

# General Fund Five-Year Forecast

The General Fund Five-Year Forecast is an integral part of planning the City's future fiscal position. The Five-Year Forecast is a tool used for long-range financial planning and budgeting purposes to determine a long-range picture of General Government's financial stability. This tool is used to evaluate the level of risk General Government could face over time if operational costs and expenditure decisions are higher than revenue growth. The tool is based on a series of estimates – educated estimates, but estimates, nonetheless. There are many variables involved in the development of a multiple year financial forecast, and several assumptions for each of those variables, on both the revenue and expenditure side. There are also many unknown variables, such as the rate of future growth in assessed valuation of taxable properties, that we must make educated assumptions for.

The forecasts project revenues and expenditures for the General Fund for FY 2025 through FY 2031. Sound financial management requires that the City plan for the future by identifying potential issues in advance and working to devise solutions rather than waiting for problems to evolve. As we forecast our financial and operating strategies, we use the model to determine the potential impact of decisions, focusing on long-term solutions rather than short-term “fixes,” which could lead to negative financial impacts in future years. This financial outlook provides an opportunity to both avoid future budget problems and maintain financial stability.

The forecasts help to identify potential future challenges that may impact budget preparation. These projections are based upon a series of conservative assumptions, however, they do not reflect actions that General Government may take to close any projected gaps in future years.

Over the past 18 months, General Government has taken steps to improve the financial outlook, starting with completion of outstanding external audits and resolving outstanding audit findings to reviewing policies and procedures to support sound financial practices in order to support accurate data for budget development. In FY 2024, the Budget Administration Policy was updated to establish a comprehensive guide for the newly established Office of Management & Budget and Departments to manage budgetary resources responsibly. Furthermore, the \$32.4 million one-time funding from the American Rescue Plan Act (ARPA), has been an instrumental resource following the economic impacts stemming from the pandemic and has helped the City to address critical needs that would have otherwise increased projected gaps.

In summary, the forecasts include growth rate assumptions for revenue and expense growth rates based on the Consumer Price Index (CPI), the real Gross Domestic Product (GDP) as projected by the Congressional Budget Office (CBO), and the Federal Reserve's targeted inflation rates for the period FY 2025 through FY 2031. Three primary goals are targeted:

1. Identify and eliminate any structural budget gaps.
2. Maintain reserves in the General Fund at the minimum fund balance policy level of two months of expenditures (16.7%).
3. Grow reserves to the maximum fund balance policy level of three months of expenditures (25%).

Major assumptions for the General Fund five-year forecast are listed in the following table.

## Revenue Assumptions:

Taxable Values	Growth of 5.0% each fiscal year
Millage Rate	6.7297
Utility Taxes	Growth of 0.5% each fiscal year
Other Taxes	Combined Communications Service Tax reduction of 2.0% each fiscal year, all other revenue categories are grown at a rate of 2.0%

**Revenue Assumptions (continued):**

Permits Fees and Assessments	Fire Assessment remains at FY26 level throughout forecast period, all revenue categories are grown by 5.0% in even years
Charges for Services	City services provided to external agencies growth rate of 2.5% per fiscal year; Appendix A fees for services growth rate at 5% every other fiscal year, and non-cyclical revenues growth rates are 1.0% - 2.5% annually
Fines and Forfeitures	Growth of 1.5% each fiscal year
Miscellaneous Revenues	Growth rates of 0.0% - 3.0% depending on the revenue source
Government Services Contribution	Maintained at \$7,155,224 minus streetlight and legal expenses throughout the forecast period

**Expenditure Assumptions:**

Personnel Services	Growth of 2.5% based on current bargaining agreements which expire during FY 2025
Personnel Services – Public Safety Departments	Growth of 5.7% in FY 2025, growth of 4.5% in out years. Assumes step plan and an additional general increase of 1.5% starting in FY 2025
Fringe Benefits	Growth of 6.0% based on historical trends
Temporary Staff	Growth of 2.5% in FY 2025, growth of 2.0% in out years
Overtime	Growth of 2.5%
Incentive Law Enforcement Officers	Growth of 2.5% in FY 2025, growth of 4.5% in out years
Operating Programs	Growth of 2.5% in FY 2025, growth of 2.0% in out years

# General Fund Projections FY25 - FY31

Assumes a Final Millage Rate of 6.7297 mills

	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection	FY 2029 Projection	FY 2030 Projection	FY 2031 Projection
<b>Revenue</b>							
<b>Millage Rate</b>	<b>6.4297</b>	<b>6.7297</b>	<b>6.7297</b>	<b>6.7297</b>	<b>6.7297</b>	<b>6.7297</b>	<b>6.7297</b>
Property Taxes	68,333,879	77,475,502	81,349,277	85,416,741	89,687,578	94,171,957	98,880,555
Other Taxes	22,215,071	22,346,314	22,458,046	22,570,336	22,683,187	22,796,603	22,910,586
Fire Assessment	12,297,476	12,614,733	12,614,733	12,614,733	12,614,733	12,614,733	12,614,733
Miscellaneous Permits	111,661	57,505	58,080	58,661	59,247	59,840	60,438
Intergovernmental	22,238,108	21,666,296	21,666,296	21,666,296	21,666,296	21,666,296	21,666,296
Charges for Services	16,129,097	14,341,343	14,484,756	15,208,994	15,361,084	16,129,138	16,290,430
Fines & Forfeitures	836,889	836,413	836,413	836,413	836,413	836,413	836,413
Miscellaneous Revenue	5,146,495	3,759,042	3,796,632	3,834,599	3,872,945	3,911,674	3,950,791
Transfers In From Other Funds	1,183,198	485,069	485,069	485,069	485,069	485,069	485,069
Government Services Contribution	7,107,071	7,155,224	7,155,224	7,155,224	7,155,224	7,155,224	7,155,224
Fund Balance	7,970,435	1,302,155	0	0	0	0	0
<b>Total Revenue</b>	<b>163,569,379</b>	<b>162,039,596</b>	<b>164,904,527</b>	<b>169,847,066</b>	<b>174,421,777</b>	<b>179,826,948</b>	<b>184,850,536</b>
<b>Expenditures</b>							
City Attorney	1,592,741	1,569,461	1,613,371	1,658,602	1,705,199	1,705,199	1,753,207
City Auditor	844,208	740,849	761,538	782,847	804,798	827,410	827,410
City Clerk	1,425,739	1,301,272	1,335,367	1,370,437	1,406,513	1,443,626	1,481,811
City Commission	579,098	601,195	620,215	639,898	660,269	681,355	703,183
City Manager	1,641,448	1,778,069	1,826,414	1,876,186	1,927,430	1,980,193	2,034,527
Communications & Marketing	1,043,980	1,080,527	1,110,138	1,140,633	1,172,042	1,204,395	1,237,723
Equity & Inclusion	1,376,942	1,103,703	1,132,300	1,161,704	1,191,940	1,223,033	1,255,011
Financial Services	3,111,629	3,021,649	3,105,847	3,192,596	3,281,980	3,374,087	3,469,008
Fire Rescue	28,373,942	29,518,613	30,790,622	32,121,446	33,513,928	34,971,056	36,495,966
Housing & Community Development	495,161	531,280	546,353	561,888	577,900	594,406	611,422
Human Resources	2,106,345	2,286,884	2,351,065	2,417,204	2,485,368	2,555,625	2,628,045
Management & Budget	486,955	1,044,806	1,072,515	1,101,021	1,130,352	1,160,531	1,191,588
Non-Departmental	33,676,387	30,013,481	30,200,233	30,390,721	30,585,018	30,783,201	30,985,349
Parks, Recreation and Cultural Affairs	11,835,155	12,366,846	12,678,035	12,997,809	13,326,433	13,664,182	14,011,339
Police	41,794,721	44,916,361	46,738,192	48,638,018	50,619,268	52,685,525	54,840,531
Procurement & Contracts Management	745,279	883,676	908,554	934,197	960,629	987,879	1,015,973

# General Fund Projections FY25 - FY31

Assumes a Final Millage Rate of 6.7297 mills

	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection	FY 2029 Projection	FY 2030 Projection	FY 2031 Projection
<b>Expenditures (continued)</b>							
Public Works	17,587,326	15,992,402	16,378,823	16,775,425	17,182,511	17,600,391	18,029,385
Risk Management	181,000	185,200	188,904	192,682	196,536	200,466	204,476
Sustainable Development	3,316,798	3,293,808	3,384,736	3,478,389	3,574,860	3,674,240	3,776,626
Technology	8,918,254	8,404,948	8,584,261	8,767,567	8,954,962	9,146,545	9,342,415
Transportation	1,857,139	1,393,577	1,429,507	1,466,453	1,504,448	1,543,526	1,583,720
Wild Spaces Public Places	6,593	10,988	11,208	11,432	11,661	11,894	12,132
<b>Total Expenditures</b>	<b>162,996,839</b>	<b>162,039,596</b>	<b>166,768,198</b>	<b>171,677,157</b>	<b>176,774,045</b>	<b>182,018,765</b>	<b>187,490,845</b>
<b>Projected Surplus/(Deficit)</b>	<b>572,540</b>	<b>0</b>	<b>(1,863,671)</b>	<b>(1,830,091)</b>	<b>(2,352,267)</b>	<b>(2,191,817)</b>	<b>(2,640,310)</b>

	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection	FY 2029 Projection	FY 2030 Projection	FY 2031 Projection
<b>Fund Balance Analysis</b>							
Unassigned Fund Balance Projection	49,001,407	49,573,948	47,710,277	45,880,186	43,527,919	41,336,102	38,695,792
Minimum Requirement	27,220,472	27,060,613	27,850,289	28,670,085	29,521,265	30,397,134	31,310,971
Minimum Requirement Met?	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Maximum Requirement	40,749,210	40,509,899	41,692,049	42,919,289	44,193,511	45,504,691	46,872,711
Maximum Requirement Met?	Yes	Yes	Yes	Yes	No	No	No