PLANNING & ZONING			
Personnel	\$ 6,104,289	\$ 6,816,428	\$ 6,873,183
Non-Personnel	\$ 279,428	\$ 372,144	\$ 390,220
	<u>\$ 6,383,717</u>	<u>\$ 7,188,572</u>	<u>\$ 7,263,403</u>
POLICE DEPARTMENT			
Personnel	\$ 54,783,965	\$ 60,490,024	\$ 60,993,675
Non-Personnel	\$ 5,438,081	\$ 8,410,563	\$ 8,619,092
	<u>\$ 60,222,046</u>	<u>\$ 68,900,587</u>	<u>\$ 69,612,766</u>



Multi-Year Budget Planning

TWO-YEAR PRESENTATION OF GENERAL FUND

OPERATING REVENUE/EXPENDITURES

Expenditures	FY 2022 Approved	FY 2023 Approved	FY 2024 Projected
RECREATION, PARKS, & CULTURAL ACTIVITIES			
Personnel	\$ 17,033,012	\$ 19,139,094	\$ 19,298,450
Non-Personnel	\$ 7,578,599	\$ 8,074,665	\$ 8,466,878
	<u>\$ 24,611,611</u>	<u>\$ 27,213,759</u>	<u>\$ 27,765,328</u>
SCHOOLS			
Personnel	\$ -	\$ -	\$ -
Non-Personnel	\$ 239,437,296	\$ 248,737,300	\$ 257,418,232
	<u>\$ 239,437,296</u>	<u>\$ 248,737,300</u>	<u>\$ 257,418,232</u>
SHERIFF'S OFFICE			
Personnel	\$ 25,495,340	\$ 27,985,050	\$ 28,218,059
Non-Personnel	\$ 5,568,913	\$ 6,134,864	\$ 6,432,855
	<u>\$ 31,064,253</u>	<u>\$ 34,119,914</u>	<u>\$ 34,650,913</u>
TRANSPORTATION & ENVIRONMENTAL SERVICES			
Personnel	\$ 13,824,039	\$ 15,226,531	\$ 15,353,310
Non-Personnel	\$ 23,522,636	\$ 25,917,885	\$ 27,176,802
	<u>\$ 37,346,675</u>	<u>\$ 41,144,416</u>	<u>\$ 42,530,112</u>
TRANSIT SERVICES			
Personnel	\$ -	\$ -	\$ -
Non-Personnel	\$ 39,604,152	\$ 44,491,782	\$ 45,744,518
	<u>\$ 39,604,152</u>	<u>\$ 44,491,782</u>	<u>\$ 45,744,518</u>
VOTER REGISTRATION & ELECTIONS			
Personnel	\$ 915,456	\$ 1,019,180	\$ 1,027,666
Non-Personnel	\$ 413,931	\$ 400,354	\$ 555,801
	<u>\$ 1,329,387</u>	<u>\$ 1,419,534</u>	<u>\$ 1,583,466</u>
Total Personnel	\$ 231,405,762	\$ 256,404,067	\$ 258,538,933
Total Non-Personnel	\$ 439,393,280	\$ 473,542,583	\$ 493,298,071
Debt Service	\$ 65,485,634	\$ 73,111,131	\$ 92,357,710
Cash Capital	\$ 34,424,271	\$ 36,156,190	\$ 36,346,400
CIP Operating Impacts	\$ -	\$ -	\$ 1,063,400
GRAND TOTAL	\$ 770,708,947	\$ 839,213,971	\$ 881,604,514



Multi-Year Budget Planning

TWO-YEAR PRESENTATION OF GENERAL FUND OPERATING REVENUE/EXPENDITURES

The following tables detail the City’s planned budget adjustments for FY 2024 beyond the assumed expenditure growth rates that were used to project an FY 2024 expenditure estimate for City Personnel (0.8%), City Non-Personnel (4.9%), Transit (2.8%), and Alexandria City Public Schools (3.5%) all based on five-year actual average annual growth rates. Cash Capital and Debt Service reflect the City and School capital investments included in the CIP budget.

Department	Adjustment	FY 2024
Circuit Court Judges		\$ -
18th General District Court		\$ -
City Clerk & Clerk of Council		\$ -
City Council		\$ -
Clerk of the Circuit Court		\$ -
City Manager's Office		\$ -
Code Administration		\$ -
Commonwealth's Attorney		\$ -
Communications & Public Information		\$ -
Community Policing Review Board		\$ -
Court Service Unit		\$ -
Department of Community & Human Services		\$ -
Emergency & Customer Communications		\$ -
Department of General Services		\$ -
Finance Department		\$ -
Fire Department		\$ -
Health Department		\$ -
Historic Alexandria		\$ -
Housing		\$ -
Human Resources		\$ -
Human Rights		\$ -
Internal Audit		\$ -
Information Technology Services		\$ -
Juvenile & Domestic Relations District Court		\$ -
Library		\$ -
Non-Departmental		\$ -
Office of the City Attorney		\$ -
Office of Management and Budget		\$ -
Organizational Excellence		\$ -
Office of Performance Analytics		\$ -



Multi-Year Budget Planning

TWO-YEAR PRESENTATION OF GENERAL FUND OPERATING REVENUE/EXPENDITURES

Department	Adjustment	FY 2024
Other Public Safety & Justice Services		\$ -
Planning & Zoning		\$ -
Police Department		\$ -
Recreation, Parks, & Cultural Activities		\$ -
Sheriff's Office		\$ -
Transportation & Environmental Services		\$ -
Voter Registration & Elections		\$ -
Adjusted Personnel		\$ -



Multi-Year Budget Planning

TWO-YEAR PRESENTATION OF GENERAL FUND OPERATING REVENUE/EXPENDITURES

Department	Adjustment	FY 2024
Circuit Court Judges		\$ -
18th General District Court		\$ -
City Clerk & Clerk of Council		\$ -
City Council		\$ -
Clerk of the Circuit Court		\$ -
City Manager's Office		\$ -
Code Administration		\$ -
Commonwealth's Attorney		\$ -
Communications & Public Information		\$ -
Community Policing Review Board		\$ -
Court Service Unit		\$ -
Department of Community & Human Services		\$ -
Emergency & Customer Communications		\$ -
Department of General Services		\$ -
Economic Development		\$ -
Finance Department		\$ -
Fire Department		\$ -
Health Department		\$ -
Historic Alexandria		\$ -
Housing		\$ -
Human Resources		\$ -
Human Rights		\$ -
Internal Audit		\$ -
Information Technology Services	AJIS software & maintenance, Anticipated Capital to Operating Expenses to include cybersecurity initiatives	\$ 1,127,400
Juvenile & Domestic Relations District Court		\$ -



Multi-Year Budget Planning

TWO-YEAR PRESENTATION OF GENERAL FUND OPERATING REVENUE/EXPENDITURES

Department	Adjustment	FY 2024
Library		\$ -
Non-Departmental		\$ -
Office of the City Attorney		\$ -
Office of Management and Budget		\$ -
Organizational Excellence		\$ -
Office of Performance Analytics		\$ -
Other Educational Activities		\$ -
Other Health Services		\$ -
Other Public Safety & Justice Services		\$ -
Planning & Zoning		\$ -
Police Department	Removal of one-time funding provided in FY 2023 for body-worn camera planning	\$ (200,000)
Recreation, Parks, & Cultural Activities		\$ -
Schools		\$ -
Sheriff's Office		\$ -
Transportation & Environmental Services		\$ -
Transit Services		\$ -
Voter Registration & Elections	Projected FY 2024 Presidential Election Costs	\$ 136,000
Total Department Adjustments		\$ 1,063,400



Multi-Year Budget Planning

FIVE-YEAR FINANCIAL PLANNING MODEL

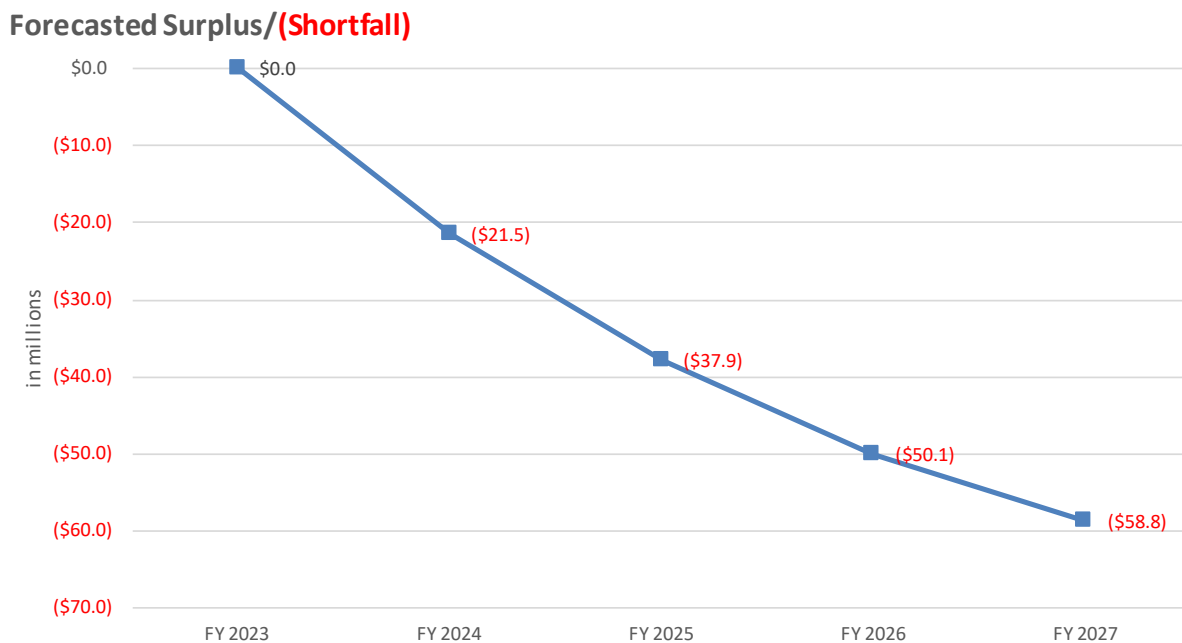
Five-Year Financial Planning Model

The City has long used multi-year financial forecasting as a planning and communication tool. Staff updated the model for the FY 2022 budget and again for the November 2021 City Council annual budget retreat. The revenue and expenditure assumptions have since been updated to reflect the FY 2023 proposed budget and capital improvement program. The updated five year financial planning model combines projections of future revenues and expenditures based on historical analysis with planned or expected changes such as the approved Capital Improvement Program (CIP) out-year funding.

Since the November 2021 City Council Retreat, the model has been updated to reflect the FY 2023 Proposed Operating Budget and Proposed FY 2023—FY 2032 CIP. This includes \$1.3 million in expenditure efficiency savings identified by City departments; \$1.5 million in revenue from increased cost recovery and collections; and \$7.0 million of service enhancements, new initiatives and contingency funds. Additionally, this includes \$9.3 million of revenue enhancements and the \$9.3 million in new expenditures that were identified as part of the Add/Delete process for the City Council Approved FY 2023 Operating Budget and Approved FY 2023-2032 CIP. As a result of these changes, among others, the budget gap projected in last year’s Five Year Financial Planning model and in the model presented at the November 2021 City Council Retreat has been eliminated.

Five Year Forecast for FY 2023 to FY 2027

The chart below displays the anticipated future surpluses or shortfalls resulting from expenditures and budgets in the FY 2023 budget growing at forecasted rates. In particular, of the \$168.3 million FY 2023-2027 gap cited below, \$51.1 million relates to the increase in debt service due to School and City capital projects.



Multi-Year Budget Planning



FIVE-YEAR FINANCIAL PLANNING MODEL

As has been seen in previous years with low revenue growth, the City’s revenue and expenditure growth rates are projected to be structurally out of balance starting in FY 2024. Debt service, particularly School debt service, drives 34.3% of the projected budget gap by FY 2027. The City’s revenues at current tax rates are not expected to keep up with projected expenditures going forward, resulting in a fiscal imbalance. The structural imbalance is estimated to be \$21.5 million in FY 2024, growing to \$168.3 million by FY 2027. However, since each year’s budget will be balanced when the budget for that year is adopted, these deficits will be eliminated before they occur. These projections do not reflect the outcome of collective bargaining which will impact the City’s finances in FY 2024.

Revenues	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Real Estate Tax	514,554,739	529,991,381	545,891,122	562,267,856	579,135,892
Personal Property	66,789,750	68,487,687	71,049,126	73,706,363	76,462,981
Sales Tax	37,440,000	38,724,192	40,052,432	41,426,230	42,847,150
Utility Tax	11,760,000	11,627,112	11,495,726	11,365,824	11,237,390
Business License Tax	39,824,300	40,569,014	41,327,655	42,100,482	42,887,761
Recordation Tax	8,645,000	8,645,000	8,645,000	8,645,000	8,645,000
Transient Lodging	9,500,000	9,802,100	10,113,807	10,435,426	10,767,272
Restaurant Food	27,600,000	28,209,960	28,833,400	29,470,618	30,121,919
Communication Sales Tax	7,245,080	6,906,735	6,584,190	6,276,709	5,983,586
Other Local Taxes	6,464,000	6,464,000	6,464,000	6,464,000	6,464,000
Federal Revenue	7,944,000	8,261,760	8,592,230	8,935,920	9,293,356
State Revenue	49,505,022	50,000,072	50,500,073	51,005,074	51,515,125
Other Revenue	51,942,080	52,461,501	52,986,116	53,515,977	54,051,137
Total Revenue	839,213,971	860,150,514	882,534,877	905,615,479	929,412,570

Expenditures	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
City Personnel	256,404,067	258,538,933	260,721,437	262,951,920	265,230,885
City Non-Personnel	180,313,501	190,135,322	199,402,760	211,218,284	225,074,939
City Debt Service	41,170,131	51,019,862	60,879,858	67,767,600	71,251,658
Schools Debt Service	31,941,000	41,337,848	48,537,537	51,880,352	52,942,505
Cash Capital	36,156,190	36,346,400	37,229,400	37,625,500	38,422,700
Transit Services	44,491,782	45,744,518	47,037,254	48,371,516	49,748,905
Schools	248,737,300	257,418,232	266,402,128	275,699,562	285,321,477
Total Expenditures	839,213,971	880,541,115	920,210,375	955,514,735	987,993,069
Operating Impact from CIP	-	1,063,400	203,600	216,600	216,600
Total Expenditures	839,213,971	881,604,515	920,413,975	955,731,335	988,209,669

Shortfall/Surplus	\$ (Millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues		\$839.2	\$860.2	\$882.5	\$905.6	\$929.4
Expenditures		\$839.2	\$881.6	\$920.4	\$955.7	\$988.2
Annual Deficit		\$0.0	(\$21.5)	(\$37.9)	(\$50.1)	(\$58.8)

Multi-Year Budget Planning



FIVE-YEAR FINANCIAL PLANNING MODEL

The revenue growth assumptions are based off of the City's revenue performance over the last five completed fiscal years, FY 2017—FY 2021. Using the City's recent historical revenue collection, a compounded annual growth rate can then be calculated, reviewed to correct for any outlying phenomena, and used to forecast revenues for the coming fiscal years. The table below outlines the forecasted growth rate used for the next five years.

Category	Rate
Real Estate Assessments	3.0%
Personal Property ¹	3.7%
Sales Tax	3.4%
Utility Tax	-1.1%
Business License Tax	1.9%
Recordation Tax	0.0%
Transient Lodging	3.2%
Restaurant Food	2.2%
Communications Sales Tax	-4.7%
Other Local Taxes	0.0%
Federal Revenue	4.0%
State Revenue	1.0%
Other Revenue	1.0%
Total Weighted Growth Rate	2.6%

¹ Assumes a return to average pre-pandemic growth levels.