

The Memphis City Administration develops a Five-Year Financial Plan for the General Fund. The Five Year Financial Plan is an indication of management's best assessment of future revenues, expenditures and operating results over the five-year forecast period.

The compilation and review of the Plan provides an opportunity to put current funding decisions in context with longer-term economic conditions while affording City management a realistic projection of the ongoing financial impact of policy decisions. The Plan also provides an opportunity to demonstrate to policy makers the likely impact of the short-term capital investment and financing decisions on the City's longer-term financial capacity.

Major goals of the Five-Year Financial Plan include the following:

1. To put the City's annual budget making process into a five-year planning horizon to facilitate prudent financial management.
2. To provide an environment for setting revenue and expenditure targets and for evaluating budget priorities in light of projected fiscal conditions.
3. To present a picture of the longer-term strategic financial issues facing the City, while highlighting funding priorities for budget planning.
4. To identify potential structural budget imbalances, surpluses or shortfalls.
5. To provide a useful framework for reviewing and refining the City's financial forecasts, as well as its financial management goals and priorities.

In preparing the Plan, the Budget Office takes into account historical experience, as well as the economic uncertainties underlying the revenue outlook and growth in expenditures during the five-year period. The City's key assumptions for revenues and expenditures are provided in the following paragraphs.

The revenue projections assume annual growth based on specific assumptions relative to revenue types. The economic dependency of all revenue categories, especially the two main revenue categories of property and sales taxes, in this current financial climate, with high unemployment, and housing instability, effectively negate historical growth and collection trends. Consequently revenue trends for all categories in the general fund are modest.

Expenditure projections represent no expenditure growth for most expenditure categories, in each year. Any expenditure projection increases reflect the impact of known and proposed spending for personnel, or operating expenditures resulting from capital projects in the City's Capital Improvement Plan. Personnel expenditures, in general, are held at no growth as many employees are subject to bargaining unit agreements which will be negotiated at a future time.

Financial data in this section *does not* represent an approved financial plan, and it *does not* represent the final form of a financial plan that could be presented to the City Council for future consideration. This section is intended to provide a high level look at projected revenues and expenditures for long range

planning purposes. There are a number of financial decisions that could not be projected during the development of this data, including changes in the tax rate, the impact of grant awards, the use of technology and the impact of new service delivery strategies.

REVENUE AND EXPENDITURE SUMMARY

FIVE YEAR PROJECTION

Category	FY 2012 Adopted	FY 2013 Projected	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected
<u>Revenues</u>					
Local Taxes	435,795,557	415,690,144	419,773,719	423,984,804	428,240,472
State Taxes	55,003,505	53,797,514	54,322,952	54,853,700	55,389,811
Licenses and Permits	9,775,288	9,767,875	9,767,875	9,767,875	9,767,875
Fines and Forfeitures	18,500,000	10,517,600	10,675,270	10,838,285	11,001,443
Charges for Services	1,017,400	917,400	917,400	917,400	917,400
Use of Money and Property	673,151	467,151	461,271	455,509	449,861
Federal Grants	0	0	0	0	0
Other Revenues	23,860,911	13,241,911	13,241,911	13,241,911	13,241,911
Transfers In	98,486,897	77,716,897	77,716,897	76,685,897	76,685,897
Total Revenues	<u>643,112,709</u>	<u>582,116,492</u>	<u>586,877,295</u>	<u>590,745,381</u>	<u>595,694,670</u>
<u>Net Division Expenditures</u>					
CITY ATTORNEY	13,129,398	13,611,469	13,611,469	13,611,469	13,610,469
CITY COUNCIL	1,537,715	1,537,715	1,537,715	1,537,715	1,537,715
CITY COURT CLERK	2,854,784	2,814,173	2,806,181	2,806,181	2,806,181
CITY COURT JUDGES	609,486	611,336	611,336	611,336	611,336
CITY ENGINEERING	6,357,378	6,188,782	6,247,382	6,309,982	6,418,582
COMMUNITY ENHANCEMENT	7,148,096	7,431,855	14,675,366	7,518,420	7,417,568
EXECUTIVE	4,746,849	4,974,008	4,974,008	4,974,008	4,974,008
FINANCE	4,909,560	5,114,810	5,090,326	5,090,596	5,090,872
FIRE SERVICES	129,965,381	136,951,057	137,955,547	137,857,932	138,041,317
GENERAL SERVICES	10,713,905	9,737,439	9,766,781	9,789,281	9,764,281
GRANTS & AGENCIES	124,718,944	118,974,949	118,974,949	118,974,949	118,974,949
HCD	5,824,548	4,313,145	3,297,457	3,389,454	2,840,320
HUMAN RESOURCES	6,814,696	6,797,834	6,814,120	6,830,473	6,846,922
INFORMATION SERVICES	16,409,462	16,821,008	17,454,284	17,486,143	17,828,720
PARK SERVICES	19,938,144	20,619,464	20,567,159	20,566,714	20,567,614
POLICE SERVICES	221,557,306	222,096,704	221,086,575	222,021,386	222,174,494
PUBLIC SERVICES & NEIGHBORHOODS	20,601,217	21,138,089	21,138,089	21,138,089	21,138,089
PUBLIC WORKS	17,693,006	17,791,843	18,136,951	18,470,379	18,804,834
Total Expenditures	<u>615,529,875</u>	<u>617,525,680</u>	<u>624,745,695</u>	<u>618,984,507</u>	<u>619,448,271</u>

