



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 2022 resolved that the operating budget "shall include estimates of all operating revenues and expenditures for the proposed FY 2022 and the subsequent Fiscal Year 2023."

On February 16, 2021, staff presented the FY 2022 proposed operating budget of \$767.6 million which included an FY 2023 projection of \$788.5 million in revenue, \$832.7 million in expenditures and a \$44.2 million budget gap. This model has been updated to include \$3.1 million of revenue enhancements and the \$3.1 million in new expenditures that were identified as part of the Add/Delete process for the City Council Approved FY 2022 Operating Budget and Approved FY 2022-2031 CIP. The result is a \$44.9 million projected budget gap in FY 2023.

Revenues	FY 2020 Actual	FY 2021 Approved	FY 2022 Approved	FY 2023 Projected
Real Estate Tax	459,756,284	477,554,000	483,311,548	492,977,779
Personal Property	54,532,942	55,231,000	55,139,750	56,793,943
Sales Tax	29,940,417	26,194,000	31,720,000	32,662,084
Utility Tax	12,077,396	12,700,000	11,760,000	11,760,000
Business License Tax	35,154,223	22,000,000	34,135,900	36,883,865
Recordation Tax	7,144,558	5,900,000	8,645,000	8,645,000
Transient Lodging	8,663,346	10,833,000	6,500,000	6,706,700
Restaurant Food	19,765,936	20,500,000	19,980,000	20,421,558
Communication Sales Tax	8,217,077	8,275,000	7,600,000	7,194,160
Other Local Taxes	7,207,540	8,209,090	6,676,000	6,752,774
Federal Revenue	8,966,553	10,234,303	7,932,000	7,932,000
State Revenue	47,918,783	48,001,386	48,702,531	49,189,556
Other Revenue	39,498,227	47,644,368	48,606,218	50,064,404
Total Revenue	738,843,282	753,276,147	770,708,947	787,983,823

Expenditures	FY 2020 Actual	FY 2021 Approved	FY 2022 Approved	FY 2023 Projected
City Personnel	221,158,133	228,904,844	231,405,762	239,709,735
City Non-Personnel	181,612,944	158,767,354	160,351,832	171,064,997
City Debt Service	37,862,990	37,288,070	36,851,668	51,586,740 ²
Schools Debt Service	28,112,251	28,578,698	28,633,966	39,287,821 ²
Cash Capital	21,259,750	27,317,835	34,424,271	34,435,300 ¹
Transit Services	31,744,834	38,382,049	39,604,152	41,529,436
Schools	231,669,496	234,037,296	239,437,296	248,775,351
Total Expenditures	753,420,398	753,276,147	770,708,947	826,389,379
Operating Impact from CIP	-	-	-	6,515,600
Total Expenditures	753,420,398	753,276,147	770,708,947	832,904,979

Shortfall/Surplus	\$(Millions)	FY 2020 Actual	FY 2021 Approved	FY 2022 Approved	FY 2023 Projected
Revenues		\$738.8	\$753.3	\$770.7	\$788.0
Expenditures		\$753.4	\$753.3	\$770.7	\$832.9
Annual Deficit		(\$14.6)	\$0.0	\$0.0	(\$44.9)

¹ The Capital Improvement Plan (CIP) will be revised as part of the FY 2023 budget process.

² Reflects highest case debt service assumptions.



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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 2023 budget development process would begin with a shortfall of \$44.9 million. The largest single element of this shortfall is from projected increases in City and School debt service of \$25.4 million. This increase is a highest case calculation that is planned to be substantially tempered by adjusting the timing of the sale of City bonds, as well as the structuring and timing of subsequent interest and principle payments. 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 2023 estimate is derived from the Five Year Financial Planning Model, which includes the City-wide General Fund approved budget for FY 2022 and City-wide General Fund estimates for FY 2022 through FY 2026. 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 2022, year two of the FY 2022-2026 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 2023 City-wide revenues and expenditures for all City funds.



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The two-year presentation of operating revenue/expenditures projects anticipated future expenditures in the FY 2023 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 2023 which are outlined after the following tables.

Expenditures	FY 2021 Approved	FY 2022 Approved	FY 2023 Projected
CIRCUIT COURT JUDGES			
Personnel	\$ 1,365,495	\$ 1,343,278	\$ 1,372,836
Non-Personnel	\$ 171,039	\$ 151,663	\$ 173,077
	<u>\$ 1,536,534</u>	<u>\$ 1,494,941</u>	<u>\$ 1,545,913</u>
18TH GENERAL DISTRICT COURT			
Personnel	\$ 41,934	\$ 94,973	\$ 97,063
Non-Personnel	\$ 56,976	\$ 47,689	\$ 49,287
	<u>\$ 98,910</u>	<u>\$ 142,662</u>	<u>\$ 146,350</u>
CITY CLERK & CLERK OF COUNCIL			
Personnel	\$ 361,252	\$ 362,578	\$ 370,556
Non-Personnel	\$ 62,289	\$ 57,802	\$ 59,739
	<u>\$ 423,541</u>	<u>\$ 420,380</u>	<u>\$ 430,295</u>
CITY COUNCIL			
Personnel	\$ 601,256	\$ 585,705	\$ 598,593
Non-Personnel	\$ 96,850	\$ 89,803	\$ 92,812
	<u>\$ 698,106</u>	<u>\$ 675,508</u>	<u>\$ 691,405</u>
CLERK OF THE CIRCUIT COURT			
Personnel	\$ 1,656,714	\$ 1,657,848	\$ 1,694,328
Non-Personnel	\$ 87,640	\$ 186,962	\$ 193,226
	<u>\$ 1,744,354</u>	<u>\$ 1,844,810</u>	<u>\$ 1,887,554</u>
CITY MANAGER'S OFFICE			
Personnel	\$ 2,192,175	\$ 2,536,249	\$ 2,592,058
Non-Personnel	\$ 177,369	\$ 528,102	\$ 545,796
	<u>\$ 2,369,544</u>	<u>\$ 3,064,351</u>	<u>\$ 3,137,854</u>
CODE ADMINISTRATION			
Personnel	\$ -	\$ -	\$ -
Non-Personnel	\$ 24,000	\$ -	\$ -
	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ -</u>



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Expenditures	FY 2021 Approved	FY 2022 Approved	FY 2023 Projected
COMMONWEALTH'S ATTORNEY			
Personnel	\$ 2,830,214	\$ 2,796,377	\$ 2,857,910
Non-Personnel	\$ 100,482	\$ 99,527	\$ 102,862
	<u>\$ 2,930,696</u>	<u>\$ 2,895,904</u>	<u>\$ 2,960,772</u>
COMMUNITY POLICING REVIEW BOARD			
Personnel	\$ -	\$ 200,000	\$ 204,401
Non-Personnel	\$ -	\$ 88,866	\$ 91,844
	<u>\$ -</u>	<u>\$ 288,866</u>	<u>\$ 296,244</u>
COMMUNICATIONS & PUBLIC INFORMATION			
Personnel	\$ 1,103,995	\$ 1,251,741	\$ 1,279,285
Non-Personnel	\$ 443,235	\$ 325,224	\$ 336,121
	<u>\$ 1,547,230</u>	<u>\$ 1,576,965</u>	<u>\$ 1,615,406</u>
COURT SERVICE UNIT			
Personnel	\$ 1,294,095	\$ 1,335,882	\$ 1,365,277
Non-Personnel	\$ 318,330	\$ 325,852	\$ 336,770
	<u>\$ 1,612,425</u>	<u>\$ 1,661,734</u>	<u>\$ 1,702,047</u>
DEPARTMENT OF COMMUNITY & HUMAN SERVICES			
Personnel	\$ 5,378,434	\$ 6,474,165	\$ 6,616,626
Non-Personnel	\$ 48,163,784	\$ 49,498,508	\$ 51,356,991
	<u>\$ 53,542,218</u>	<u>\$ 55,972,673</u>	<u>\$ 57,973,617</u>
DEPARTMENT OF EMERGENCY & CUSTOMER COMMUNICATIONS			
Personnel	\$ 6,482,838	\$ 6,824,649	\$ 6,974,822
Non-Personnel	\$ 2,244,865	\$ 2,259,268	\$ 2,394,966
	<u>\$ 8,727,703</u>	<u>\$ 9,083,917</u>	<u>\$ 9,369,789</u>
DEPARTMENT OF GENERAL SERVICES			
Personnel	\$ 5,105,371	\$ 5,254,314	\$ 5,508,059
Non-Personnel	\$ 5,845,531	\$ 5,416,007	\$ 7,026,390
	<u>\$ 10,950,902</u>	<u>\$ 10,670,321</u>	<u>\$ 12,534,449</u>
ECONOMIC DEVELOPMENT			
Personnel	-	-	-
Non-Personnel	\$ 6,923,390	\$ 7,011,340	\$ 7,397,260
	<u>\$ 6,923,390</u>	<u>\$ 7,011,340</u>	<u>\$ 7,397,260</u>



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Expenditures	FY 2021 Approved	FY 2022 Approved	FY 2023 Projected
FINANCE DEPARTMENT			
Personnel	\$ 8,996,054	\$ 9,309,048	\$ 9,895,184
Non-Personnel	\$ 3,323,013	\$ 3,336,962	\$ 3,552,769
	<u>\$ 12,319,067</u>	<u>\$ 12,646,010</u>	<u>\$ 13,447,954</u>
FIRE DEPARTMENT			
Personnel	\$ 47,667,603	\$ 47,239,616	\$ 48,279,102
Non-Personnel	\$ 5,277,263	\$ 6,054,387	\$ 6,525,244
	<u>\$ 52,944,866</u>	<u>\$ 53,294,003</u>	<u>\$ 54,804,345</u>
HEALTH DEPARTMENT			
Personnel	\$ 2,818,189	\$ 2,086,187	\$ 2,132,093
Non-Personnel	\$ 5,389,202	\$ 5,358,243	\$ 5,697,878
	<u>\$ 8,207,391</u>	<u>\$ 7,444,430</u>	<u>\$ 7,829,970</u>
HISTORIC ALEXANDRIA			
Personnel	\$ 2,651,234	\$ 2,928,714	\$ 3,110,173
Non-Personnel	\$ 644,561	\$ 605,283	\$ 648,063
	<u>\$ 3,295,795</u>	<u>\$ 3,533,997</u>	<u>\$ 3,758,236</u>
HOUSING			
Personnel	\$ 1,516,584	\$ 1,622,021	\$ 1,657,713
Non-Personnel	\$ 4,957,861	\$ 4,781,007	\$ 5,116,921
	<u>\$ 6,474,445</u>	<u>\$ 6,403,028</u>	<u>\$ 6,774,634</u>
HUMAN RESOURCES			
Personnel	\$ 3,012,612	\$ 3,418,087	\$ 3,493,300
Non-Personnel	\$ 999,668	\$ 1,244,313	\$ 1,370,692
	<u>\$ 4,012,280</u>	<u>\$ 4,662,400</u>	<u>\$ 4,863,992</u>
HUMAN RIGHTS			
Personnel	\$ 783,733	\$ 801,473	\$ 819,109
Non-Personnel	\$ 157,147	\$ 206,737	\$ 213,664
	<u>\$ 940,880</u>	<u>\$ 1,008,210</u>	<u>\$ 1,032,773</u>



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TWO-YEAR PRESENTATION OF GENERAL FUND

OPERATING REVENUE/EXPENDITURES

Expenditures	FY 2021 Approved	FY 2022 Approved	FY 2023 Projected
INTERNAL AUDIT			
Personnel	\$ 266,416	\$ 358,808	\$ 366,703
Non-Personnel	\$ 39,754	\$ 37,797	\$ 69,780
	<u>\$ 306,170</u>	<u>\$ 396,605</u>	<u>\$ 436,484</u>
ITS			
Personnel	\$ 7,986,245	\$ 8,426,101	\$ 8,798,049
Non-Personnel	\$ 4,678,343	\$ 4,917,462	\$ 6,271,794
	<u>\$ 12,664,588</u>	<u>\$ 13,343,563</u>	<u>\$ 15,069,844</u>
JUVENILE & DOMESTIC RELATIONS			
DISTRICT COURT			
Personnel	\$ 51,724	\$ 51,724	\$ 52,862
Non-Personnel	\$ 34,087	\$ 25,185	\$ 26,029
	<u>\$ 85,811</u>	<u>\$ 76,909</u>	<u>\$ 78,891</u>
LIBRARY			
Personnel	\$ -	\$ -	\$ -
Non-Personnel	\$ 7,175,971	\$ 7,556,858	\$ 7,810,056
	<u>\$ 7,175,971</u>	<u>\$ 7,556,858</u>	<u>\$ 7,810,056</u>
NON-DEPARTMENTAL			
Personnel	\$ (188,272)	\$ 845,064	\$ 863,659
Non-Personnel	\$ 13,620,884	\$ 11,224,774	\$ 11,600,868
	<u>\$ 13,432,612</u>	<u>\$ 12,069,838</u>	<u>\$ 12,464,527</u>
OFFICE OF THE CITY ATTORNEY			
Personnel	\$ 2,417,739	\$ 2,708,906	\$ 2,768,514
Non-Personnel	\$ 833,706	\$ 873,389	\$ 902,653
	<u>\$ 3,251,445</u>	<u>\$ 3,582,295</u>	<u>\$ 3,671,167</u>
OFFICE OF MANAGEMENT & BUDGET			
Personnel	\$ 1,191,918	\$ 1,322,171	\$ 1,351,265
Non-Personnel	\$ 83,178	\$ 153,097	\$ 170,504
	<u>\$ 1,275,096</u>	<u>\$ 1,475,268</u>	<u>\$ 1,521,768</u>



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OPERATING REVENUE/EXPENDITURES

Expenditures	FY 2021 Approved	FY 2022 Approved	FY 2023 Projected
OFFICE OF ORGANIZATIONAL EXCELLENCE			
Personnel	\$ 109,929	\$ 117,932	\$ 120,527
Non-Personnel	\$ 42,500	\$ 59,516	\$ 76,753
	<u>\$ 152,429</u>	<u>\$ 177,448</u>	<u>\$ 197,280</u>
OFFICE OF PERFORMANCE ANALYTICS			
Personnel	\$ 406,728	\$ 553,000	\$ 565,169
Non-Personnel	\$ 102,580	\$ 102,709	\$ 106,150
	<u>\$ 509,308</u>	<u>\$ 655,709</u>	<u>\$ 671,319</u>
OTHER EDUCATIONAL ACTIVITIES			
Personnel	\$ -	\$ -	\$ -
Non-Personnel	\$ 16,009	\$ 15,785	\$ 16,314
	<u>\$ 16,009</u>	<u>\$ 15,785</u>	<u>\$ 16,314</u>
OTHER HEALTH SERVICES			
Personnel	-	-	-
Non-Personnel	\$ 1,235,495	\$ 1,257,387	\$ 1,299,517
	<u>\$ 1,235,495</u>	<u>\$ 1,257,387</u>	<u>\$ 1,299,517</u>
OTHER PUBLIC SAFETY & JUSTICE SERVICES			
Personnel	\$ 521,519	\$ 743,050	\$ 759,400
Non-Personnel	\$ 3,871,095	\$ 3,652,740	\$ 3,775,128
	<u>\$ 4,392,614</u>	<u>\$ 4,395,790</u>	<u>\$ 4,534,528</u>
PLANNING & ZONING			
Personnel	\$ 5,451,189	\$ 6,104,289	\$ 6,393,611
Non-Personnel	\$ 326,667	\$ 279,428	\$ 288,790
	<u>\$ 5,777,856</u>	<u>\$ 6,383,717</u>	<u>\$ 6,682,401</u>
POLICE DEPARTMENT			
Personnel	\$ 56,845,443	\$ 54,783,965	\$ 57,279,982
Non-Personnel	\$ 5,197,253	\$ 5,438,081	\$ 6,055,183
	<u>\$ 62,042,696</u>	<u>\$ 60,222,046</u>	<u>\$ 63,335,164</u>



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TWO-YEAR PRESENTATION OF GENERAL FUND

OPERATING REVENUE/EXPENDITURES

Expenditures	FY 2021 Approved	FY 2022 Approved	FY 2023 Projected
RECREATION, PARKS, & CULTURAL ACTIVITIES			
Personnel	\$ 16,096,127	\$ 17,033,012	\$ 17,665,789
Non-Personnel	\$ 7,159,965	\$ 7,578,599	\$ 7,950,025
	<u>\$ 23,256,092</u>	<u>\$ 24,611,611</u>	<u>\$ 25,615,815</u>
SCHOOLS			
Personnel	\$ -	\$ -	\$ -
Non-Personnel	\$ 234,037,296	\$ 239,437,296	\$ 248,775,351
	<u>\$ 234,037,296</u>	<u>\$ 239,437,296</u>	<u>\$ 248,775,351</u>
SHERIFF'S OFFICE			
Personnel	\$ 27,740,607	\$ 25,495,340	\$ 26,741,884
Non-Personnel	\$ 5,109,017	\$ 5,568,913	\$ 6,337,503
	<u>\$ 32,849,624</u>	<u>\$ 31,064,253</u>	<u>\$ 33,079,387</u>
TRANSPORTATION & ENVIRONMENTAL SERVICES			
Personnel	\$ 13,004,890	\$ 13,824,039	\$ 14,128,231
Non-Personnel	\$ 23,283,293	\$ 23,522,636	\$ 24,597,779
	<u>\$ 36,288,183</u>	<u>\$ 37,346,675</u>	<u>\$ 38,726,009</u>
TRANSIT SERVICES			
Personnel	\$ -	\$ -	\$ -
Non-Personnel	\$ 38,382,049	\$ 39,604,152	\$ 41,529,436
	<u>\$ 38,382,049</u>	<u>\$ 39,604,152</u>	<u>\$ 41,529,436</u>
VOTER REGISTRATION & ELECTIONS			
Personnel	\$ 966,763	\$ 915,456	\$ 935,600
Non-Personnel	\$ 493,062	\$ 413,931	\$ 427,800
	<u>\$ 1,459,825</u>	<u>\$ 1,329,387</u>	<u>\$ 1,363,400</u>
Total Personnel	\$ 228,728,747	\$ 231,405,762	\$ 239,709,735
Total Non-Personnel	\$ 447,282,826	\$ 456,426,292	\$ 479,035,573
Debt Service	\$ 65,866,769	\$ 65,485,634	\$ 90,874,561
Cash Capital	\$ 27,317,835	\$ 34,424,271	\$ 34,435,300
CIP Operating Impacts	\$ -	\$ -	\$ 6,515,600
GRAND TOTAL	\$ 753,100,050	\$ 770,708,947	\$ 832,904,979



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TWO-YEAR PRESENTATION OF GENERAL FUND OPERATING REVENUE/EXPENDITURES

The following tables detail the City’s planned budget adjustments for FY 2023 beyond the assumed expenditure growth rates that were used to project an FY 2023 expenditure estimate for City Personnel (2.2%), City Non-Personnel (3.3%), Transit (4.7%), and Alexandria City Public Schools (3.9%) all based on five-year actual average annual growth rates. The FY 2022 approved budget includes increased vacancy savings factors for each department based on individual departmental hiring freezes in the City. Projected FY 2023 City Personnel expenditures assumes a restoration of these reductions. Cash Capital and Debt Service reflect the City and School capital investments included in the CIP budget.

Department	Adjustment	FY 2023
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	Restoration of FY 2022 Personnel Hiring Freezes	\$ 138,126
Finance Department	Restoration of FY 2022 Personnel Hiring Freezes	\$ 381,295
Fire Department		\$ -
Health Department		\$ -
Historic Alexandria	Restoration of FY 2022 Personnel Hiring Freezes	\$ 117,014
Housing		\$ -
Human Resources		\$ -
Human Rights		\$ -
Internal Audit		\$ -
Information Technology Services	Restoration of FY 2022 Personnel Hiring Freezes	\$ 186,536
Juvenile & Domestic Relations District Court		\$ -
Library		\$ -
Non-Departmental		\$ -
Office of the City Attorney		\$ -
Office of Management and Budget		\$ -
Organizational Excellence		\$ -
Office of Performance Analytics		\$ -



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Department	Adjustment	FY 2023
Other Public Safety & Justice Services		\$ -
Planning & Zoning	Restoration of FY 2022 Personnel Hiring Freezes	\$ 155,000
Police Department	Restoration of FY 2022 Personnel Hiring Freezes	\$ 1,290,521
Recreation, Parks, & Cultural Activities	Restoration of FY 2022 Personnel Hiring Freezes	\$ 257,974
Sheriff's Office	Restoration of FY 2022 Personnel Hiring Freezes	\$ 685,531
Transportation & Environmental Services		\$ -
Voter Registration & Elections		\$ -
Adjusted Personnel		\$ 3,211,997



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Department	Adjustment	FY 2023
Circuit Court Judges		\$ 16,332
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	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 200,000
Emergency & Customer Communications	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 60,000
Department of General Services	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 1,428,916
Economic Development	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 151,000
Finance Department	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 104,000
Fire Department	Fire MDB Replacement costs	\$ 268,000
Health Department	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 160,103
Historic Alexandria	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 22,500
Housing	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 175,723
Human Resources	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 84,687
Human Rights		\$ -
Internal Audit	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 30,717
Information Technology Services	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19, Projected maintenance costs	\$ 1,189,569
Juvenile & Domestic Relations District Court		\$ -



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Department	Adjustment	FY 2023
Library		\$ -
Non-Departmental		\$ -
Office of the City Attorney		\$ -
Office of Management and Budget	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 12,277
Organizational Excellence	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 15,243
Office of Performance Analytics		\$ -
Other Educational Activities		\$ -
Other Health Services		\$ -
Other Public Safety & Justice Services		\$ -
Planning & Zoning		\$ -
Police Department	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 434,895
Recreation, Parks, & Cultural Activities	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 117,500
Schools		\$ -
Sheriff's Office	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 582,000
Transportation & Environmental Services	Restoration of FY 2022 Temporary operating reductions made in response to COVID-19	\$ 287,000
Transit Services		\$ -
Voter Registration & Elections		\$ -
Total Department Adjustments		\$ 5,340,462



Multi-Year Budget Planning

FIVE-YEAR FINANCIAL PLANNING MODEL

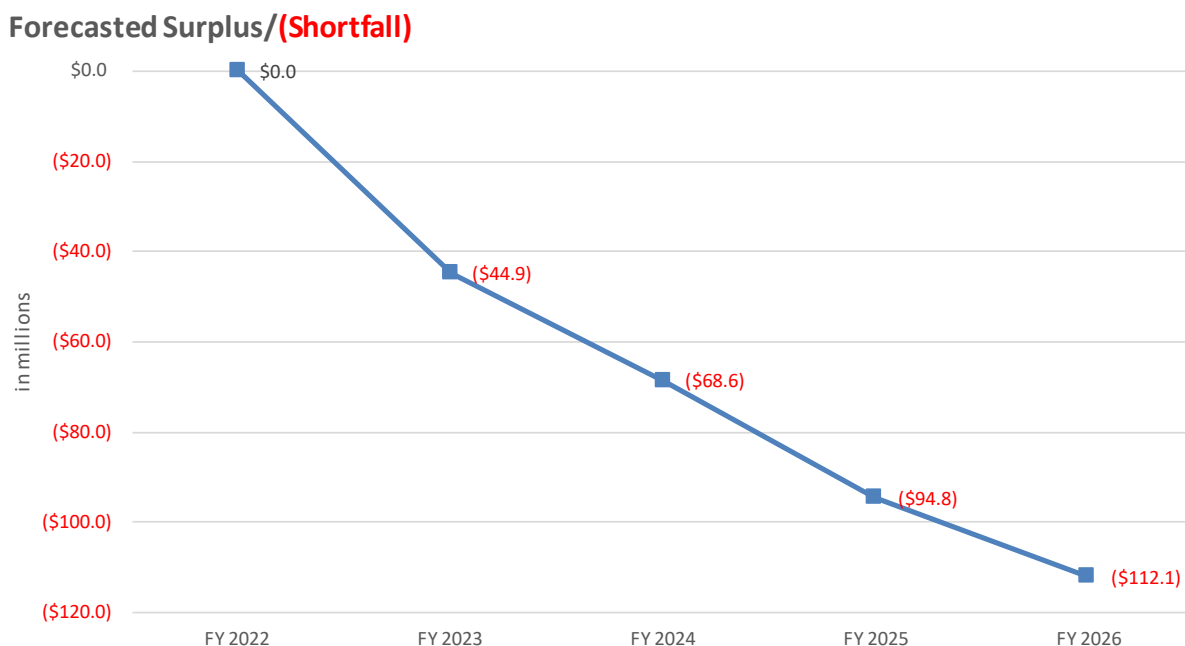
Five-Year Financial Planning Model

The City has long used multi-year financial forecasting as a planning and communication tool. Staff updated the model for the FY 2021 budget and again for the November 2020 City Council annual budget retreat. The revenue and expenditure assumptions have since been updated to reflect the FY 2022 approved 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 2020 City Council Retreat, the model has been updated to reflect the FY 2022 Approved Operating Budget and Approved FY 2022—FY 2031 CIP. This includes \$10.3 million in expenditure savings identified by City departments; \$0.9 million in revenue from increased cost recovery and collections; and \$1.5 million of service enhancements, new initiatives and contingency funds. A two-cent real estate tax rate decrease is included as part of the City Manager’s Approved Operating Budget. Additionally, this includes the \$3.1 million of revenue enhancements and the \$0.5 million in new expenditures that were identified as part of the Add/Delete process for the City council Approved FY 2022 Operating Budget and Approved FY 2021-2031 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 2020 City Council Retreat has been eliminated.

Five Year Forecast for FY 2022 to FY 2026

The chart below displays the anticipated future surpluses or shortfalls resulting from expenditures and budgets in the FY 2022 budget growing at forecasted rates. The forecasted shortfall decreases slightly in FY 2023 due to Sales Tax and Business License tax returning to FY 2019 levels. In particular, of the \$112.1 million FY 2022-2025 gap cited below, \$75.7 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 2023. Debt service, particularly School debt service, drives 40.3% of the projected budget gap by FY 2026. 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 \$44.9 million in FY 2023, growing to \$112.1 million by FY 2026. 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 restructuring of FY 2023 debt services plans, nor the outcome of collective bargaining which will impact the City’s finances in FY 2024.

Revenues	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Real Estate Tax	483,311,548	492,977,779	502,837,335	512,894,081	523,151,963
Personal Property	55,139,750	56,793,943	58,497,761	60,252,694	62,060,274
Sales Tax	31,720,000	32,662,084	33,632,148	34,631,023	35,659,564
Utility Tax	11,760,000	11,760,000	11,760,000	11,760,000	11,760,000
Business License Tax	34,135,900	36,883,865	37,850,222	38,841,898	39,859,555
Recordation Tax	8,645,000	8,645,000	8,645,000	8,645,000	8,645,000
Transient Lodging	6,500,000	6,706,700	12,879,159	13,288,716	13,711,297
Restaurant Food	19,980,000	20,421,558	23,999,949	24,530,348	25,072,468
Communication Sales Tax	7,600,000	7,194,160	6,809,992	6,446,338	6,102,104
Other Local Taxes	6,676,000	6,752,774	6,830,431	6,908,981	6,988,434
Federal Revenue	7,932,000	7,932,000	7,932,000	7,932,000	7,932,000
State Revenue	48,702,531	49,189,556	49,681,452	50,178,267	50,680,049
Other Revenue	48,606,218	50,064,404	51,566,336	53,113,327	54,706,726
Total Revenue	770,708,947	787,983,823	812,921,783	829,422,671	846,329,435

Expenditures	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
City Personnel	231,405,762	239,709,735	244,997,897	250,493,218	256,207,449
City Non-Personnel	160,351,832	171,064,997	179,957,024	186,284,913	192,429,678
City Debt Service	36,851,668	51,586,740	69,182,357	82,247,864	85,262,371
Schools Debt Service	28,633,966	39,287,821	51,163,717	52,606,611	55,966,808
Cash Capital	34,424,271	34,435,300	26,456,000	27,310,500	27,753,000
Transit Services	39,604,152	41,529,436	43,567,728	45,726,727	48,014,732
Schools	239,437,296	248,775,351	258,477,589	268,558,215	279,031,986
Total Expenditures	770,708,947	826,389,379	873,802,313	913,228,048	944,666,024
Operating Impact from CIP	-	6,515,600	7,692,000	10,964,100	13,779,600
Total Expenditures	770,708,947	832,904,979	881,494,313	924,192,148	958,445,624

Shortfall/Surplus	\$(Millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues		\$770.7	\$788.0	\$812.9	\$829.4	\$846.3
Expenditures		\$770.7	\$832.9	\$881.5	\$924.2	\$958.4
Annual Deficit		\$0.0	(\$44.9)	(\$68.6)	(\$94.8)	(\$112.1)

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 2016—FY 2020. 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.

Revenue Assumptions	
Category	Rate
Real Estate Assessments	2.0%
Personal Property	3.0%
Sales Tax	3.0%
Utility Tax	0.0%
Business License Tax ¹	2.6%
Recordation Tax	0.0%
Transient Lodging ²	3.2%
Restaurant Food ²	2.2%
Communications Sales Tax	-5.3%
Other Local Taxes	1.2%
Federal Revenue	0.0%
State Revenue	1.0%
Other Revenue	3.0%
Total Weighted Growth Rate	3.1%

¹ FY 2023 revenue projections assume a return to FY 2019 levels.

² FY 2023 revenue projections assume a return to average pre-pandemic growth levels.